



UNIVERSITY OF GHANA BUSINESS SCHOOL

**THE EFFECT OF BANKING CRISES ON EMPLOYEES IN GHANA: THE CASE OF
CONSOLIDATED BANK GHANA**

BY

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DECLARATION

I hereby declare that the thesis entitled “**The Effect Of Banking Crises On Employees In Ghana: The Case Of Consolidated Bank Ghana**” is the result of my original work under the research supervision of **Prof. Godfred A. Bokpin**, Department of Finance, University of Ghana Business School, and has not been presented in any other university or college or institution for examination or academic purposes, and that all works cited herein have been duly acknowledged. I am solely responsible for any shortcomings this research work may have.

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CERTIFICATION

I hereby certify that this study was supervised in accordance with procedures established by the University. This project work has been submitted for examination with my consent.

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PROF. GODFRED A. BOKPIN

SUPERVISOR

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DATE

DEDICATION

I dedicate this thesis to my family for their prayers, love, relentless support, patience, encouragement and understanding throughout this programme.

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ABSTRACT

Banking crises are usually followed by low credit, GDP growth and high job insecurity. This is because crises tend to take place during economic and social downturns. The banking crisis affected not only different institutions and companies, but also the economic and financial livelihood of people, especially banking sector workers. Ghana is far from getting out of this crisis, and its impact may be measured by different indicators.

This paper seeks to investigate the impact of banking crises on the workers of the affected banks in terms of employees' cash flow, coping strategies of the employees after the banking crises, lifestyle towards investment and standard of living and financial level of the employees before and after the crises. In order to achieve the objectives of the study, a well-structured questionnaire were administered to 90 employees of Consolidated Bank Ghana.

From the research, the restructuring process of the banking sector has had a considerable impact on earnings, investment decisions, employment security and the general life style of employees of the affected bank. Measures to help workers cope with the crisis were also discussed. This includes adequate, psychological preparedness of employees, well-designed unemployment benefits, social protection policies and institutionalization of a banking sector labour union.

TABLE OF CONTENT

Title	Page
DECLARATION	i
CERTIFICATION	ii
DEDICATION	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
TABLE OF CONTENT	vi
LIST OF FIGURES	ix
LIST OF TABLES	x
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background	1
1.2 Research Problem	3
1.3 Objective Of The Research	6
1.4 Research Questions	6
1.5 Significance Of The Research	6
1.6 Limitations Of The Research And Scope Of The Research	7
1.7 Outline Of The Thesis	8
CHAPTER TWO	9
LITERATURE REVIEW	9
2.0 Introduction	9
2.1 Definition Of Terms And Concepts	9
2.3 The Banking Industry In Ghana: An Overview	12
2.3.1 Banking Reforms In Ghana	12

2.3.2 Current Development In The Banking Sector	14
2.3.3 Risks In The Banking Sector	15
2.4 Theories On Cash Flow	15
2.5 Theories On Banking Crises	15
2.6 Challenges Of Banking Crises And Reasons That Led To Round The World.....	17
2.7 Reasons For The Banking Crises In Ghana	19
2.8 Response To Regulators To Banking Crises	19
2.9 Coping Mechanisms To Job Loss Or The Prospects Of Job Loss	20
2.10 Impact Of Crises On Financial Sector Workers	22
2.11 Empirical Studies	23
2.11.1 Related Studies Conducted Outside Africa.....	23
2.11.2 Studies That Have Been Conducted Within African Countries.....	25
CHAPTER THREE	26
METHODOLOGY	26
3.0 Introduction.....	26
3.1 Research Design.....	26
3.2 Research Paradigm.....	27
3.3 Sources Of Data For The Study	27
3.4 Population Of The Study	27
3.4.1 Overview Of The Study Area	28
3.4.2 Selecting The Branch For The Study.....	28
3.5 Sample Size And Sampling Technique.....	29
3.6 Data Collection Instruments	30
3.7 Data Analysis And Presentation Of Data.....	31
3.8 Ethical Considerations Guiding The Study.....	32

3.9 Validity Of The Research Instrument	33
3.10 Reliability.....	34
3.11 Conclusion	35
CHAPTER FOUR.....	36
RESEARCH FINDINGS AND DISCUSSION.....	36
4.1 Basic Data Of Respondents	36
4.2 Sex Of Respondents.....	36
4.3 Age Of Respondents	37
4.4 The Impact Of Crises On The Cash Flow Of Employees.....	38
4.5 The Coping Strategies Of Employees After The Crises	38
4.6 The Lifestyle Of The Employee Towards Investment And Standard Of Living After The Crises.....	40
4.7 The Financial Level Of Employees Before And After The Crises.....	41
4.8 Financial Level Of Crisis -Before And After	42
CHAPTER FIVE	46
CONCLUSION AND RECOMMENDATION.....	46
5.0 Introduction.....	46
5.1 Summary Of Finding	46
5.2 Conclusion	48
5.2 Recommendation	49
REFERENCES	50
APPENDIX I	58

LIST OF FIGURES

- Figure 1.1** Reasons for the collapse of the five banks (source: [https://: www.citibusinessnews.com](https://www.citibusinessnews.com))
- Figure 1.2** Responses of bank employees towards working in a bank.
(Source: [https://:www.citibusinessnews.com](https://www.citibusinessnews.com))
- Figure 1.3** Workflow of the research
- Figure 3.1** The seven (7) banks which form the bank
- Figure 3.2** The process of choosing Head Office of CBG
- Figure 3.3** Sampling techniques for the study
- Figure 4.1** Sex Respondents

LIST OF TABLES

- Table 4.1:** Age of respondents
- Table 4.2:** The Impact of Crises on Cash Flow
- Table 4.3:** The Coping Strategies after the Crises
- Table 4.4:** the Lifestyle towards Investment after the Crises
- Table 4.5:** The Lifestyle Towards Standard Of Living After The Crises
- Table 4.6:** The Financial Level of Employees Before and After the Crises
- Table 4.7:** Level of crisis -before and after
- Table 4.8:** t-Test: Paired Two Sample for Means

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Every country needs to develop economically, and banks can play a role as financial intermediaries which cannot be overemphasized (PricewaterhouseCoopers PwC, 2018). There is the need for Ghana as a country to have a strong and stable banking sector to drive the process of economic transformation. In Ghana, the banking system is made up of a national network of licensed and statutory financial institutions. These institutions are engaged in the business of banking under the banking laws of Ghana. Also, they are regulated by the Bank of Ghana which is the central bank.

The Bank of Ghana (BoG) has been mandated by law to promote the safety, soundness, and stability of the financial system and to protect the interests of depositors (BoG, 2018). The number of Deposit Money Banks (DMBs) was twenty-six (26) and Non-Bank Financial Institutions (NBFIs) was 52 at the end of 2012 (Nkegbe & Ustarz, 2015). However, the number of banks at the end of December 31st stood at twenty-three (23) universal banks which were operating in Ghana after the recapitalisation exercise (Bank of Ghana Press Release, 2019).

The new capital requirement was due to some challenges that have been noticed in the banking sector. There are risks in the sector which have been created by the primary functions of the banks who take funds from the “haves” for onward lending to the “have nots”. Other risks include the new and complex products and services which were offered by financial institutions (PricewaterhouseCoopers, 2018). Having a weak banking sector implies that access to credit would be limited. Meanwhile, the lending rates would continue to be high (PricewaterhouseCoopers, 2018).

In 2018, the Bank of Ghana under the leadership of the Governor, Dr. Addison took measures as part of its efforts to address legacy problems in the banking sector. These measures were also done to restore the stability and resilience of the financial system (Bank of Ghana Press Release, 2019). There were some weaknesses in the banking sector which had been noticed by the Bank of Ghana which is its regulator and these have been attributable to macroeconomic factors, a trend of poor corporate governance, poor risk management practices, related party transactions that were not above board, regulatory non-compliance, and poor supervision (questionable licensing processes and weak enforcement) (Bank of Ghana Press Release, 2019).

The financial system which was under a considerable state of distress, with banks that were not meeting the capital adequacy requirement and others whose capital was eroded with high non-performing loans. Some of these banks were insolvent and illiquid, others were solvent but illiquid (Bank of Ghana Press Release, 2019). These weaknesses have gone on for some years, which has led to a significant build-up of vulnerabilities.

There were some findings from an Asset Quality Review (AQR) of banks which was conducted by the Bank of Ghana in 2015 and updated in 2016. One of the findings was that a few indigenous banks identified were vulnerable with three principal challenges namely inadequate capital, high levels of non-performing loans, and weak corporate governance. There were other banks that were more recently licensed in 2016 and commenced operations in 2017. And these banks had also begun to show signs of distress, principally due to conditions under which they obtained their licenses (Bank of Ghana, 2018).

In the article by Frimpong (2018) published in the Daily Graphic, the Bank of Ghana has merged five banks (BEIGE, Sovereign, Construction, uniBank and Royal Bank) into a Consolidated Bank of Ghana Limited. Figure 1.1 shows the reasons for the collapse of these banks. These range from

obtaining license under false pretense as in the case of Beige Bank, Sovereign Bank and the Construction Bank to capital deficit, over 80% non-performing loans and capital impairment.

Efforts by these banks to extricate themselves from financial difficulty have not borne any fruit. The situation has rather worsen for these banks. uniBank and Royal Bank were identified during the AQR update in 2016 exercise to be significantly undercapitalized. The two banks subsequently submitted capital restoration plans to the Bank of Ghana. These plans however, yielded no success in returning the banks to solvency and compliance with prudential requirements (Frimpong, 2018).



Figure 1.1: Reasons for the collapse of the five banks (source: [https://: www.citibusinessnews.com](https://www.citibusinessnews.com))

1.2 RESEARCH PROBLEM

The collapse of the seven banks from the year 2017 to 2018 came as a shock to some employees at these banks. Some of them came left work in the evening and heard of the take over and

consolidation of their work places through the news and social media platforms such as Facebook and WhatsApp. After the collapse of the two banks in 2017 there were about 1,200 workers who were affected and laid off. According to the news item on Business World Ghana (2019), up to date the former employees of the defunct UT Bank and Capital Bank have not been paid their severance packages despite countless assurances since the August 2017 takeover by the Ghana Commercial Bank (GCB).

Ankrah (2018) asserted that in September 2018, a month after the creation of CBG, Human Capital experts, Acreaty Ghana conducted a survey among 14 banks of which Sovereign bank was part and came out with the following findings represented in figure 1.2 below.



Figure 1.2: Responses of bank employees towards working in a bank. (Source: <https://www.citibusinessnews.com>)

The results which was posted on Citi Business news.com (2019) revealed that over 60% of employees wanted to quit their jobs at the banks due to unrealistic targets which they have been given and low salaries. Only 7% of them wanted to maintain their current companies and this is where the problem is for any bank which still wants to remain at the cutting edge in the ever-competitive industry (Ankrah, 2018).

As if this is not enough, in September 2018, CBG was set to close-down ninety-eight (98) branches nationwide (Opoku, 2018). CBG had 191 branches, nevertheless after an initial assessment, the management of the bank decided to keep only 93 branches which they inherited from the collapsed banks. This news comes with a loss of jobs for the employees from the branches that will be closed. After the consolidation, there have no study that has been done known to the researcher among the employees of the CBG to ascertain their views on the banking crises experienced in the country. It should be stated that the study by Acreaty Ghana in 2018 was only limited to one bank under CBG and not to CBG directly.

The employees are the first and foremost people who ought to represent the bank and after the takeover, little is known on how much this has affected them in terms of their finances and to be more specific, in terms of their cash flows. Other gaps in literature are how the employees are coping after the banking crises, their lifestyle towards investment and standard of living. Other questions are on the impact of the crises on their finances before the crises and now. These questions and gaps in literature have necessitated the need to carry out this research. The purpose of this study is to find answers to the questions on the effect of the banking crises on the employees who are the first and foremost people that customers meet daily.

1.3 OBJECTIVE OF THE RESEARCH

The principal objective of this study is to assess the impact of the banking crises on the lifestyle and cash flow of employees from the Consolidated Bank of Ghana (CBG). In a bid to achieve the principal objective stated above, specific objectives have been formulated which are:

1. To assess the impact of crises on the cash flow of employees.
2. To find out the coping strategies of the employees after the banking crises.
3. To find the lifestyles towards investment and standard of living after the crises.
4. To analyze the financial level of the employees before and after the crises.

1.4 RESEARCH QUESTIONS

At the end of the study, the following questions will be answered.

1. What is the impact of crises on the cash flow of employees?
2. What are the coping strategies of the employees after the banking crises?
3. What is the employee's lifestyle towards investment and standard of living after crises?
4. What is the financial level of the employees before and after the crises?

1.5 SIGNIFICANCE OF THE RESEARCH

Employees of a company are the lifeline of the company and their views of the company plays a critical role to the success of the company. In the case of a bank industry, especially in Ghana where there have been crises the perception of the employees is very important since this has the capacity to affect their performance. This research is important as it will bring to light the effects of banking crises on the employee in the country. The results of this study will help first and foremost employees of CBG to show how the crises have changed their finances in terms of their cash flows. Cash flow is very important because some employees are motivated by salaries and

other benefits that come with the work. If these are not present, they may not be motivated to put their best. The findings will also show how the crises has also impacted their lifestyles and their investments. The findings will also show the coping strategies being used by the employees, which of their coping strategies are sustainable and can be implemented by other employees in other countries who may go through similar banking crises in the future.

Also, the findings of the study will be of importance to the management of CBG to design effective ways of handling the crises. This will let them know the kind of interventions that they can bring in to improve the cashflows of their employees including the customers of the bank will be interested in the results of this work. Furthermore, the findings will fill the gap in literature on banking crises and its impact on the cashflow of employees as well as their lifestyle towards investments. The results will be used by world of academia to be more specific, the financial market.

1.6 LIMITATIONS OF THE RESEARCH AND SCOPE OF THE RESEARCH

Consolidate Bank of Ghana is a bank with over 190 branches. In general, the scope of the study is to cover all the employees of Consolidate Bank of Ghana. As has been stated, this bank was formed from five (5) different banks with several branches and employees. It is therefore prudent to limit this study to a geographical area and to be more specific, to Accra which is the capital city and has the headquarters of the bank. Due to the sheer size of the branch network of the bank as well as the relatively limited time to finish the study, it will be limited to only employees based at the headquarters of CBG. The research will cover six departments at the headquarters. The findings of this study cannot be generalized to cover all banks in the country. This is because, not all banks in Ghana were collapsed to form the CBG. The findings will only represent the views of only CBG.

1.7 OUTLINE OF THE THESIS

The organization of this research will be into five distinct chapters. Chapter one discusses the general introduction where the background of the study, statement of the problem, the general and specific objectives. Further discussions under this chapter will also be on the research questions, the scope, limitations of the research as well as the significance of the study. The second chapter will review relevant and current literature on theories on banking crises and failure. Additionally, empirical studies related to banking crises and its effects on employee will be discussed. Chapter three is devoted to the presentation of the methodology that will be used to obtain the findings of the study. It will discuss the sampling method, the research design, sample size and the data collection instrument. It will also look at data analysis procedure. Chapter four presents the findings of the study as well as comparing the results to other related studies in the discussion section. The fifth chapter summaries the findings of the study, gives the conclusions of the study and recommendations to policy makers, notably the Bank of Ghana and the consolidated bank of Ghana. Also, there will be suggestion for areas for further studies in the fifth chapter.

Figure 1.3 demonstrates the work flow of the study.

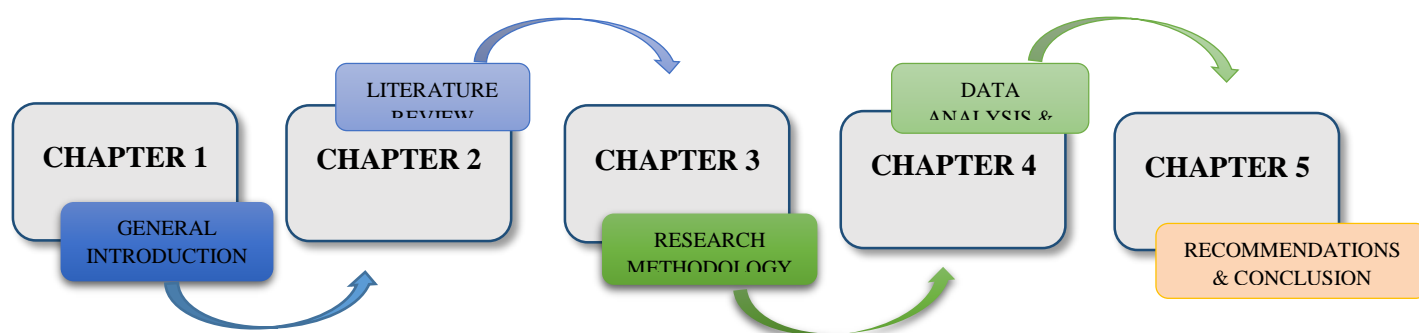


Figure 1.3: Workflow of the research

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The review of literature is important as it shows what has been done concerning the subject area. This second chapter provides a background of related literature on banking crises and its impact on the employees. Taking a cue from Boateng (2016:82), the review of literature for long essays of dissertation are normally thematic in nature. Boateng (2016:82) continued that a review should explain the concepts which underpin the research topic and focus on literature which directly address the research objectives which have been formulated. Delving more into the assertions of Boateng and reviewing literature that is in line with the objectives of the research helps to streamline relevant literature which can be used at the discussion subsection of the dissertation.

Apart from the definitions, the other subsections have been developed based on the literature relating to the objectives of the study. Except for the theories, most of the literature sourced from the empirical studies was studies that had been conducted from the year 2010 to date. Using current literature is necessary as it presents the reader with the empirical studies that have been conducted in recent times. This provides fresh insights on the impact of the banking crises on the cash flow of the employees and their lifestyles towards investments.

2.1 DEFINITION OF TERMS AND CONCEPTS

One of the terms to be described is a banking crisis. According to the World Bank (2016), a systemic banking crisis takes place when several banks in a country are in serious solvency or have liquidity problems. And this is at the same time. This could be for the reason that they could be all hit by the same outside shock. The second possible reason for a crisis is due to failure in one bank or a group of banks and this spreads to other banks in the system. To be more specific, a systemic

banking crisis is a situation when the corporate and financial sectors of a country experience a huge number of defaults. This makes the financial institutions and corporations face great difficulties repaying contracts on time (<http://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/banking-crises>). From the publication of the World Bank (2016), the number of non-performing loans increase sharply as a result of this. Additionally, most of the aggregate banking in system capital if not all is exhausted. The crisis may be accompanied by depressed asset prices for instance equity and real estate prices on the heels of run-ups before the crisis. Also, there may be a sharp increase in real interest rates, and a slowdown or reversal in capital flows. According to the World Bank (2016), there are some cases where the crisis may be triggered by depositor runs on banks. It should be stated that though in most cases it is a general realization that systemically important financial institutions are in distress.

Another concept to discuss is coping which according to McCrae (1984) has been conceptualised as an individual level concept and a characteristic of a person. As the years have progressed, coping has also acquired a variety of conceptual meanings. People have commonly used interchangeably with other concepts such as adaptation, mastery and defence (White 1974). The term coping alludes to the things that individuals do to abstain from being hurt by life strains (Pearlin & Schooler, 1978). Coping has been regularly characterized as endeavours to forestall or release dangers, damage and misfortune, or to decrease related trouble (Coffie, 2016). There are strategies associated to coping which embody the approaches taken by an individual to manage job loss (Coffie, 2016). One important thing to notice about these strategies or resources is that their presence or absence has the capacity to make individuals prone to harmful effects from job loss.

This is expected to influence the choice of coping strategies (Kinicki, Prussia & McKee, 2000). It should be stated that people cope differently due to the resources available to them.

An employee in basic definition is someone who works at an institution. Another definition of an employee is a person employed for wages or salary, especially at non-executive level (Oxford dictionary). There are different types of employees. There are employees who may be permanent or temporary employees. Gabčanová (2011) asserted that satisfied, highly-motivated and loyal employees signify the basis of competitive company. Satisfied employees also form positive reference to the employer. This in turn increase its attractiveness for potential job seekers and strengthen its competitive position in the market. As Okyere-Kwakye et al. (2018), opined, the norm of late is that employees in Ghana move from one organisation to another particularly within banks. Okyere-Kwakye et al. (2018) opined that this was irrespective of the amount of salary or compensation that the employee receives, they kept moving from one organisation to the other.

With regards to cash flow, it is simply the amount of money being transferred into and out of a business especially affecting liquidity. Cash flow management has an important and strategic role in the life of an organization. Cash flow information and cash flow management have a major impact on the investment and financing decisions (Myeni, 2018). The extent of cash flow information from cash flow statements, cash ratio, inventory, cash budget and bank balance is crucial for financing and investment decision making and in explaining the profitability of an enterprise (Haron et al., 2014).

2.3 THE BANKING INDUSTRY IN GHANA: AN OVERVIEW

In Ghana, the banking system is made up of a national network of licensed and statutory financial institutions. These have been engaging in the business of banking under the banking laws of Ghana. These banks are regulated by the Bank of Ghana which is the central bank. At the end of 2012, the number of Deposit Money Banks (DMBs) was twenty-six (26) while that of Non-Bank Financial Institutions (NBFIs) was fifty-two (52) (Nkegbe & Ustarz, 2015). From the Banking sector report which was published by the Bank of Ghana (2017b), there has been a significant growth in this sector. This was because as at the end of June 2017, the Ghanaian banking sector encompassed thirty-six banks, of which nineteen of them were domestically-controlled (Bank of Ghana, 2017b). The remaining banks which were seventeen were controlled by foreigners such as Barclays, GT Bank, Stanbic Bank, Access Bank among others. These banks are also networked across the country and the number of networked bank branches stood at 1,377 (Bank of Ghana, 2017b). Hence, someone can send money from Accra to a relation in Wa to a branch which can be picked up.

2.3.1 BANKING REFORMS IN GHANA

The banking industry in the country has gone through substantial reforms in the last two decades. Some of these reforms in the sector have been liberalisation and deregulation in the form of privatisation of state banks. Other reforms comprise the introduction of the universal banking and listing of banks on the Ghana Stock Exchange which is one great avenue for getting more investors from outside the country as well as internal investors. There is an increase in competition in this sector. This has been partly by means of the banks which are foreign and private-domestic that have entered the market have all led to an increase in the minimum capital requirements of banks (Benston, 1994; Vennet, 2002).

There has been one chief regulatory factor which have changed the scene of the banking industry. This was seen with the introduction of the Universal Banking Business Licence (UBBL) in the year 2003. The licence is very important because it brought about regulation and sanity in the industry. The Universal banking is a corporate structure where banks, together with their banking operations which have been traditional, have been allowed to offer financial service for example the sale of insurance. There were other operations for instance the underwriting securities and the engagement in bond trading and management of portfolio, investments in equity, and offering financial advice to the people (Benston, 1994; Vennet, 2002). All these were important and gave rise to the proliferation of banks because of the services that they offered.

Universal banking in the Ghanaian context has been defined as the business of accepting deposits and other repayable funds from the public (Banking Act, 2004; Amertei, 2014). Universal banking also includes lending, investing of financial securities and services in the transmission of money. It also includes the issuing and administering means of payment for instance the bank drafts, cards for credit, traveler's cheques. And this is not the end as it also involves issuing guarantees and commitments trading for a person's own account or for account of customers. There are other supplementary services which consist of the foreign exchange or transferable securities, acquisitions and mergers, provide advice on capital structure, management of portfolio and advice, electronic banking, safe custody of valuables, and any other services that may be determined by the Bank of Ghana (Banking Act, 2004). Bringing it back to the current state of the banking sector, banks accepts remittances from outside Ghana using Western Union and the likes and even offer mobile money services among others.

There is the implementation of reforms to solve the problem such as the Financial Sector Adjustment Programme (FINSAP II and I), Non-Performing Assets Recovery Trust (NPART) and

the legislation of the Foreign Exchange Bureau. All these have contributed to the vibrant growth in the financial sector (Ametei, 2014). The government was the dominant factor in the banking sector before these reforms and this led to some challenges which had become paramount. In addition, the standards of service for the public sector banks have begun to decline. Also, in the places where there has been a steady decline in the profitability of the banks and Non-performing assets, they have started to rise. Ametei (2014) said that the reform and financial liberalisation gave the strength to new banks to be set up in the private sector.

2.3.2 CURRENT DEVELOPMENT IN THE BANKING SECTOR

The Ghana banking survey report from PricewaterhouseCoopers, PwC (2016) stated that the financial sector has continued to enjoy stability in its operations. This has made it one of the drivers of growth in the economy. Even so, in the year 2015 the sector saw the decline in profitability as one of its key challenges. This was as a result of the energy crises at that time and rising Non-Performing Loans (NPLs). This made the banks cautious in lending as a result of the challenging economic conditions and the implications in recovering loans (PwC, 2016). Then in the year 2016, several banks were obligated to rely on deposits from customers on account of the mixed performance of the economy, challenges in the energy sector and the rates which were declining on government securities (PwC, 2017).

After the recapitalization of the banks and the new capital requirement, the number of banks have reduced significantly. On the 4th of January 2019, the Governor of the Bank of Ghana, Dr Ernest Addison met the press to announce that the number of banks in Ghana have reduced from thirty-six (36) to twenty-three (23). This is about 64% of the existing banks. This was under a banking sector cleaning exercise that led to the collapse of nine banks and three mergers (Adombila, 2019). The exercise also coincided with the exit of the Bank of Baroda in December 2018. The clean-up

exercise has ended, and a strong and resilient banking sector should be expected. The exercise was "expensive" and cost the state in excess of GHc12billion.

2.3.3 RISKS IN THE BANKING SECTOR

World Bank (2016) in general terms, banks are susceptible to a range of risks. One of these risks include credit risk which is loans and other assets turn bad and ceasing to perform. Another type of risk is the liquidity risk which is essentially when the withdrawals exceed the available funds. Another type of risk is the interest rate risk which is rising interest rates reduce the value of bonds held by the bank. This then force the bank to pay relatively more on its deposits than it receives on its loans.

According to Goldstein and Razin (2015), a financial crises which is marked, for instance, by the failure of banks, the sharp decrease in credit and trade, and/or the collapse of an exchange rate regime have some rippling effects. One of this is that it can cause extreme disruption of the normal functions of financial and monetary systems. This in turn hurt the efficiency of the economy.

2.4 THEORIES ON CASH FLOW

The first is the Resource-Based View Theory of the Firm. The RBV theory of the firm is an important strategic management theory. Wernerfelt (1984) formally created the RBV in 1984 by analyzing firms in terms of firms' resources rather than in terms of products of the firm.

2.5 THEORIES ON BANKING CRISES

Banking problems or crises could often be traced to a decrease the value of asset of the bank. Therefore, a deterioration in asset values could occur, for instance, due to a collapse in real estate prices or from an increased number of bankruptcies in the nonfinancial sector. Another reason why

a banking crisis could occur is when a government stops paying its obligations (World Bank, 2016). This is common when the government gives out letters of credits to their contractors to have enough credit for works, goods and services. And after the banks have honoured the letters, there are times that the government delays in paying the credits and this could then trigger a sharp decline in value of bonds held by banks in their portfolios. After a while, the asset values decrease significantly, the bank could then end up with liabilities that are bigger than its assets. At this stage, the bank has negative capital or is “insolvent”. (World Bank, 2016).

Another theory is the theory of insolvency. In this case, the bank could have some capital, nevertheless, this amount is less than a minimum required by regulations. This situation is sometimes described as “technical insolvency”. (World Bank, 2016). This was the case of uniBank where they had a capital adequacy ratio of less than 5% (Bank of Ghana, 2018).

Another theory is the theory of liquidity. The problems that bank encounter could also be triggered or deepened if a bank faces several liabilities and did not have enough cash. In this regard, other assets could be easily turned into cash in a bid to satisfy those liabilities. This could happen, for instance, if many depositors would like to withdraw deposits at the same time. this is also termed as the depositor run on the bank. It could also happen that the borrowers of the bank want their money and the bank at that moment may not have enough cash on hand. The bank could then become illiquid. It is important to note that illiquidity and insolvency are two different things (World Bank, 2016). For instance, a bank could be solvent, yet it could be illiquid. This simply implies, it could have enough capital although not enough liquidity on its hands. While there could be a major decline in asset values, depositors and other banks borrowers often start feeling uneasy and demand their money bank. This could deepen the troubles of the bank (World Bank, 2016). Under the theory of liquidity, there is the participation costs, funding costs, asymmetric

information, imperfect competition, transaction cost which all contribute to the situation (Vayanos & Wang, 2011).

2.6 CHALLENGES OF BANKING CRISES AND REASONS THAT LED TO ROUND THE WORLD

One of the challenges is that systemic banking crises have the tendency to lead affected economies into deep recessions and sharp current account reversals. There are some crises which has turned out to be contagious. This could rapidly spread to other countries with no evident vulnerabilities (World Bank, 2016). In addition to the other causes of crises in the banking sector had been macroeconomic policies which were unsustainable. These included current account deficits which were large and unsustainable public debt, credit booms which were excessive, capital inflows which were large, and balance sheet fragilities. In several cases of banking crises, currency and maturity mismatches were a salient feature, whereas in others off-balance sheet operations of the banking sector were prominent (World Bank, 2016).

There has been a global database of banking crises which was first compiled by Caprio and Klingebiel (1996) and Laeven and Valencia (2012). They were able identify one hundred and forty-seven (147) systemic banking crises for a period of over forty years which was from 1970 to 2011. It also reports on 218 currency crises and 66 sovereign debt crises over the same period. And this number is quite a lot. Cihák and Schaeck (2010) suggested that consistently predicting crises in banking is very difficult; nevertheless there were some variables that indicate increased likelihood of crises.

Kobayashi (2003) asserted that in order to protect the public's confidence in deposit money, governments usually guarantee bank deposits implicitly or through an explicit deposit insurance

system. Hence bank insolvency did not induce immediate bank runs. Kobayashi (2003) opined that in several episodes of banking crises, several years passed quietly after bank insolvency had occurred, with the insolvency continuing to develop under the surface. The rash of bank failures broke out only when the bank insolvency exceeded a certain level.

Bernanke (2018) asserted that broadly, various authors have suggested that there are two channels of effect, each of which emphasizes a different aspect of credit-market disruptions. Aikman et al. (2018) was able to describe these two sources of damage from the crises as firstly the fragilities in the financial system. This includes excessive risk-taking and reliance on “flighty” wholesale funding, which resulted in a financial panic and a credit crunch. The second according to Aikman et al. (2018) was a surge in household borrowing, of which the reversal, in combination with the collapse of housing prices, resulted in sharp deleveraging and depressed household spending.

From the report by the Committee on the Global Financial System (2018), the crises in the banking sector revealed substantial weaknesses in the banking system and the prudential framework. This in turn led to excessive lending and risk-taking unsupported by adequate capital and liquidity buffers. The effects of the crises have weighed heavily on economic growth, financial stability as well as the performance of bank in several jurisdictions, although the headwinds have begun to subside. The report by Committee on the Global Financial System (2018) further stated that technological change, an increase in non-bank competition as well as shifts in globalisation are still broader environmental challenges facing the banking system.

2.7 REASONS FOR THE BANKING CRISES IN GHANA

According to Frimpong (2018) and the report by the BoG (2018), the regulator named KPMG as the official administrator after the takeover of uniBank due to bank insolvency that was discovered. KPMG made efforts to ascertain the assets and liabilities of the bank and evaluated options for turning around the fortunes of the bank. Some of the findings noted were serious corporate governance, high non-performing loans, risk management, compliance and management flaws, as well as unlawful transactions involving shareholders, related parties, and connected parties. They therefore found out that the operations of the bank were not sustainable, insufficient bank's interest income and other sources of income to cover the associated cost of funds of underlying borrowings and liabilities, as well as overheads of about GH¢0.31 billion per annum.

2.8 RESPONSE TO REGULATORS TO BANKING CRISES

DeYoung, Kowalik and Reidhill (2013) asserted that the regulators of banks face a tradeoff in a banking crisis. They could close a failed bank, and by doing so impose market discipline that reduces moral hazard incentives. The bailouts from Government of large insolvent financial institutions has been one of the most critical and controversial events of the recent international financial crises. This is against the background that although the details of these bailouts were different, the underlying policy motivations were the same. And this was to prevent the financial troubles at single institutions from spreading to other parts of the financial system. This helps to avoid a total collapse of credit markets and even the more disastrous macro-economic consequences that follows (DeYoung, Kowalik & Reidhill, 2013). By guaranteeing that creditors of these institutions suffered few, if any, losses, policymakers were able to strike an implicit bargain with the financial system. This was done to preserve financial market liquidity today at the cost of increasing the moral hazard incentives of future financial market participants. Simply

put, policymakers traded market discipline for market liquidity (DeYoung, Kowalik & Reidhill, 2013).

With the current crises in the banking sector in Ghana, it was observed that the regulator which in this case is the BoG closed the failed banks and consolidated them into another bank. The second option according to DeYoung (2013) was for them to offer a bailout the bank. When they do this, they can by preserve market liquidity and avoid potential systemic harm to financial markets and the macro-economy. Also, relating it to the banking sector in Ghana, it was realised that the BoG gave some bailouts to UT Bank, Capital Bank and uniBank when they realized that these banks were insolvent.

Other regulators have responded to the crises by reforming the global prudential framework and enhancing supervision (Committee on the Global Financial System, 2018). The key goals of these reforms have been to increase banks' resilience through stronger capital and liquidity buffers and reduce implicit public subsidies and the impact of bank failures on the economy and taxpayers through enhanced recovery and resolution regimes. At the same time, the dynamic adaptation of the system and the emergence of new risks warrant ongoing attention (Committee on the Global Financial System, 2018).

2.9 COPING MECHANISMS TO JOB LOSS OR THE PROSPECTS OF JOB LOSS

Piko (2001) asserted that a great deal of research has been invested in identifying the basic dimension of coping. Endler and Parker (1990) came to the conclusion that there were three-dimension coping strategies labelled as task-oriented coping, emotional oriented coping and avoidance-oriented coping. Endler and Parker (1990) opined that for the task-oriented coping which could be adopted by an individual refers to the strategies that are used to solve a problem,

conceptualise it or minimise it. Conversely, an emotion-oriented coping implies the person-oriented strategies. These include emotional responses, self-preoccupation and fantasising reactions. Meanwhile, the avoidance oriented coping strategies take account of a person or task oriented coping measures where an individual could avoid a stressful situation. They do this by choosing to be with other people or by engaging in a substitute task which could serve as the distraction. To further explain this, avoidance is an important mechanism for coping with stress as it serves as a form of get away from situations which are hostile and stressful (Endler & Parker, 1990, p. 5). O'Neill and Xiao (2012) opined that people often do change, because they want to or they must, when times are difficult.

Folkman et al. (1986) recommended that coping has two noteworthy measurements which have problem-focused and emotion-focused dimension. The qualification between these two procedures on coping are that, the problem-focused coping, endeavours to directly oversee or change the issue bringing about the trouble. Meanwhile, the emotion-focused coping endeavours to direct the passionate reaction to the problem (Lazarus & Folkman, 1984).

Carver and Connor-Smith (2009) who worked on coping argued that the individual who use the problem-focused coping takes practical steps to remove or to evade the problem at hand. Carver and Connor-Smith (2009) gave the example that if layoffs were expected, an employee who was of the problem-focused coping might be able to save money towards times of need. This employee would also look for a job or obtain training to enhance his opportunity to be hired. Conversely, the individual in the emotion-focused coping would take steps to reduce the distress which was involved in the situation. The individual in question would seek emotional support, tries to relax, or escape stressful situations by talking to someone. People try to cope with job loss and they constantly try to change their efforts in a cognitive and behavioural way to manage precise intimal

or external demands that go beyond their resources (Folkman & Lazarus, 1984). Coffie (2016) asserted that coping resources embody the personal and situational characteristics which the personalities could draw upon when coping with job loss. Hence, the presence or absence of coping resources would make an individual more or less prone to harmful effects from job loss. Coffie (2016) continued that this was expected to affect the choice of coping strategies. Therefore, the coping strategies exemplify the approach that is taken by an individual to manage job loss (Kinicki, Prussia & McKee-Ryan, 2000).

2.10 IMPACT OF CRISES ON FINANCIAL SECTOR WORKERS

From a publication by the International Labour Organization (2009) added that there is the need to mitigate massive impact of the crises for the financial sector by social policies that cushion the adverse effects on employment and disposable income. This would help those who lose their jobs in the sector to return quickly to employment. These measures are vital in the stability of the economy and in that way also help improve the outlook for the financial sector.

According to International Labour Organization (2009), there is the need to help finance sector workers cope with the crises. the reason was that most of the workers in the banks had no role in causing the crises and need support to find new jobs. They also needed to adapt their skills and sometimes embark on a new career. International Labour Organization (2009) proposed that there should be the provision of adequate, well-designed unemployment benefits and social protection. They should also support job-search and placement into new jobs, which may occasionally necessitate new skill development measured. They should also strengthen social dialogue within financial institutions to mitigate the social effects of the crises which may be adverse and pave the way for a healthier sector (International Labour Organization, 2009).

2.11 EMPIRICAL STUDIES

The empirical section discusses studies that have been conducted in outside Africa and the studies that have been conducted in African countries with Ghana inclusive.

2.11.1 RELATED STUDIES CONDUCTED OUTSIDE AFRICA

The first empirical study was by Kobayashi (2003) who presented a simple model that describes the dynamics of bank insolvency in a form that eventually results in banking system failure or bank recapitalization by the government. Kobayashi (2003) found out that the government cannot indefinitely postpone recognizing the fiscal loss associated with bank insolvency. Another finding by Kobayashi (2003) was that the consumption level was too high (low) before (after) bank recapitalization compared with the optimal level. Hence, the price conditions became deflationary (inflationary) before (after) bank recapitalization. The final finding was that social welfare decreased as bank recapitalization is delayed.

The second study is by Rova and Mano (2009) who conducted a study to ascertain the impact of financial crises on the quality of life. They found out that an increase in the amount of information and sensibility has been of great help to the citizens. This has helped them to know and assess the economic crises of the recent months. They found out that the respondents had a high knowledge and perception on the crises and its link with income level, purchasing power level as well as the general price level. All these factors increase the stress level and had a negative impact on the quality of life. One of the drawbacks of the study by Rova and Mano (2009) was that they couldn't state if the quality of life has been on the increase or otherwise for the reason that there was a lack of the basis for comparison. Although the study was conducted in Albanian and not limited to only bank staff, the findings are important.

In the third work which is by Bernanke (2018) on the real effects of the financial crises, he applied factor analysis to daily financial data to identify stages of the financial crises. He stated that the process started with the loss of investor confidence in subprime mortgages, followed by the broad-based run on short-term funding, the panic in securitization markets, and the declining solvency of the banking system. Bernanke (2018) added that each of these stages involved disruptions to the operation of credit markets, and so should have had real consequences.

The fourth study is by O'Neill and Xiao (2012) who did a study, using data from an online financial self-assessment tool. They found out that modest the financial crises were associated with pre- and post-financial crises differences in the performance of frequently recommended financial management practices. The financial crises were able to provide an impetus for change processes which is associated with making positive financial behavior changes and using financial coping methods. O'Neill and Xiao (2012) found out that some of the positive change noticed after the crises were written financial goals, written spending plans, having at least three months' expenses set aside for emergencies, payment of credit card bills in full to avoid interest, calculating net worth, and avoidance of impulse buying and recreational shopping. These changes are good which are good coping strategies in a financial crisis. It showed that the people were learning to do something positive in the time of difficulty. Nonetheless, they also realized that both pre-and post-crises respondents seldom had a will. And this was not good enough. They also seldom, calculated net worth, and had knowledge of one's federal marginal tax bracket. These factors were very important in investing and retirement planning decisions (O'Neill & Xiao, 2012). Although the study was limited to respondents from the United States, the positive coping strategies and change noted in this study is important for corroborating the results that will be obtained in this study.

2.11.2 STUDIES THAT HAVE BEEN CONDUCTED WITHIN AFRICAN COUNTRIES

Coming down to studies done in Ghana, Coffie (2016) conducted a study on the effect of retrenchment in the banking sector in Ghana and the coping mechanisms of these retrenched staff. Using purposive sampling, three (3) bank staff at the HRM Department were selected, and snowball sampling was used to reach thirty-eight (38) retrenched staff. The retrenched staff suffered loss of self-esteem and change in status. The study showed that retrenchees experienced a reduction in spending along with emotional breakdown for instance anger and crying at some point in time. These were directly related to the retrenchment process. The study further revealed that retrenched staff coped differently by reason of varying family backgrounds and environmental situations. Therefore, these factors played a critical role in coping of employees. In addition, the study found that retrenched staff coped with emotion and problem focused coping. They also resorted to coping with the knowledge, skills and capabilities they have as well as friends, family, social organisations and religion. However, for the work of Coffie, it was only focused on retrenched employees which will happen in the case of CBG six months after the consolidation. It did not consider employees that were still working at the bank. Nevertheless, the coping strategies listed is very important.

In conclusion, the review has presented enough evidence on the subject area under study. However, it should be stated that there is very limited literature on the impact of banking crises on the employee in terms of cash flows, finances among others. This could be because in a crisis, the customers are those who come first before the employees.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

The third chapter discusses the methods used to gather the data in order to obtain the relevant results of the study. The selected research strategy, design, the research paradigm, and the data used for the study have been discussed. It also presents an overview of the study area which in this case is Consolidated Bank Ghana (CBG), the research population, sample, sampling techniques and the data collection instruments. Additionally, the method of data analysis, the consideration of ethics guiding the research, the validity of the research instruments used and consequently the data alongside reliability of the data have all been discussed in this chapter.

3.1 RESEARCH DESIGN

Boateng (2016: 10) asserted that the purpose of the research determines if the study will be explanatory, descriptive, exploratory or correlational. The research design will be descriptive in nature. As Robson 2002 (p.59) puts it, the object of descriptive research is ‘to portray an accurate profile of persons, events or situations. This may be an extension of, or a forerunner to, a piece of exploratory research or, more often, a piece of explanatory research. It is necessary to have a clear picture of the phenomena on which one wishes to collect data prior to the collection of the data (Saunders et al., 2009). Boateng (2016:10) added that descriptive research asks the questions on “what”. The research strategy chosen for this study is a case study. A cross-sectional descriptive case study design will be used to answer the research questions according to the guidelines by Yin (2003).

3.2 RESEARCH PARADIGM

The choice of a paradigm depends largely on the type of data needed for the study along with the research questions formulated for the study. This study will need the inputs from the employees of CBG to be able to draw logical conclusions. A descriptive and explanatory approach was adopted to ascertain the impact of the banking crisis on the affected workers on and other factors related to the conduct of the study. The descriptive and explanatory approach was used to explain the outcome of the research.

According to Saunders et al. (2009) and Boateng (2016), there are three approaches to a research. The choice of a research approach depends on the type of data needed for the research, the source of the data and the data collecting instruments to be used. It can be a qualitative research, a quantitative research and mixed method approach. The research approach is concurrent mixed methods to obtain the necessary data where qualitative data and quantitative data will be sourced for the study. Boateng (2016:170) asserted that the concurrent mixed methods involved converging qualitative and quantitative data to be able to have a comprehensive analysis of the research problem.

3.3 SOURCES OF DATA FOR THE STUDY

This study will make use of primary data sources. The primary data will be obtained from two groups which are the employees of CBG and the human resource manager. The primary data will be obtained using a self-administered questionnaire and a semi-structured interview session.

3.4 POPULATION OF THE STUDY

The population is the entire case or element that is used for the study without excluding a single case or element. The population for this study is made up of all the employees at the Consolidated Bank of Ghana.

3.4.1 OVERVIEW OF THE STUDY AREA

Consolidated Bank Ghana Limited (CBG) is an indigenous Ghanaian Universal Bank which has been licensed under the Special Deposit- Taking Institutions Act, 2016(Act 930). It is a new bank. On the 1st of August 2018, the bank started its operations. The head office is located at Airport in the capital city of Accra in a magnificent building. It has coverage in all the sixteen (16) regions in the country and have over 190 branches (<https://www.cbg.com.gh/about-cbg.html>). Figure 3.1 shows the seven (7) banks whose licenses were revoked and joined to form the bank

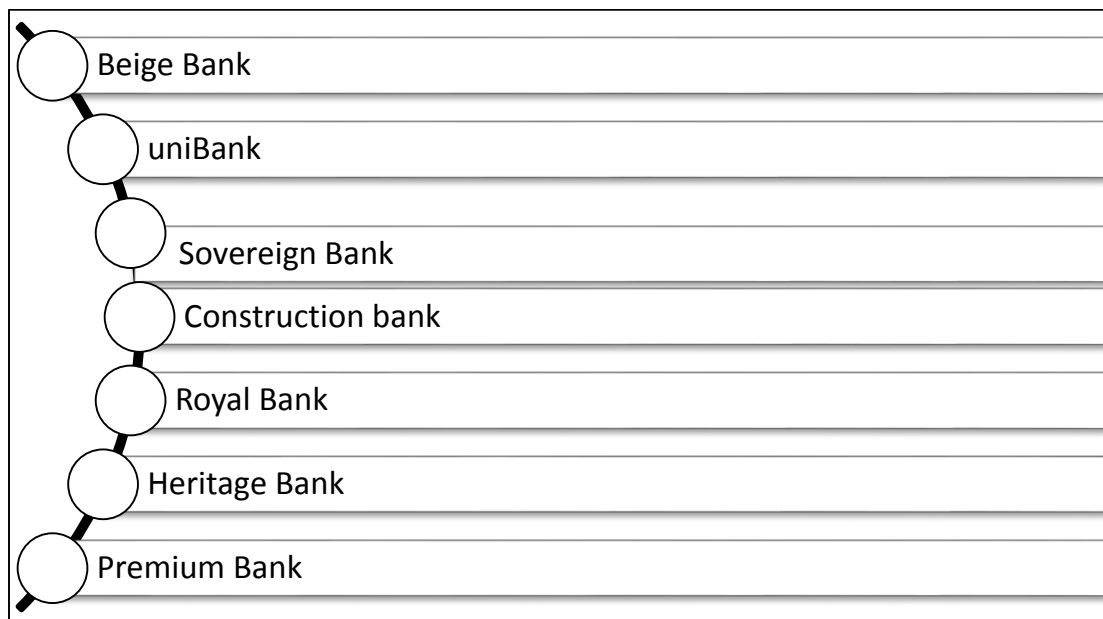


Figure 3.1: The seven (7) banks which form the bank

3.4.2 SELECTING THE BRANCH FOR THE STUDY

The research is limited to six months which makes it virtually impossible to work with the entire population from all the one hundred and ninety (190) branches. Additionally, in using a population, if one person refuses to take part in the study, the results do not represent the views of the population. The study is limited in terms of the geographical location which is the Greater Accra

Region. Also, there are several branches of CBG in Greater Accra Region. Therefore, the study then limited itself to Accra which is the capital city of Ghana. Therefore, only one branch of CBG will be selected which is the Head Office as shown in figure 3.2 below. The choice of selecting the Head Office comes against the background that all the departments of the banks are fully represented at the Head Office. Also, the Head Office has the highest number of employees as compared to the smaller branches.

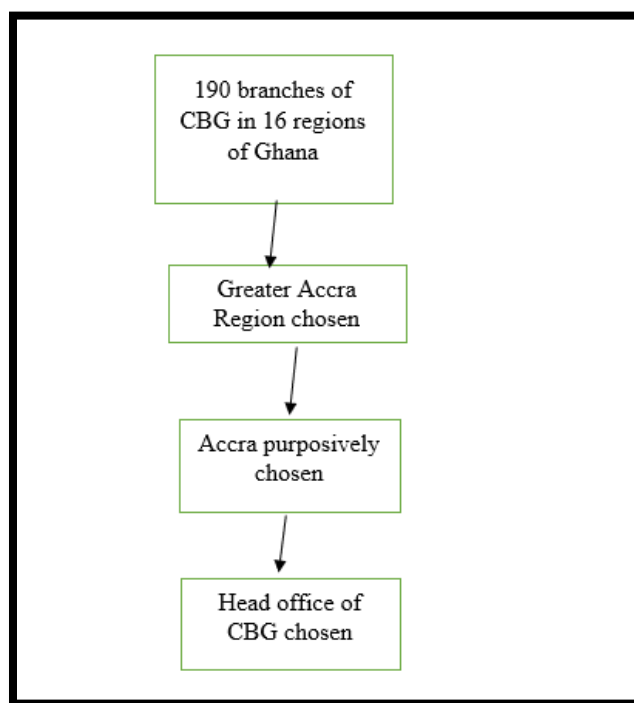


Figure 3.2: The process of choosing Head Office of CBG

3.5 SAMPLE SIZE AND SAMPLING TECHNIQUE

For academic studies, using the entire population are sometimes not feasible due to constraints in terms of time and money. This is the reason for using a sample. From the preliminary interaction with the Human Resource Manager, a total of 150 employees work at CBG Head Office. With respects to the sample for the research, it will be drawn from the employees of CBG head office.

As pertaining to the designated sampling technique, the study will use a stratified sampling to select the respondents from the CBG Head office. Fifteen respondents will be drawn from each department to take part in the study. This will ensure that only the targeted respondents are sampled in order to generate the necessary answers.

A self-administered questionnaire will be formulated with a Likert-Scale response to illicit the response to the questions. A semi-structured interview will be conducted with the Human Resource Manager of CBG Head Office using an interview guide. This has been shown in figure 3.3 below.

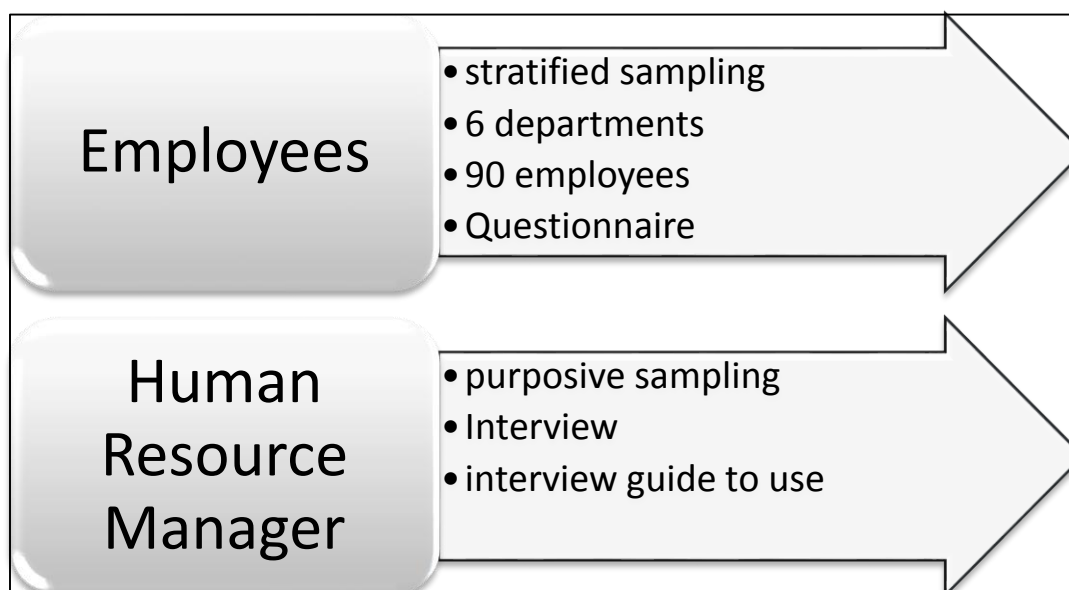


Figure 3.3: Sampling techniques for the study

3.6 DATA COLLECTION INSTRUMENTS

The key instrument for collecting the data is a structured questionnaire which is a self-administered questionnaire and an interview guide. The first part (section A) of the questionnaire will have questions on the socio-demographic factors of the respondents. The second section of the questionnaire will have questions that seek to assess the impact of crises on the cash flow of employees. The third section of the questionnaire will have questions on the coping strategies of the employees after the banking crises. The fourth section will delve on the lifestyles towards

investment and standard of living after the crises while the final section (E) will analyze the financial level of the employees before and after the crises. A copy of the questionnaire has been attached at Appendix A.

Additionally, an interview guide will be used to solicit for responses from the Human Resource Manager. A copy of the interview guide has been attached as Appendix B. some of the questions that will be asked include the financial level of the employees before and after the crises and the lifestyle of the employee towards investment and standard of living after the crises.

3.7 DATA ANALYSIS AND PRESENTATION OF DATA

The primary data from the questionnaires will then be coded and analyzed with the use of STATA version 13 software from which tables and charts will be developed to represent the numerical data. The results will be presented according to different sections which are related to the objectives of the research.

The choice of a paradigm depends largely on the type of data needed for the study along with the research questions formulated for the study. This study will need the inputs from the employees of CBG to be able to draw logical conclusions. Looking at the research question 1 for instance which is on impact the impact of crises on the cash flow of employees, this will require regression analysis which is quantitative in nature while the research question 2 which is on the coping strategies of the employees after the banking crises is more qualitative in nature. In this case, the study will make use of both primary and secondary data which are both quantitative and qualitative in nature.

According to Saunders et al. (2009) and Boateng (2016), there are three approaches to a research. The choice of a research approach depends on the type of data needed for the research, the source

of the data and the data collecting instruments to be used. It can be a qualitative research, a quantitative research and mixed method approach. The research approach is concurrent mixed methods to obtain the necessary data where qualitative data and quantitative data will be sourced for the study. For research question 3, a T Test of the two Sample Means analysis will be done to ascertain the relationship between the banking crises and its impact on the cash flow of the employees. Further analysis will be conducted on the results of the finances before and after the crises to show the difference that may occur. . Boateng (2016:170) asserted that the concurrent mixed methods involved converging qualitative and quantitative data to be able to have a comprehensive analysis of the research problem.

The recordings from the interview will be transferred to written information and transcribed. After the transcription, it will be arranged into different themes which used to buttress the quantitative results obtained to give further explanations where necessary.

3.8 ETHICAL CONSIDERATIONS GUIDING THE STUDY

Ethics as defined by Cooper and Schindler (2008:34) are the norms or standards of behaviour that are used to guide moral choices about behaviour and relationships with others. Ethics also border on research topic formulation, methods used to gain access to data, its processing, its storage and in a manner that is morally sound and responsible. Additionally, it also refers to the analysis data and write up the research findings in a manner which is morally sound and responsible (Saunders et al, 2009).

The consideration of ethics follows the deontology approach. According to this approach, the end served by the research could never justify the use of research which should be unethical. Therefore, no form of deception will be used to obtain the research data. Furthermore, no deception will be

used to fabricate data or even skew the data to have a specific result. This is also in line with the ethical guidelines of the University of Ghana.

In each research, there is the need to make sure that there are some ethics that guide this research. Permission from the management of the CBG will be sought before the data will be collected. This will be done so that the research will not happen at the blind side of the management of CBG.

3.9 VALIDITY OF THE RESEARCH INSTRUMENT

The focus of validity with whether the findings of the research will be really about what they appeared to be. There are some potential ways which can introduce a lack of validity in the conclusions which comes from the research design (approach). For this research, the approach is to use the concurrent mixed methods where an opportunity for interviews after the results of the questionnaire has been incorporated (Saunders et. al, 2009). Robson (2002) recorded the threats to validity for example the history, the physical environment or the surrounding could affect the findings of a research, testing or ambiguity about causal direction.

Handling this will require a pre-test. A pre-test will be done to ascertain the validity of the research instruments. Ten (10) questionnaires will be piloted among the employees. The piloting will make some corrections where necessary. It will also be done to ascertain the suitability of the questionnaire and the ability of the respondent to give responses which were appropriate to the questions. An additional importance of doing pre-test is to be able to correctly know the time it will take for the questionnaire to be filled out. Questionnaires that are very lengthy and complex often become repulsive for employees at the workplace. One excuse some of them may use to not fill the forms is time.

3.10 RELIABILITY

The issue of reliability is the extent to which the techniques or analysis procedures for collecting data will be able to yield findings which are consistent. Easterby-Smith et al. (2008:109) posed three questions that could be used in determining reliability in research. Easterby-Smith et al. (2008:109) stated that the first issue with reliability is if the measures will yield the same results on other occasions. For instance, if the research is carried out using the same methodology in other branches whether the results may be similar. The second issue is if similar observations be reached by other observers or researchers. Thirdly is with the question of transparency. This is seen in how sense will be made from the raw data that will be collected (Easterby-Smith et al., 2008:109). Care will be taken to make sure that the research will be transparent, and the methodology will be so precise that other researchers can adopt the same methodology in their countries to achieve results.

Robson (2002) on the other hand asserts that there are four threats to reliability. The first is the subject or participant error. This could happen when the subject is under pressure to fill the questionnaire. Hence, a more 'neutral' time is needed for the employees to fill the questionnaires. Preferably, the more neutral time could be at the closing time of the bank so that the employees could be more relaxed to fill it. Another threat to reliability of data is subject or participant bias where the interviewee may have been saying or writing what he/she thought the bosses wanted them to say (Robson, 2002). To deal with this threat, anonymity is essential. The respondents will be assured of their anonymity. The third threat is the observer error according to Robson (2002). To deal with this, there is a need to have a high degree of structure to the interview schedule since that help to lessen this threat to reliability.

Robson (2002) added that the final threat is the issue of bias on the part of the researcher. The researcher in this case is also an employee of the study so there is the probability of bias due to emotional attachment. Care will be taken so that the bias on the side of the researcher will be reduced. Each respondent will be allowed to answer the questions on his/her own. Consequently, the responses obtained will be the direct view of the respondents.

3.11 CONCLUSION

The methodology that will be used in this study will be enough to answer the research questions and help solve the problem statement highlighted in chapter one. Consequently, the findings on the effect of banking crises on employees in Ghana will be presented in the subsequent section.

CHAPTER FOUR

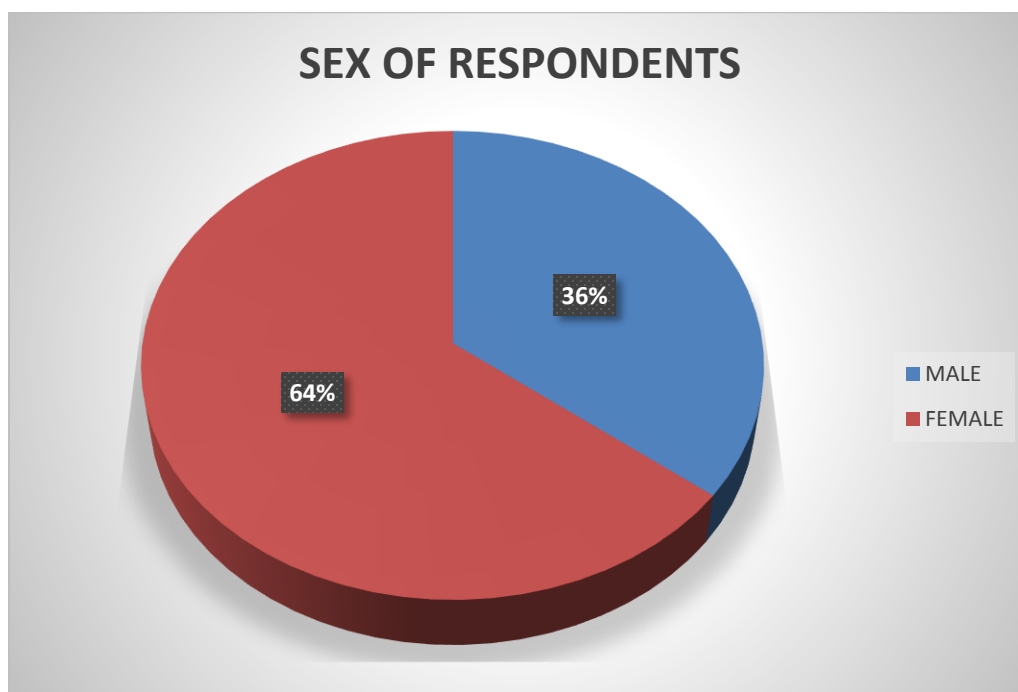
RESEARCH FINDINGS AND DISCUSSION

4.1 BASIC DATA OF RESPONDENTS

This aspect of the analysis dealt with the basic data on the respondents of the questionnaires sent to them. The basic data comprised of the respondents sex, age, employment status and the number of years spent with the bank.

4.2 SEX OF RESPONDENTS

The basic socio-demographic characteristics of the respondents are presented in fig 4.1 below showing the sexes of the respondents. The females were 64% while the males were 36%. Therefore the majority of respondents were females. There is dominance of females in the financial sector showing significant interest in the sector, most of them involved in customer care, front desk services (tellers). It can therefore be said that majority of the bank's employees are females.



Source: field Survey, 2019

4.3 AGE OF RESPONDENTS

From the table below, the age of respondents ranged between 20-55 years, 35.56% of respondents were between the ages of 20 and 30, 41.11% of respondents which formed the highest age group were between the ages of 31 and 40, 16.67% of respondents were between the ages of 41 and 50 while 6% of respondents were above 51. From the survey, it can be said that, most of the banks employees are between the ages of 31 – 40. This is an indication that majority of the youth constitute the largest in the sub-sector and that explains how important the sector is in terms of its contribution towards the socio-economic development of the financial sector and the Metropolis. This implies that the bank has a youthful and very energetic staff.

Table 4.1: Age of respondents

Age Range	Frequency	Percentage
20-30	32	35.56
31-40	37	41.11
41-50	15	16.67
Above 51	6	6.67
Total	90	100.00

Source: field Survey, 2019

4.4 THE IMPACT OF CRISES ON THE CASH FLOW OF EMPLOYEES

Table 4.2: The Impact of Crises on Cash Flow

The Impact of Crises on Cash Flow					
	Strongly Disagree	Disagree	Questions Neutral	Agree	Strongly Agree
Q1	55%	30%	10%	5%	0%
Q2	14%	29%	7%	38%	12%
Q3	0%	5%	0%	72%	23%
Q4	15%	19%	2%	23%	41%
Q5	0%	0%	0%	29%	71%
Total	16.8%	16.6%	3.8%	33.4%	29.4%

Table 4.2 demonstrates the impact of Financial Crisis on cash flow of employees, who have been working in pre-crisis and post crisis as well. Table 4.2 results represent the tendency of employee’s cash flows. The results shows this perception as, 16.8% employees strongly disagree that the financial crisis had impact on their cash flows, 16.6% disagree, 3.8% were of the opinion that to some extent the impact of the crisis on their cash flow is neutral, 33.4% agree that the impact is high and 29.4% strongly agree that the financial crisis has a very high impact on their cash flow. These results are derived through bands assigned to the questions regarding “Cash flow of employees”. This is in line with the study conducted by Smiths & Lionu (2006), they opined that, there is a strong positive relationship between financial sector crises and its negative impact on workers financial. As a matter of evidence, several studies have also proven the negative impact caused by the financial distress on employee cash flow and job security level Catorelli and Gambire, 2009; Beckam, 2010; and Banaccorsi di Petti and Dill’Areccia, 2003).

4.5 THE COPING STRATEGIES OF EMPLOYEES AFTER THE CRISES

Table 4.3: The Coping Strategies after the Crises

Coping Strategies After The Crises					
	Questions				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q1	0%	28%	52%	12%	8%
Q2	0%	0%	10%	7%	83%
Q3	0%	0%	3%	77%	20%
Q4	16%	22%	0%	45%	17%
Q5	21%	62%	0%	10%	7%
Q6	0%	0%	9%	81%	10%
Q7	33%	28%	0%	22%	17%
Total	10%	20%	10.57%	36.29%	23.14%

Table 4.3 is consisting of 7 questions regarding “Employees Coping Strategies after the Crises” showing the effect of financials on the bank employees’, who have been working in pre-crisis and post crisis as well. Table 2.3 results shows this perception as, 10% of employees strongly disagree that coping strategies have been adopted after the crises, 20% disagree, 10.57% are neutral to adopting any coping strategies, 36.29% agree to having adopted coping strategies while 23.14% strongly agree. There is widespread recognition that the crisis is partly due to a variety of practices and instruments in use in recent years, and to irresponsible risk-taking in the financial sector. Yet the majority of the sector’s workers had no role in causing the crisis and need support to find new jobs, adapt their skills and sometimes embark on a new career. Finance sector workers may be willing to accept the inevitability of downsizing and restructuring, and even layoffs. But workers also call for management to inform and consult their staff or their representatives before drastic decisions are taken. Moreover, social dialogue can help design training and other programs that support job losers and facilitate later recovery of the sector.

4.6 THE LIFESTYLE OF THE EMPLOYEE TOWARDS INVESTMENT AND STANDARD OF LIVING AFTER THE CRISES

Table 4.4: the Lifestyle towards Investment after the Crises

The Lifestyle Towards Investment After The Crises					
	Questions				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q1	3%	12%	0%	48%	37%
Q2	9%	9%	49%	22%	11%
Q3	23%	26%	0%	19%	32%
Q4	7%	18%	50%	21%	4%
Total	10.5%	16.25%	24.75%	27.5%	21%

Table 4.5: The Lifestyle Towards Standard Of Living After The Crises

	Questions				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q1	0%	7%	11%	62%	19%
Q2	7%	19%	15%	38%	21%
Q3	20%	11%	0%	41%	28%
Q4	3%	5%	13%	49%	30%
Q5	31%	52%	0%	7%	10%
Total	12.2%	18.8%	7.8%	39.4%	21.6%

Barnanke (2018) asserted that broadly, various authors have suggested that there are two channels of effect, each of which emphasizes a different aspect of credit-market disruptions. Aikmen et al. (2018) was able to describe these two sources of damage from the crises as firstly the fragilities in the financial system. This includes excessive risk-taking and reliance on “flighty” wholesale funding, which resulted in a financial panic and a credit crunch. The second according to Aikmen et al. (2018) was a surge in household borrowing, of which the reversal, in combination with the collapse of housing prices, resulted in sharp deleveraging and depressed household spending.

Table 4.4 shows responses to 4 questions regarding “The Employees Lifestyle towards Investment after the Crises”. The results shows this perception as, 10.5%employees strongly disagree to a change in lifestyle towards investment after the crises, 16.25% disagree, 24.75% employees are indifferent concerning a change in lifestyle after the crises, 27.5% agree to a change in lifestyle towards investment whereas 21% strongly agree. This shows that a significant number of employees attest to a negative change in investment lifestyle post crises.

Table 4.5 shows responses to 5 questions regarding “The Employees Lifestyle towards Standard of Living after the Crises”. The results shows this perception as, 12.2%employees strongly disagree to a change in their standard of living after the crises, 18.8% disagree, 7.8% employees are indifferent concerning a change in their standard of living after the crises, 39.4% agree to a change in their standard of living whereas 21.6% strongly agree. This shows that a significant number of employees attest to a negative change in standard of living post crises.

4.7 THE FINANCIAL LEVEL OF EMPLOYEES BEFORE AND AFTER THE CRISES

Table 4.6: The Financial Level of Employees Before and After the Crises

The Financial Level of Employees Before / After the Crises					
	Questions				
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Q1	0%	0%	9%	20%	71%
Q2	0%	0%	2%	5%	93%
Q3	15%	51%	18%	12%	4%
Q4	2%	82%	4%	12%	0%
Total	4.25%	33.25%	8.25%	12.25%	42%

As might be expected, the crisis has had a negative impact on employee incomes. Table 4.6 is showing 4 questions regarding “the financial level of employees before / after the crises” showing the effect of banking crises on employees in Ghana’, who are working after the crisis. Table 4.6 results shows this perception as, 4.25% employees strongly disagree that financial crisis has impact on them, 33.25% disagree to that, 8.25% of their financial somewhat affected the level of job motivation of the employees who joined the sector after the crisis, 12.25% agree that the effect is high while 42% thought it is very high by strongly agree.

According to Goldstain and Rezin (2015), financial crises which is marked, for instance, by the failure of banks, is characterised by sharp decrease in credit and trade, and/or the collapse of an exchange rate regime have some rippling effects. One of this is that it can cause extreme disruption of the normal functions of financial and monetary systems. This in turn hurt the efficiency of the economy.

4.8 FINANCIAL LEVEL OF CRISIS -BEFORE AND AFTER

Table 4.7: Level of crisis -before and after

<i>BEFORE CRISIS</i>		<i>AFTER CRISIS</i>	
Mean	6839.979167	Mean	5736.579
Standard Error	377.7402276	Standard Error	371.114
Median	6604	Median	5499.925
Standard Deviation	2617.061065	Standard Deviation	2571.153
Sample Variance	6849008.617	Sample Variance	6610828
Kurtosis	-0.76100989	Kurtosis	-1.27577
Skewness	0.079434764	Skewness	-0.00805
Range	9708	Range	8629.2
Minimum	2169	Minimum	1512.15
Maximum	11877	Maximum	10141.35
Sum	328319	Sum	275355.8
Count	90	Count	90

Table 4.7: Level of crisis -before and after

t-Test: Paired Two Sample for Means		
	<i>BEFORE CRISIS</i>	<i>AFTER CRISIS</i>
Mean	7359.208333	6255.327083
Variance	7238176.466	5229582.497
Observations	90	90
Pearson Correlation	1	
Hypothesized Mean Difference	0	
Df	89	
t Stat	18.95121824	
P(T<=t) one-tail	6.00213E-24	
t Critical one-tail	1.677926722	
P(T<=t) two-tail	1.20043E-23	
t Critical two-tail	2.011740514	

Table 4.8: *t-Test: Paired Two Sample for Means*

T-test of Dependent Means

In an attempt to determine the financial level of employees before and after the banking crises, the researcher employed a hypothesis test of two dependent means.

The hypothesis for the Paired t-test for the significance of the difference in means is stated as follows:

***H₀*:** $\mu_{\text{before crises}} = \mu_{\text{after crises}}$ ie. There is no significant difference between the mean financial level of employees before crises and the mean financial level of employees after crises.

H_1 : $\mu_{\text{before crises}} \neq \mu_{\text{after crises}}$ ie. There is a statistically significant difference between the mean financial level of employees before crises and the mean financial level of employees after crises.

Degrees of freedom is gives as $N - 1$, where N is sample size

Hence, degrees of freedom = $90 - 1 = 89$

Level of significance, $\alpha = 0.05$

Critical value of $t_{0.05,89} = \pm 1.99$

Test statistic: $t = \frac{\bar{x}_D}{s_D}$

Decision Rule:

From table 4.7, since the t statistic (18.95121824) is greater than the critical value (2.011740514), we reject the null hypothesis. This concludes that there is a significant statistical difference between the mean financial level of employees before the banking crises and the mean financial level of employees after the banking crises. This is in line with the research of Diwain (2002) shows that before an exchange rate crisis, the labour share increased, and after the crisis it dropped dramatically, without ever reaching its pre-crisis level again. Also, Maerek & Orgaizzi (2014) recently opined that, currency crises lower the aggregate manufacturing labour share by 2 points on average.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.0 INTRODUCTION

This chapter contains summary of findings, conclusions reached, and the recommendations.

5.1 SUMMARY OF FINDING

Following the analysis done on the research data of the study in the previous chapter, the following are the conclusion drawn regarding the impact of banking crisis on employees.

The banking sector is facing a deep and most likely permanent restructuring process in the economy, this started right after the economy is starting to gain its grounds after the 2008 financial crisis. The restructuring process of the banking sector has had a considerable impact on earnings, investment decisions, employment security and the general life style of employees of the affected bank. From the research, it is evidence that the banking sector has experienced some major cut in overall activity after years of expansion, which has triggered significant job losses, and negatively affecting labour in the industry in terms of cash flow, investment decisions and life style of affected worker.

Measures to help workers cope with the crisis both individually and as a group was also investigated in terms of their social and economic goals before and after the crises. This includes adequate, psychological preparedness of employees, well-designed unemployment benefits, investment and social protection policies. Such policies would not only provide sustainable incomes to affected workers, but would also facilitate smooth transitions to new jobs and decrease the risk of long-term unemployment and dormancy. Other state holders are of the view of developing training programmes and short courses for the affected employee as this will go a long

way in helping them accessing other job opportunities in the financial sector, given the likely permanent cut in total employment in the banking sector. Cerra and Saxena (2008) who study the long-term impacts of banking crises, but focused on investment and income level of affected workers using a time series approach, they found out that the banking crises has a direct relationship with the decline in income level and investible income of affect workers. Rejan and Zangales (2009) study the effects of banking crises on investment and capital inflows in 26 emerging market eountries. They find that banking crises can affect capital inflows and investment negatively but the effect does not have an independent effect on investment.

The paper also reviewed coping strategies that help affected workers to efficiently and effectively manage their financial need such as taking on another supplementary job, drawing down from investment, borrowing from friends and family among others. One respondent was of the view that he has cut down most of his expenditure such as enrolling their children in a less expensive school, budgeting for food and utility bills as a way of coping with the effect of the banking crisis. Demirgüç-Kunt et al., 2006 opined that banking crises has a direct relationship with output growth and private credit growth as these variable droped significantly below normal levels in the years around banking crises.

Finally with respect to the financial level of the employees before and after the crises, the research found out that the banking crises affected the financial level of affected workers significantly, as most respondent were dependent on their salaries as their main source of income and livelihood. This is also in line with the research of Osei Preprah (2017) who was of the view that banking crises has a strong negative impact on GDP and level of income of workers. Empirical studies show that financial level and the standard of living of affected employees do in fact decelerate during banking crises (Keminsky 2012). If banking crises alter the financial capacity of affected

workers, it may also have adverse consequences on their capacity to finance their financial, social and economic needs (Jenkins et al., 2014). It is therefore crucial to have a closer look at the banking crises' impact on the labour.

5.2 CONCLUSION

Banking crises are likely to have relatively larger real effects in developing countries due to relatively under development of the bond and equity markets.

During the banking crisis, regulators and policy-makers are more often concerned with containing the crisis and preventing its systemic implications in the economy. This implies that even those banks that were crippled by the crisis, but were not systemically important had a chance to remain in the market. Some banks benefited from the liquidity and/or capital injections from the regulatory. However, the effect of the banking crises on the employees of these affected banks are somewhat neglected as most worker were worse off after the restructuring of banks.

Based on the findings of this research study, the following repercussions have been drawn regarding the impact of the banking crisis on banking sector employees. The employees who worked in the affected banks have strongly felt the impact of the banking crisis in terms of income level, work satisfaction, financial level and motivation level. Thus, employees affected banks feels a strong threat of their job security. On the other hand, the employees having only post-crisis job experience had shown satisfactory results as they didn't work in a pre-crisis environment. Thus, they had positive response regarding job motivation and security.

5.2 RECOMMENDATION

The regulators and policy-makers in the banking sector should consider implementing strong internal policies in the banking sector that are able to better control employment losses and rising unemployment in the event of banking crisis. This was achieved by protecting the core labour market through relatively strict employment protection and making labour market adjustments

Improvement in the corporate governance framework of banks will also go a long way in safeguarding job security for bank workers. A suggested option is to build incentives that move the sector to less risky activities through a new corporate governance structure. This includes in particular rationalizing executive pay and dividend policies.

Policy-makers should also consider the establishment recognized of banking sector labour union as this institution will play a vital role in minimizing the impact of banking crises on workers in the industry by recommending and initiating policies in the interest of employees. labour union could instigate job search assistance and training boot camp in times of banking crises to essential help in providing quick and sustainable reemployment for affected workers. Also, social dialogue among employers and unions in the sector can greatly support adoption of the needed measures.

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APPENDIX I
QUESTIONNAIRE

THE EFFECT OF BANKING CRISES ON EMPLOYEES IN GHANA: THE CASE OF CONSOLIDATED BANK OF GHANA.

Dear Respondent, this questionnaire is to determine the effect of banking crises on employees in Ghana. Kindly tick correct responses that represent your view on the subject matter which **will be kept in strict confidence and for academic purposes only**. Thank you!

SECTION A: BIO-DATA OF RESPONDENTS

Please respond to the following by ticking (✓) the appropriate answer

1. Gender: a. Male [] b. Female []
2. Age (Years): a. 20-30 [] b. 31-40 [] c. 41-50 [] d. Above 51 []
3. Level of Education: a. no education [] b. primary school [] c. senior high school [] d. Diploma [] e. Bachelor’s Degree [] f. Master’s Degree [] g. Other (specify).....
4. Department.....

SECTION B: THE IMPACT OF CRISES ON THE CASH FLOW OF EMPLOYEES

On a scale of 1 to 5, how will you rate the impact of crises on your cash flow where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree. indicate by ticking (✓)

THE IMPACT OF CRISES ON CASH FLOW	1	2	3	4	5
1. the crises in the banking sector has impacted my cash flow positively					
2. I have gone for a loan because my cashflow has reduced					
3. because of the crises, I sold my car/properties to survive					
4. I cannot maintain my car/properties because of the crises					
5. the crises led to a reduction in salary which impacts me negatively					

Are there any impacts of crises on the cash flow as an employee?

.....

.....

SECTION C: THE COPING STRATEGIES OF EMPLOYEES AFTER THE CRISES

On a scale of 1 to 5, what are the coping strategies you have adopted as an employee after the crises where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

indicate by ticking (√)

COPING STRATEGIES AFTER THE CRISES	1	2	3	4	5
1. I save more money than usual so that I can use it in time of need					
2. I am looking for a job to supplement my income					
3. I am training myself in additional skill set (baking, sewing,etc) to augment my income					
4. I borrow money from my friends / relations to supplement my income					
5. I have started a new job (online business: clothes, shoes, men’s wear, hair etc) to have more income					
6. I am emotionally stressed as a result of the crises					
7. I do not buy things on credit					

Are there any other coping strategies you have adopted as an employee to the banking crises?

.....

SECTION D: THE LIFESTYLE OF THE EMPLOYEE TOWARDS INVESTMENT AND STANDARD OF LIVING AFTER THE CRISES

On a scale of 1 to 5, what are your lifestyle towards investment and standard of living after the crises where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree.

indicate by ticking (√)

THE LIFESTYLE TOWARDS INVESTMENT AFTER THE CRISES	1	2	3	4	5
1. I have started saving in small micro finance or “susu” groups					
2. I have written financial goals which I follow judiciously					
3. I have at least three months’ expenses set aside for emergencies,					
4. I always crosscheck if the bank/microfinance that I want to save has been cleared by BoG					

THE LIFESTYLE TOWARDS STANDARD OF LIVING AFTER THE CRISES					
1. I cannot maintain my standard of living after the crises					
2. I have written spending plans for each month					
3. I avoid impulse buying and recreational shopping					
4. I avoid buying things online such as Instagram/Facebook as I prefer to buy them from the market myself to save cost					
5. I do not take any loans because of how insecure my job is					
6. I have started my master's degree in another field because of job insecurity in the banking sector					

Are there any other lifestyle changes towards investments after the banking crises?

.....

Are there any other lifestyle changes towards standard of living after the banking crises?

.....

SECTION E: THE FINANCIAL LEVEL OF EMPLOYEES BEFORE AND AFTER THE CRISES

On a scale of 1 to 5, what is your financial level of the employees before and after the crises where 1=strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree. indicate by ticking (√)

FINANCIAL LEVEL OF EMPLOYEES BEFORE / AFTER CRISES	1	2	3	4	5
1. my financial level was better before the crises					
2. the reduction in my salary has affected my financial level					
3. my financial level is better after the crises because I have an alternative source of income/promotion					
4. my financial level was already low before the crises					

APPENDIX B: INTERVIEW GUIDE

Dear Sir/Madam, this interview is on the effect of banking crises on employees in Ghana. Kindly note that your view on the subject matter **will be kept in strict confidence and for academic purposes only**. Thank you!

1. In your opinion what is the impact of crises on the cash flow of employees?
2. Have some of the employees complained to you in terms of their cash flow after the banking crises
3. Do you know of any coping strategies of the employees after the banking crises?
4. What is the lifestyle of the employee towards investment after the crises?
5. What is the lifestyle of the employee towards standard of living after the crises?
6. What is the financial level of the employees before and after the crises?