

Full Length Research Paper

Management research and the phenomenon of industry growth: The case of Nigerian banking industry

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Accepted 20 December, 2011

The pre-capitalization banking in Nigeria was characterize by poor research base, low investment in training and development; hence, leading to incessant distress and massive liquidation. The main focus of this paper is therefore to examine the relationship between research and growth in the industry. The research is descriptive in nature and based strictly on secondary data. Research finding revealed that inadequate research is one, but not the only causes of the downward trend in the industry. Other causes include institutional weakness/economic conditions, rapid changes in government policies among others. A number of possible solutions were proffered, this include institution of compulsory research and development activities in banks to be supervised by Nigeria Deposit Insurance Corporation (NDIC).

Keywords: Pre-capitalization, research and growth, economic conditions.

INTRODUCTION

Business by nature is human activities occurring within a social framework and involving a large number of people who join part of the social order. Beside the social order, the physical world forms a total environment in which the business must function consistently with the goals convictions and aspiration of the society as a whole. Any business activity participated by individuals or group of individuals is usually controlled by this environment.

There is a symbolic relationship between any business and the society, business makes demand on the society and the society also makes demands on the business, thus business environment is increasingly becoming more dynamic and demanding. Competition is getting tougher than before and survival within business depends on the degree of adaptation to the rapidly changing circumstances.

One vital response-focal point to addressing this is research and development. Through research and

development, firms within the industry can develop proactive responses aimed at changing the business environment as well as taking measures to hedge against risk. Accordingly, responses expected are through pragmatic research which could lead to, among others, independent action in the form that follows:

1. Competitive aggression.
2. Competitive putative pacification (improve relationship with competitor).
3. Public relations.
4. Voluntary action.
5. Legal action (engage in private battle with competitors that involve in anti-trust or deceptive advertising).
6. Political acting (efforts to influence elected representatives to create more favorable environment by lobbying the legislative organs).
7. Cooperative actions, such as contracting, forming co-

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operatives and coalition.

Looking at the growth of the banking industry in Nigeria, two clear approaches to the practice and management can be identified particularly before and after recapitalization of year 2005. The two phases are conventionalism and pragmatism before and after recapitalization, respectively.

This situation however, was not particular to Nigeria alone. It is worthy of note, that during the industrial revolution, the steam engine was invented, a lot of firm found it difficult to adopt, but rather wanted to maintain the traditional status quo. During the pre-industrial era, virtually, all firms believed and operated on conventionalism, that is, we should do things as we used to, firms' stagnation in growth was never considered an anomaly, and hence there was a general low progress in industry growth.

Emerging issues, such as change, globalization, deregulation, liberalization, all put together leading to fierce competition make it more imperative to lay more emphasis on research and development. Rule of thumb has given way for scientific management, stagnation has given way for dynamism, status quo and conservation have given way for foresightedness, and the era of command and control in the management has given way for customer valuation and continuous improvement in the process of making and offering products. It is against this backdrop that this paper is put up to examine the relationship between research and industry growth.

Problem statement

The pre-capitalization banking in Nigeria was characterized by poor research base, low investment in training and development, hence leading to incessant failures, stagnation and mass distress, this phenomenon got to its peak in 1995 to the extent that many banks went down the drain.

After the recapitalization of 2005, over 80 banks in the country merged and fused only on 25 banks. Some degree of sanity was been introduced into the few, though some still presently face the risk of extinction or acquisition, an indication that the problem is not yet over.

Objective of study

This paper aims at:

1. Examining the role of research in the growth of the banking industry in Nigeria,
2. Identify the relevance, prominence and implications of pragmatism and conventionalism as approaches in the banking industry, and
3. Proffer possible solution for forestalling further

stagnation in the banking industry.

RESEARCH METHODOLOGY

This research is an empirical study through content analysis by way of an inspection of the annual reports of Central Bank of Nigeria, Nigeria Deposit Insurance Commission (NDIC) and other relevant document. This study was of a descriptive nature focusing mainly on the quality of data obtained from secondary sources.

Content analysis is a methodology found predominantly in the management sciences for studying the content of communication, such as financial statements, annual reports, Central Bank of Nigeria (CBN), etc. The study population is expected to be existing number of banks between 1990 and 2006; however, few banks will be selected, the quality and range of their product total deposit and assets shall be examined before and a post recapitalization. The research approach is mainly descriptive in nature as it seeks to examine the state of affairs of the banking industry.

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

Rationale for management research

Management research is unique to other fields of research like Anthropology, Sociology, Education, Social sciences, etc for the following:

1. Phenomenal occurrences, whereby there is need for firms to achieve some degree of market share via increasing revenue, profitability and growth.
2. The interests of stakeholders in management research like financiers, shareholder, management consultant, graduate researchers and academic are paramount.
3. The environment of business is fluid, turbulent and unpredictable.
4. There are some top level management challenges for which only research can investigate and proffer solutions.
5. Increased knowledge leading to more power and emancipation thereby increasing the scope of business.
6. "Homo-sapiens" compulsive tendencies to increase performance will lead to reaching into how to bring about these desired performances.
7. Management research is more interested in application of knowledge than creation of knowledge.
8. Research is the only guarantee for technology advancement and hence new product development. The overall effect are improvement in customer satisfaction, production/service delivery and consequently, societal values and quality of living.

Concept and nature of research

Unlike many concepts, research does not suffer from want of definition nor does it lack unanimity as to meaning and substance or focus, in fact most of which are succinct enough to be appropriate (Yekeen, 2006). Let's consider a few of these here.

Osuola (2001), define research "as the process of arriving at dependable solutions to problem, through the planned and systematic collection, analysis and interpretation of data". According to Nwankwo (1984), research can be seen as a diligent and systematic finding of solution to problem, in other word it is intended to provide acceptable answers to question by following logical design procedures.

Cohen and Marnion (1987) defined research as the "systematic and scholarly application of the principle of the scientific method of

finding solution to problem” In another view, Gray (1981) sees research as “the formal and the systematic application of the scientific method to the study of problem”. Research according to Seltitz et al. (1976) involves “taking a look or another look or to search and search again and to find out more information about something” the need to look or look again may be that there had actually been no search before or the search was inconclusive, incomplete, considered stale or incorrect in the light of new evidence or that the researcher wishes to reaffirm the continued relevance of the principles or theories derived from such previous searches.

Yomere and Agbonifoh (1999) see research as “a scientific tool for gaining knowledge and understanding”. It is described by Best (1989) as “a systematic activity that is directed towards discovery and the development of all organized bodies of knowledge. It implies a diligent and systematic attempt to provide plausible answers to questions by the process of logically designed operations. Balsley and Clover (1988) view research as “the process of systematically obtaining accurate answers to significant and pertinent question by use of scientific method of gathering and interpreting information”.

Similarly, Johnson (1977) views experimental research as “a systematic and objective analysis and recording of the observation that may lead to the development of generalizations, principles or theories resulting in predictions and possibly ultimate control of events”. Bennet (1983) sees research as “a systematic and careful inquiry or examination to discover new information or relationships and to expand or verify existing knowledge for some specified purpose”.

Definitions and descriptions of research are inexhaustible. However, from the aforementioned definitions, some conclusions can be drawn;

1. Research is a process.
2. Research involves an orderly investigation.
3. The research process is systematic, that is, planned, methodological, and painstakingly and thoroughly carried out.
4. Research aims at providing answer to questions or problems.
5. Research seeks to reveal relationship between variables or phenomena.
6. Research involves gathering data, analysis and interpretation.
7. Research seeks to expand or verify existing knowledge.

In all the aforementioned, Izedonmi (2005) has summarized in an epitaph that research involves reading, making systematic inquiry, information and transforming, discovering, communicating, enhancing currency and above all, advances organizations, governance and society well being.

The slow pace of growth and advancement of Nigeria banks can therefore be associated with the quality and quantity of their research effort.

Characteristics of research

Whichever of the earlier mentioned conceptual views of research we hold, one fact remains that any good, thorough and meaningful research must possess the following characteristic.

1. Research is systematic and procedural, that is, it has to be done in a specific, logical and sequential manner.
2. Research is subject to the test of empiricism as well as the validation of empirical evidence on sound conceptual or theoretical foundations, that is, research starts from a conceptual foundation, validated by empirical evident (data), subjected to scientific test leading to logicity or deductive reasoning.
3. This enable the research, from deductions, provide answers or

solution or generalization of great validity and acceptability about issues, concepts and phenomena.

4. Research is progressive and therefore provides a pool of knowledge which dovetail into one another to provide a holistic and coherent body of knowledge by ways of principles, theories, laws, etc., which enable man to predict and manipulate issues and events towards some desired targets.

Qualities of a good research work

According to Phillip Kotler, related by Yekeen (2006), a good research work must reflect the following attributes.

Scientificness

That is, a good research work must be based on scientific principles. In my view therefore, it is expected that Nigerian banks would have by now adopted ‘this basics by making research and development a prominent and integral unit of their operations, carry out research premised on time horizon, while critically analysing the events, issues, challenges of the past, combined with present occurrences and pre-empt the possible future outcomes.

Multiple methods

This suggests that a good research work should be capable of being done in a different numbers of ways, this allows for comparative, corroborative and affirmative studies.

Data/models interdependency

It means that the data for the research model should conform. For instance, while it may be easy to measure the appropriateness of banking policy by comparing the pay growth rate with level of labour turn over.

Cost

Cost, benefit analysis; this suggests that the research effort should worth the cost. That is, the benefit derivable from the research findings should worth the cost (financially, time and other resources).

Healthy skepticism

Research findings should be viewed with objectivity and open mindedness.

Ethical issues

The researcher should pay great attention to research ethics. Unethical research behavior, such as false representation in obtaining information, falsification or manipulation of data, tailoring research findings, to pre-determined causes, etc., should be avoided.

Plagiarism

Theft of intellectual property, especially similar research

previously carried out, etc., should be avoided.

THEORETICAL FRAMEWORK

Epistemology in management research

The main focus of this work is to provoke debate and reflection upon the different ways in which we engage with management and organization when undertaking research. Our argument is that how we come to ask particular questions, how we evaluate the outputs of research, all express and vary according to our underlying epistemological commitments. Even though they often remain unrecognized by the individual, such epistemological commitments are a key feature of our pre-understandings which influence how we make things intelligible.

Therefore, this research work tries to offer an over view of the principal epistemological debates in social science and how these lead to and are expressed in, different ways of conceiving an organizational research.

Obviously, in research of this size, it is impossible to do justice to the full range of issues raised by this objective. Instead I hope that it will provide a concise and accessible introduction which will stimulate the reader's interest in epistemological issues and their implications for thinking about management and organization, generally and banking industry particularly.

One reason why we feel that these objectives are important derives from the experience that students in the UK are increasingly expected to demonstrate a reflexive understanding of their own epistemological commitments as they engage with management and organizations in undertaking empirical research for these and desperations. Previously, researchers in management studies have been criticized for being uncritical and ill informed in their adoption of particular positions with regard to the research (Whitely, 1984). This is beginning to change and some of these issues are covered in disparate set of journals (e.g. Organization Studies; Academy of Management Review; Organization; Accounting, Organizing and Society; and Human Relations, to name only a few). Their style and language-in-use, however, are often daunting and inaccessible to those yet to be admitted into the conventions of philosophical discourse.

Nevertheless, many students and researchers are still expected to read and comprehend a burgeoning literature which increasingly deploys epistemological concepts and language. For instance, in order to understand the current debate in the literature between modernists, critical modernists and postmodernists (whether this is about corporate strategy, human resources management or accountancy, etc), a high level of prior epistemological understanding is essential. Hence, a key rationale for this is to give an accessible grounding in epistemology that helps to comprehend these ongoing debates and to engage with their own pre-understandings when trying to make sense of management and organization.

An underlying assumption of the research work is that both within and outside our work organizations, our behavior is internally motivated, and internally justified, by what we believe about 'the world'. At the same time, even though we might not be immediately conscious of it, everyone has a view about what demarcates justified from unjustified belief. Indeed, our claims about being rational or irrational, or about what is true as opposed to what is false are tacitly grounded in such implicit differentiations. Perhaps, these ways of thinking are so embedded in our language and culture that if we were to reflect upon them, they would appear to be a matter of common sense and therefore natural and irresistible. Nevertheless, our debates and conjectures about what is true presuppose prior agreement (a pre-understanding that is shared) about how to determine whether or not something is true. Similarly,

any epistemological analysis of the grounds of certain knowledge or the scientifically of truth claims involves epistemological assumptions about the nature of the world (Bhaskar, 1975). This signifies that in our everyday lives, we are all epistemologists or at least we routinely take certain epistemological conventions to be so self-evident. We rarely feel the need to consciously express, discuss or question them. Indeed, it may be the case that to notice and then consciously reflect upon such conventions, the first steps in making the call to be self-evident are precarious and problematic.

Although, scientists and philosophers have debated epistemological questions since the time of Plato and Aristotle, the term 'epistemology' remains somewhat esoteric for most people and usually it obfuscates more than it reveals. However, once we break down the word into its constituent parts it seems much less daunting. The word derives from two Greek words: 'episteme' which means 'knowledge' or 'science'; and 'logos' which means 'knowledge', 'information', 'theory' or 'account'. This etiology demonstrates how epistemology is usually understood as being concerned with knowledge about knowledge. In other words, epistemology is the study of the criteria by which we can know what does and does not constitute warranted, or knowledge. Therefore it would seem that epistemology assumes some vantage point, one step removed from the actual practice of science itself. At first sight, promises to provide some foundation for scientific knowledge: a methodological and theoretical beginning located in normative standards that enable the evaluation of knowledge by specifying what is permissible and hence the discrimination of unwarranted, the rational from the irrational and the scientific from pseudo-science.

The point is that everyone adheres to some theory about what constitutes warranted knowledge, a set of epistemological commitments which provide us with criteria for distinguishing between reliable and tacit, we would never be able to make what we construe as legitimate claims about what we think we know or think we have experienced. Mundane claims, such as 'I saw it with my own eyes' or 'the facts speaks epistemologically legitimate. Such commitments provide us with criteria which we use to assess which kinds of description and explanation of our social or natural worlds are appropriate. Moreover, as we have just shown, closely allied to those commitments are also notions about what might warrant the status of being 'scientific'. Indeed epistemological commitment also provides tacit answers to questions about:

What are the origin, nature and limits of scientific knowledge?
 What constitutes scientific practice?
 What are the processes through which scientific knowledge advances or is such progress as forlorn hope?

So, for instance, because of their education and training scientists are commonly thought to be, in principle, objective observers of the world. Their expertise and rigorous deployment of accepted procedures and protocols allow scientists to collect empirical evidence about the social and natural worlds. The apprehended from, or independent of, are the methodological means by which scientists engage with it. In other words, the data collected, rather than the process of observation, dictate the findings and theories of science. Mistakes can and do happen: individual scientists may misunderstand the significance of their data, they may make methodological errors and indeed they might be willfully biased or even corrupt. Nevertheless, it is commonly assumed that errors and biases can be corrected through improvements in the training, recruitment and selection of scientists as well as by the surveillance of scientific findings by wider community of scientists. The key epistemological assumption is that the stock of knowledge advance as scientist actually learn more about the world as well as through the exposure of fraudulent and the eradication of mistakes through critical processes akin to quality control undertaken by peers. Hence, science is progressive; moreover, its outputs can be trusted

Table 1. Number, branches, deposits and assets of insured banks in Nigeria.

End of year	No. of banks	No. of branches/offices	Total deposits (N billion)	Total assets (N billion)
1975	23	442	2.9	4.5
1980	26	752	10.3	17.3
1985	40	1323	18.6	37
1986	42	1394	20.1	48.1
1990	107	2001	43.9	111.6
1992	120	2385	129.7	232.3
1993	120	2479	87.7	279.9
1994	116	2541	129.7	357.5
1995	115	2500	162.9	465.1
1986	115	2549	208.9	548.8
1997	115	2477	258.9	697.5
1998	89	2120	326	821.2
1999	90	2305	349.3	1194
2000	90	2439	838.81	1627
2001	89	2769	1017.02	2449.1
2002	90	2909	1226.6	2980.5
2003	89	3051	1415.8	3365.2
2004	89	3100	1814.7	4046.9

Source: Quarterly report of NDIC.

because its ultimate arbiter is to be found in the objective observational process encoded into its methodology and self-regulation which make it a superior means of knowledge acquisition.

From a positivistic perspective, the aim of research in the field of management is to generate laws which govern the ways in which organizations operate. The generation of these causal relationship or laws will enable management to become more scientific and managers to become better able to predict and control their environments. The focus is on the observable and the approach to the analysis of organizations, assumes that their reality is objectively given, functionally necessary and politically neutral (Wilmot, 1992, 1997). Determinism prevails, with human behavior often reduced to the product of external forces of the environment. Thus, social interactions are to be studied in the same way as physical elements, as a network of causal relations linking aspects of behavior to context and stimuli in the external environment, thus conditioning people to behave in a certain way. This is perhaps seen most clearly in the work of Lex (1997: 87) who when discussing management strategy argues that a fully positivist approach management, but would rather call it corporate development, It would seek to ascertain the laws that cover corporate development, which are the laws that explain changes in corporate size, diversification, geographic extensiveness, innovation, etc. Attention would be paid to material factors as explanatory variables. The search would be for parsimonious models utilizing as few variables as possible with the variables being of an objective kind. Subjective variables, including strategies would be included to fill in unexplained variance; thus, from this perspective, individuals sense-making processes are either ignored, as they are unobservable and therefore cannot be validly researched, or they are considered as mediating variables when there is a need to explain why a particular causal relationship did not bring about the expected result.

As noted previously, positivism can be differentiated from empiricism, however, in its concern to test theory against empirical

observation. Hence, while research from this perspective is concerned with observational statements, this is not the totality of its concern as there is also an attempt to connect observations with theoretical statements constructed in rational non-observational concepts in an isomorphism of theory and observation. This isomorphism is achieved in terms of laws and theories which have been interpreted by a strict connection to empirical events for at least some of their relevant scope (Clegg and Dunkerley, 1980: 261).

THE NIGERIAN BANKING INDUSTRY AND THE PHENOMENON OF INDUSTRY GROWTH

Industry exists to provide goods and services which are necessary for the good life of the society. These goods and services must be furnished at the lowest prices compatible with an adequate standard of quality, and distributed in such a way as directly or indirectly to promote the highest ends of the society.

The scientific management holds the view of a combination of the efficiency values with ethics of service provision as the responsibility of the individual firms within the industry. The concept of industry growth is a subjective one which can best be comprehended in terms of the following indications:

1. The rate of the growth of the number of firms in the industry
2. The share of the industry to the total volume of economic activities
3. Industry performance in terms of overall profitability, sustainability survival and scope of operation.
4. The industry policies, conditions, methods of service provision conducive to society well being leading to over all general ethical standard and conception of social Justice.

The growth of the banking industry in Nigeria shall be examined in line with these indicators. The Nigerian banking system had grown

Table 2. The number of banks regressed over time between 1990 and 2005.

End of year	No. of banks
1990	107
1992	120
1993	120
1994	116
1995	115
1996	115
1997	115
1998	89
1999	90
2000	89
2001	90
2002	90
2003	89
2004	89
2005	89

Source: NDIC annual reports.

in leaps and bounds since 1892 when banking business commenced in Nigeria (NDIC, 2006). Although, this had not been without occasional hiccups, the structure, size and depth of the system in terms of financial products and the level of sophistication had changed significantly over the years. Table 1 shows that the number of banks operating in Nigeria grew sneakily from 23 in 1975 to 42 in 1986, the year when the deregulation of the banking system in Nigeria commenced. The number rose phenomenally to 120 (66 commercial and 54 merchant) in 1992 and stagnated there due to the embargo placed on licensing of new banks by the central Bank of Nigeria (CBN). The number had since witnessed a decline following the revocation of the licenses and closure of 36 failed banks. The year 1994 witnessed 4 bank closures (1 commercial and 3 merchant), a commercial bank closure in 1995, while 26 banks (13 commercial and 13 merchants) were closed in January, 1998.

In addition, there were 3 bank closures in 2000, 1 in February 2002 and an additional bank closure in February 2003. On the other hand, 1 bank was licensed in 1999, 2 in 2000 and 1 in 2002. The closure of 36 banks 2004. This phenomenon confirmed that the industry is yet to place a high premium on research and development.

To avert this ugly trend, the central bank of Nigeria instituted the banking reform programme. To this end, banks were expended to have a minimum of ₦ 25 billion shareholders fund (capital base) by the end of December 2005. By 13 December, it became obvious that a number of them would not be able to meet this prescription.

The regulatory authorities therefore gave the affected banks the opportunity to voluntarily surrender their licenses or have them revoked, 14 out of the then existing 89 banks fell by the wayside, while the rest emerged as the 25 banking institutions we find today.

DATA ANALYSIS, INTERPRETATION AND RESEARCH FINDINGS

Data presentation

The data in Table 2 shall be used to establish and project the relationship between research carried out in banks

and the number of banks over the year. The number of banks shall be regressed over time between 1990 and 2005.

$$Y=A+BX$$

$$a=Y+BX$$

$$b=n(\sum xy-\sum x.\sum y)/\sum x^2(\sum x)^2$$

$$\begin{aligned} b &= 15(11,461-182,760)/157,285-14,400 \\ &= 15(-171,299)/142,885 \\ &= -17.98 \end{aligned}$$

$$\begin{aligned} a &= y+bx \\ Y &= 1523/15 \end{aligned}$$

$$= 101.53$$

$$\begin{aligned} X &= 120/15 \\ &= 8 \end{aligned}$$

$$\begin{aligned} -a &= 101.53+(-17.98)8 \\ &= 101.53+(-143.84) \\ &= -42.31 \end{aligned}$$

The dependent variable (y) which in this case is the rate of growth of bank negatively influenced by quality and of research over time (Table 3).

DISCUSSION OF FINDINGS

From the result of the analysis, it shows clearly that qualitative research in the banking industry would have been capable of averting the devastating outcomes of failures. However, that is not to say that the only cause of the downward trend in the growth of the industry is lack of or poor research. Nevertheless, if they had consistently and objectively carried out qualitative research.

Other factors responsible for the general decline in the industry are classified into;

1. Institutional factors
2. Abusive ownership
3. Adverse economic conditions
4. Political factor

Institutional factors are those endogenous factors that are largely within the control of the workers and management of the banks. These are;

1. Poor management
2. Inadequacy of internal controls
3. Lack of adequate and quality supervision
4. Inadequate and weak accounting systems
5. Poor staffing
6. Frauds and forgeries

Table 3. Analysis of data.

End of the year	X	Y	X ²	Y ²	XY
1991	1	107	11,449	1	107
1992	2	120	14,400	4	240
1993	3	120	14,400	9	360
1994	4	116	13,456	16	464
1995	5	115	13,225	25	575
1996	6	115	13,225	36	690
1997	7	115	13,225	28	805
1998	8	89	7,921	64	712
1999	9	90	8,100	81	810
2000	10	89	7,921	100	890
2001	11	90	8,100	121	990
2002	12	90	8,100	144	1,080
2003	13	89	7,921	169	1,157
2004	14	89	7,921	169	1,246
2005	15	89	7,921	225	1335
-	120	1,523	157,285	1,239	11,461

Table 4. Financial institutions' assessment of the causes of distress in the industry (Percentage).

Causes	All financial institution	Commercial banks	Merchant banks	Community banks	Finance houses
Bad loans and advances	19.5	30.1	12.9	17.2	20.3
Fraudulent practices	16.7	16.4	18.8	18.5	18.9
Under capitalization	11.8	7.6	9.6	12.7	9
Rapid changes in govt. policies	10.8	9.8	5.5	16.9	13.5
Bad management	17.9	13.1	21.7	14.0	16.4
Lack of adequate supervision	16.9	20.1	29.4	17.5	17.5
Undue reliance on forex	6.4	2.9	2.1	3.2	4.4
Totals	100.0	100.0	100.0	100.0	100

Source: A CBN/NDIC Collaborative study of distress in the Nigerian Financial Service Industry; October 1995; p.58

Abusive ownership structure contributed greatly to the banks poor performance, whereby principal shareholders then had careless access to credit facilities, such loan and advance later became uncollectible.

Adverse economic conditions; inadequate capital which would have served as a means of absorbing losses contributed greatly. This problem arose from non-performing credits, frauds and forgeries etc., due to severe economic downturn, many borrowers were not able to honor their commitments to some banks. The social-political instability leads to political changes in government (Table 4).

Conclusion

This paper has been able to establish a relationship between research and industry growth. However, it should be noted as well, that there are other factors that

have been responsible for the declining growth rate in a number of banks in Nigeria.

RECOMMENDATIONS

Based on the findings of this work, the following recommendations have been made.

Qualitative and regular research

Research and development should be made an integral part of banking operations. It is recommended that as a matter of urgency, the Nigeria Deposit Insurance Commission (NDIC) should include as part of its indicator the quality, frequency and impact of research by the banks. That is to say, the average liquidity ration, net loans to deposit ration, return on equity and profitability

should not be the only indicators.

Qualitative research enhances product development, service delivery and increased competition, increased competition is good for individual banks, the customers and the banking system. In a broad sense, this has direct bearing on the systems stability which would manifest in form of;

1. Anticipating problems
2. Ginger planning
3. Evolving corrective actions
4. Improving bank-customer information and relation
5. Reinforcing confidence in the system and,
6. Guarantying deposits.

Improving institutional framework

It is not just enough to carry out quality and regular research. Other institutional tools that could lead to systems stability include, among others;

1. Effective supervision
2. Effective risk management
3. Strong corporate governance
4. Market discipline
5. Self-regulation, and
6. Enabling legal and judicial environment.

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