LABOR AND BANKING SECTOR REFORMS IN NIGERIA

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Abstract

The regime of banking sector reforms leading to recapitalization and consolidation in Nigeria and the consequent merger and or acquisition of existing banks into twenty five (25) by 2005, and later eighteen (18) by 2012 brought along their trails attendant labor problems in terms of educational diversity, job security and productivity, decent employment questions. The study review post consolidation performance of the banking sector to assess the extent to which the sector meets consolidation objective using post development approach. It was found that while the alliance and marriage of seemingly compatible partners are settling down, the society is at the receiving end of the severance of labor and the enlargement of the pool of reserved army of the unemployed. The fall-out therefore is double-edge for the economy and the society.

Keywords: Labor reforms, recapitalization, consolidation and post development

1.0 Introduction

Private and public businesses are continually being challenged by performance**.** Performance success is very minimal measured on the indices of what Alos (2006) catalogued as: what the customer needs and values, response to environmental changes and impact on the quality of the people. The issue of performance effectiveness or reengineering organisation has pre-occupied the minds of organization practitioners, researchers and watchers since 1990s. Therefore, all over the world, many economies had carried out various reforms to ensure effectiveness of the real sectors. The performance revolution started in the private sector. Its effects spread to the public sector influenced by ideas from public management school.

Nigeria as a nation is not left out in this reform revolution to ensure quality of life for its citizenry. Legal and institutional frameworks were put in place to re-engineer the economy and the performance values of the real sectors. The blue print of the current reforms agenda is set out in the National Economic Empowerment and Development Strategy (NEEDS) document. Some of the reforms include (1)power sector reform; (2) ports reforms meant to ensure timely clearing of goods within forty eight hours (3) deregulation of oil and gas sub-sector to forestall perennial fuel scarcity; (4) deregulation in the telecommunication industry to reduce government participation, create employment and commerce (5) the banking sub-sector /recapitalization/consolidation to make it play its rightful role as the dominant sector of the economy in driving growth and development in other sector.

The current banking sector reforms captioned as recapitalization policy was issued out on Tuesday July 6, 2004. Capitalization is setting the capital base upon which a player can set up and be licensed to operate banking functions. It is setting a capital base which was given as twenty five billion naira (N25b) as at 2005. The former capital base was two billion Naira (N2b), which many banks could not even afford.

In Nigeria, empirical studies had been carried out on the relationship between banking reforms and economic growth (Balogun, 2007, Fadare, 2010); consolidation and macro economic performance (see Somoye, 2008); consolidation and adoption of e-banking (Ayo, Adewoye and Oni 2010; Chimeke, Evwiekpaefe, and Chete, 2006). The implication of banking reforms on labor has scarcely been researched.

The main objective of this study is to review the banking sector reforms 2004 – 2011 and the extent to which the objectives set are met and also, the implication of the reforms on labor as regards employment: security, decent employment, employees' satisfaction and the outcomes of these variables for the society.

2.0 Literature Review and Theoretical Framework

Consolidation simply means to build on or improve to the extent of stability Adeyemi (2007) considers it to represent the idea of investment and the coming together of firms or enterprises as a single entity. In the banking sector of Nigeria the essence of banking consolidation is to reposition the nation's banking industry for global competitiveness and also to ensure a strong and reliable banking sector that will guarantee the safety of the depositors' money.

Consolidation as a means of reducing over capacity is doubtful (Somoye 2008). The effectiveness of banking sector consolidation as a remedy for financial stability and in correcting the defects in the financial sector for sustainable development had not been corroborated by similar exercise in Europe, America and Asia in the last decade (Somoye, 2008). Rather, crises and failures as depicted by credit crises and transatlantic mortgage financial turmoil erupted which, in Nigeria, seriously affected invested money values specifically, stock values. Rather than restructuring leading to reduction in over capacity as indicated by consolidation apologists, an improvement strategy that would accommodate the resources available and expand them is advocated by internally induced consolidation apologists. The banking sub-sector in Nigeria witnessed sharp drop in credit rate to the real sector which affected return on shareholders' fund (Adeyemi, 2007). Credit went more to foreign exchange rather than the real sectors. The capacity of real sector to generate employment weakened. The access of small and medium enterprises (SMES) and the informal sectors to credit also dwindled (Somoye, 2008; NDIC, 2008; CBN, 2008).

Structuring to the economists is adapting to the demands of increasingly global markets for greater efficiencies. Sociologist always view the social impact, specifically the social problems engendered by externalities which results in social disruption especially the negative effects on level of job security, commitment, psychological well being and turnover intentions.

The effect of these on organization efficiency, contrary to reformist postulation may be negative. Matanmi (2005) saw a yawning gap between the immediate or short term effects of economic reforms and the necessary ideals of job security. He concluded that the ability of reforms to create employment in the last one decade had been very few and far between. Adeyemi (2007) also agreed that banking reforms in Nigeria resulted in job loss, variance level of compensation and remuneration package for different merging groups and board room squabbles among cliques of the merging banks.

2.1 Theoretical Framework

Post development approach is a reaction to the dilema of development. Instead of abundance, discourse and strategies of development produce its opposite: underdevelopment and impoverishment, untold exploitation and repression. (Sidaway 2008). The post development apologist claim that change brought about by modernity or driven by the west would always meet with disillusionment on the part of the people of developing countries.

2.2 Banking Sector Reforms in Nigeria

Banking operations began in 1892 owned mainly by expatriates (Somoye, 2008). They remained however unregulated until 1952 (Fadare, 2010). There were expansions with indigenous ownership by 1950s. However, many of the banks failed between 1947 and 1952. The first regulation of banks was put in place by Banking Ordinance of 1952. This was ineffective as there was no Central Bank until 1958 to carry out supervising or control measures.

Bank ownership structure shifted by 1970s with indigenization decree. This allows more Nigerian investment in the banking industry. The Nigerian enterprises promotion Decree (NEPD) limits foreign ownership of Nigerian businesses to 60% in 1972 and 40% in 1976. The 1990's reform allowed for 100% individual ownership which was a shift from existing 10% for individual ownership and 30% for corporate ownership. This led to the proliferation of banks.

Banking sub sector recapitalization policy was issued out on Tuesday, July 6, 2004. Capitalization is setting the capital base upon which a player can set up and be licensed to operate banking functions. Recapitalization is setting a new capital base. The essence is to consolidate the sector to enhance competitiveness and capacity to play important role of financing investment (Somoye, 2008). Consolidation which may result in increase in bank size through merger and acquisition has the potential of increasing bank returns through increase revenue and cost efficiency gains. It may also reduce industry risks through the eliminations of weak banks and create better diversification opportunities (Furlong, 1998).

Recapitalization policies set twenty five billion Naira (N25b) as the new minimum capital base for banks operating in Nigeria. The former capital base was two billion naira (N2b) and many banks could not even meet this. The objective of recapitalization is captured in the governor of Central Bank of Nigeria (CBN) Charles Soludo's words thus "the banking reform is to:

(1) reposition the nation's banking industry for global competitiveness;

(2) ensure a strong and reliable banking sector that will guarantee the safety of the depositors money;

(3) play active development role in the nations' economy;

(4) make the banks less dependent on public sector fund, and

(5) be capable of financing the real sector (New Age Apri17, 2005).

A time frame of eighteen months terminating in December 25, 2005 was set for prospective player to meet the capitalization line. To facilitate compliance the following "carrots" were offered by CBN. Banks that met the deadline shall:

(1) deal in foreign exchange;

(2) take public sector deposit;

(3) be recommended to fiscal authorities to collect public sector revenue, and;

(4) manage part of Nigeria external revenue. (New Age April 12, 2005);

Furtherance to this, nine billion Naira (N9b) loan write off was offered for weak banks to make them attractive for acquisition so as to protect the system, the depositors, and employees as a results of liquidation.

2.2.1The Need for reform:

The Banking sector is one of the dominant sectors of the economy. It serves as the engine of growth for the real sector financing, Its stability and strength and consolidation will to a large extent influence other sectors. Any policies in the banking sector including its activities affect the micro-economic situation and acting as consultant with qualitative advice to the customers will drive the economy as it were.

An inventory of Nigerian banks between 1994 and 2001 as revealed by Nigerian Deposit Insurance Corporation shows that (NDIC, 2004; National Mirror 2005).

(1) A total of thirty five (35) licensed banks went into distress and were eventually liquidated. Out of these, thirteen (13) were commercial banks eighteen (18) merchants and one (1) cooperative

(2) The loss to depositors was two billion naira (#2.5b)

(3) Four thousand (4000) workers lost their job. Omeife (2005) calculated that an average of 3 banks per year was liquidated. That is spanning the period of eight years.

The liquidation was as a result of in-effectiveness and inefficiency arising from (1) financial fraud, (2) insiders' credit abuse resulting in huge non-performing credit, (3) low quality manpower, (4) inefficiency of management, (5) inaccurate reporting and non compliance with regulatory requirements(6) low aggregate credit as percentage of the GDP to the domestic economy (20%) Idowu,2006; Adeyemi, 2007; Cowry research, 2009). By 2005 the following were the status of the banks in terms of their standing

Table 1

Category	**2001**	**2002**	**2003**	**2004**
Sound	10	13	11	10
Satisfactory	6.3	54	53	51
Marginal	8	13	14	16
Unsound	9	10	9	10

Source: CBN reports and statement of accounts 2004

The impacts of these on the economy include the following:

(1) There is sociological implication for the social nets of the sacked workers and the multiplier effects on other real sectors Social nets is the web of relationship established by an individual. In African setting, they include lots of extended family members that are dependent on such workers and which he/she in turn provides financial supports.

(2) The confidence depositors have in banking system waned.

(3) The economy became depressed as a result of loss of money.

(4) Increased unemployment was witnessed.

The loss of deposit definitely stalled other businesses and the spiral effect can only be imagined.

At the announcement of the banking consolidation, not more than few banks could go it alone. Therefore, merger and or acquisition were necessitated.. The existing eighty nine banks went through the process of merger and or acquisition, and twenty five banks eventually emerged by December 25, 2005 deadline.

Table 1 shows the merged banks and their capital base.

Table 2

S/N	**GROUP**	**MERGING BANKS**	**COMBINED ASSETS DEC. 2005, 'N' BILLION**
1	Access	Access bank, Marina Int'l Capital Bank	28.5
2	Afribank	Afribank, Afribank Merchant	29
3	Diamond	Diamond, Lion Bank	33.25
4	Eco Bank	Eco bank	Over 25
5	Equatorial Trust	Equitorial Trust, Devcom	25
6	FCMB	FCMB, COOP Dev. NAMB Ltd	30
7	Fidelity	Fidelity, FSB Int'l, Manny	29
8	First Bank	First Bank, FBN Merchant, MBC Int'l	44.62
9	First Inland	First Atlantic, Inland, IMB Int'l NUB Int'l	28
10	Guaranty Trust	Guaranty Trust Bank	34
11	IBTC Chartered	IBTC, Regent Banks	35
12	Intercontinental	Intercontinental, Equity, Global, Gateway	51.7
13	Nigeria Int'l Bank	Nigeria Int'l Bank (City Group)	25
14	Oceanic Bank	Oceanic Bank and International Trust	31.1
15	Platinum	Platinum Bank & Habib Bank (Bank PHB)	26
16	Skye	Prudent Bank, EIB International, Cooperative Bank, Bond Bank & Reliance Bank	37
17	Spring Bank	CITI, ENS Inter. Bank, Guardian Express Bank ACB Inter Bank, Omega Bank, Fountain Trust Bank & TRANS, International Bank.	Over 25
18	Stanbic Bank	Stanbic Bank	25
19	Standard Chartered Bank	Standard Chartered Bank	26
20	United Bank of Africa	UBA, and Standard Trust Bank	50

21	Sterling Bank	Magnum Trust Bank, NAL Bank, Indo-Nigeri Bank & Trust Bank of Africa.	25
22	Union Bank	Union Bank, Union Merchant, Board Bank an Universal Trust Bank	58
23	Unity Bank		30
24	WEMA Bank	WEMA & National Bank	26.2
25	Zenith Bank	Zenith	38

Sources: Compiled from CBN Press Release (3/1/06), Financial Standards (16/1/06), and the Comet (3/1/06).

2.3 Post Consolidation

The Nigeria society woke up by August 14, 2009 to find out that the banks were not stable after all. The Central bank of Nigeria (CBN) intervened again purportedly to save the banking industry from imminent collapse. Five Banks were identified for rescue as a result of poor capital adequacy, high risk assets poor corporate governance tending towards CEOs corruption; erosion of share holders fund, high liquidity ratio and credit crises. Whereas the twenty five (25) banks that passed the recapitalization test were declared sound in 2005, by 2006, ten (10) were declared sound, five (5) satisfactory five (5) as marginal and five (5) unsound (CBN, 2006). Corporate governance crises, sharp practices, and corruption were also alleged. Asset Management Corporation of Nigeria (AMCON) was set up to manage the toxic debt or non performing loan (NPL) of ten (10) unsound banks. About N680b was injected into these banks and then top executive changed. As at 2011, three of the banks were nigerianized and their names changed. This suggests the inability of consolidation to ensure risk control, transparency and accountability among many of the banks. Two other banks intercontinental and oceanic were acquired by Access bank and Ecobank respectively by 2010.

3.0 The Effects of Banking Sector Consolidation on labor and the Economy

Banking sector consolidation through recapitalization, has these attendant economic benefits

(1) The process of recapitalization and the consequent merger and or acquisition engendered many of the banks to get registered with the Nigerian Stock Exchange (NSE) and therefore get listed (publicly quoted). Ownership of the banks became widened and public. Many Nigerians can now own some stakes in the banking sector rather than private ownership that

were the pictures of many banks pre consolidation era. This demands that the various boards become more responsive and alive to their responsibilities.

(2) Banks were able to shore up their shares, boosting both individual and corporate investments. Locally and internationally; about $652million of foreign direct investment (FDI) was attracted (Fadare, 2010).

(3) Banking restructuring and strategy that are information and communication technology (ICT) driven; a shift from the manual to automated systems involving the use of various e-banking and e-payment systems. There has been users' acceptance of this because of their convenience, time savings and they also meet transaction needs (Adesina and Ayo, 2010). It has also led to the flexibility of business on the part of the banks.

(4) Enhanced customer relationships through creation of facilities and instruments that enable easy banking. Intending customers can operate their accounts through telephone 24 hours a day, seven days a week, and even on public Holidays (GT Bank 2006/2007 Interim Reports)

(5) Best practice which have earned some of the banks conferment of the International Standard Organization (ISO) 9001: 2000 certification award by the Standard Organization of Nigeria (SON)

(6) The waned confidence of the public in the banking sector is changing for the positive as shown in the average deposit rise post consolidation from 10,482.36b Naira in 2004 to 188,478.5b Naira in 2006. (See table 3).

Table 3

Pre and post consolidation performance of the Nigerian Banks

Macroeconomic indications	N'm2004a	N'm2005b	N'm2006b	% charg measure/decrease (-) o differences (D) (+)
Average deposit (N'm)	10,482.36	85,007.13	18,478.55	+1690.0500
Average networth (N'm)	7,708.73	19708.88	38,831.31	+403.73%
Credit to the private secto to private sector growth rate	311,646.8 26.6	445,008.9	525,482.0 27.82	+68.87%

Return on equity %	35.28	30.8	11.2	+0.18 (D)
Assets utilization %	33.62	12.72	11.04	- 24.16 (D)

Source: CBN 2006 Publication Somoye, 2008

(7) Real sector -financing especially the financing of small and medium scale's enterprise (SMEs) GTBank for instance sets aside #2.b for this purpose, though this is not adequate.

(8) Competitiveness: Narrowing down the numbers of the existing bank evokes creativity, innovativeness service delivery, creating strategy to make the banks stay afloat in the competitive environment. The net-worth of banks grew by +403.73% between 2004 to 2006 (see table 3 above).

(9) Banking performance are also gaining the confidence of the regulatory agency as some of the banks are concluding arrangement to manage Nigeria external reserves (Idowu, 2006).

(10) Banking culture is gradually expanding all over the country as the banks are expanding their point of presence. The cashless culture that will become a culture in 2013 will further reinforce this.

4.0 Banking Consolidation: Challenges

The process of recapitalization and post consolidation in Nigeria brought along its trail merger and acquisition. The following become unresolved issues. The issues can be categorized as pre and post consolidation.

4.1 Pre-Consolidation

(1) **Unemployment**: Rationalization during merger created unemployment. While it was not possible to confirm the number of workers disengaged as a result of the exercise (as at the time of writing this paper), the unconfirmed number has been said to be high. It is not possible though to have two Chairmen or two Managing Directors, etc,, It has not been however proved that banking sector had been adequately staffed. Efforts could be made to retrain workers for other challenges. The disengaged workers are burdens to the society, lowers national productivity, increased poverty, stress, and other psychological problems (Idowu, 2006).

(2) **Reneging on Collective Agreements**: Many banks' managements reneged on their collective agreement with the Unions. First Bank of Nigeria (FBN) for instance, sacked 1200

workers (New Age April 7, 2005). The Association of Banks, Insurance and Financial Institution (ASSBIFI) reacted by accusing the management of being insensitive and confrontational to organized labor in the country through its inconsistencies.... It also accused the management of not consulting with it in line with earlier agreement on declaring redundancy. Also, the merger arising from UBA and Standard Trust promised that no members of the two banks would be retrenched. This has not been so. Many Higher National Diploma HND holders and ' contract staff had not been given full employment.

(3) **Diversity issues**: The gulf between Higher National Diploma (HND) and Bachelors Degree holders reared its head. The HND holders were the first to be rationalized at the conclusion of the merger exercise. This has no regard for performance level of the individuals, and all other factors besides educational background that account for individual performance; factors like reward system, organization structure, organization supports (adequate tools, motivation and leadership styles).The society suffers as the pool of unemployment widened. Admission seeking into Polytechnics nosedived. Sectoral allocation to this sub sector also becomes a waste (Idowu, 2006).

4.2 Post Consolidation

(1) Perceptions of uncertainty and insecurity of tenure pervade banking landscape among the workers. This is because rationalization exercise is still on. The consequence of this is less commitment and higher propensity to quit. Many workers have already changed jobs to other sectors due to this factor. The fraud in Nigeria banks had been correlated with high level of job insecurity Omoife (2012) found that disengaged workers vent their anger on the banks using their knowledge of the workings of the banking hall to defraud banks The fraud ran into N189b. This would go a long way in capacity building and loan to real sector which can lead to employment generation and expansion.

(2) Unethical/Moral questions at both the pre and post merger era, some banks engaged unqualified and inexperienced young ladies as marketers to woo big clients so as to meet the 25 billion Naira target and to shore up their capital base. Targets were given and management looked the other way not minding how these targets were met The marketers were given near impossible targets to meet Not meeting target led to job loss. The female workers were therefore exposed to sexual harassment, and all other marketers, to other unethical behaviors. This negates International Labor Organisation (ILO) advocacy for decent employment

(3) **Disillusionment**: arising as a result of differentials in reward package and treatment for similar status and different merging groups, uncertainty of tenure, different career path for seemingly similar educational qualification, prejudices and biases expressed by the management of some of the banks against some groups (merging banks, educational: HND/Bachelors, Federal/ State universities.

(4) **Decent Employment**: A report that has not been officially confirmed is the fact that some banks management asked HND holders to resign and reapply with their National Diploma (ND) qualification. As well, those that attained Bachelors degree or professional certificate are to re apply, serve probationary period in spite of the number of years that had been spent with the banks or the status of such individual. This is also in spite of the glass ceiling on the career path of HND or those possessing lower qualifications. Furthermore, the process of disengaging the workers were at best, immodest. Option of resigning or get retrenched: whichever becomes the lot of the workers, there were complaints of inadequate severance benefits if there was any paid. This is demeaning having no regard for best practice The consequences of all these include:

I. Labor has become cheapened

II. Unions become weakened

III. Career opportunity slowed down and

IV. Perhaps the banks gained and labor and society lost.

(5). **Corporate Governance Crisis**

Goje (2010) suggested that the weakness experienced by banking sector as regard corporate governance (CA) arrangement may have led to the current state whereby banks cannot safeguard against excessive risk taking. Recapitalization regime exposed the banks to non performing loans (NPL) and margin loan (ML) to the tune of N2.0trullion Naira. The non performing loan (NPL) of some of the banks exceeded their Shareholders Funds (SHF). Eight of the banks Capital Adequacy (CA) was less than 10% and their Deposit Ratio (DR) were less than 25% (Etopidiok, 2009). The diversion of deposits to foreign exchange trading including the transatlantic mortgage and financial crises led to loss of share holders fund values as many banks had to readjust shareholders stock as depicted in table 4.

Table 4

INSURED BANKS' ADJUSTED SHAREHOLDERS' FUNDS AS AT DECEMBER, 2009 AND 2008

S/N	BANKS	SHAREHOLDERS' FUND* (N'BILLION 2008	SHAREHOLDERS' FUND* (N'BILLION 2009
1	Access Bank Nig. Plc	167.22	154.30
2	Afribank Nigeria Plc	127.38	(221.69)
3	Bank PHB Plc	243.24	(126.84)
4	Citibank Nigeria Ltd	29.40	31.68
5	Diamond Bank Plc	95.64	98.31
6	Ecobank Nigeria Plc	43.45	26.02
7	Equitorial Trust Bank Ltd	32.38	(46.95)
8	Fidelity Bank Plc	129.55	129.99
9	Finbank Plc	112.86	(123.70)
10	First Bank of Nig. Plc	315.75	293.89
11	First City Monument Bank Plc	137.66	132.17
12	Guaranty Trust Bank Plc	130.03	141.82
13	Intercontinental Bank Plc	195.58	(336.35)
14	Oceanic Bank International Plc	211.52	(192.20)
15	Skye Bank Plc	96.55	79.56
16	Spring Bank Plc	(48.68)	(94.08)
17	Stanbic IBTC Bank Plc	67.22	74.61
18	Standard Chartered Bank Ltd	28.47	29.66
19	Sterling Bank Plc	20.58	20.14
20	Union Bank Plc	115.93	(38.56)
21	United Bank for Africa Plc	191.44	114.48
22	Unity Bank Plc	16.94	(4.06)
23	Wema Bank Plc	26.68	(3.22)
24	Zenith Bank Plc	313.39	310.99
	Total	**2,802.18**	**448.99**

Source: NDIC Adjusted Shareholders' Fund (Bank returns)

The Apex Bank Code of Corporate Governance (CCG) set in 2006 and which was mandatory for all banks in the post consolidation era to comply with could not address insider trading, ineffective risk management and control. This accounted for the NPL crisis and therefore necessitated the establishment of Asset Management Corporation of Nigeria (AMCON). The CBN also injected N608b and provided technical assistance by replacing the so called incapable Chief Executive Officers (CEOs) and Executive Director ED of 8 banks with new ones. The corporate governance crises also accounted for percentage decrees in return on equity (ROE) and return on assets (ROA) over the post consolidation years compare to pre consolidation as table 5 illustrates.

Table 5

Pre and Post 2006 Recapitalization, Performance Evaluation Ratio for Nigeria Banks.

	Pre-recapitalization			Post-recapitalization		
	2002	2003	2004	2006	2007	2008
Net Interest Margi (NM)%	11.16	14.88	9.12	10.47	7.71	10.21
Yields on Asset (YEA)%	17.55	4.64	4.62	27.55	20.32	18.88
Funding Cost (FC)%	8.09	9.42	9.47	13.05	9.63	9.66
Return on Equity (ROE)%	86.08	00.59	99.45	41.63	29.11	27.23
Return on Asset (ROE)%	4.52	4.13	3.96	2.63	2.00	2.58

Source: NDIC Annual Report, Various Issues

The return on equity (ROE) measuring the rate of return to shareholders that was 99.45% in 2004 (pre-consolidation) fell to 27.23% by 2008. Also, return on assets (ROA) that stood at 3.9% pre consolidation (2004) reduced to 2.58% by 2008. This confirms post modernist/post development postulation that modernity like restructuring/reforms does not bring about organisational efficiency or capacity management loss of investment cannot lead to creation of employment. Also the purported over capacity of resources like labor that were eliminated does not corroborate the result pre-consolidation. Rather disillusionment, inefficiency still pervade banking sub-sector.

5.0 Conclusion and Recommendation

The banking sector is very crucial to economic growth. The consolidation period however reveal sharp practices against labor and society which would not benefit; the society and the labor but the banks themselves in terms of posting huge profits: Organizations like banks always pay lip service to placing premium or value on their workers as usually reported in their annual reports. Human resource practices pre and post recapitalization regime does not confirm that their workers are their assets.

Banking sector recapitalization carne with double edge: benefits and constraints on the economy, the people and the society. While the banks have achieved some efficiency in terms of its operations, treatment of men at work will further deepen unemployment, lead to disillusionment, uncertainty, job dissatisfaction and quitting.

The Nigerian economy is still depressed. The Gross domestic products took a downward turn growing by 2.5% in 2000 compared to 6.9% in 2005 and further went down in 2009 and 2010 (GT bank 2006). Alo (2006) quoted wall street journal and Heritage foundation as rating Nigeria economy as worse of in August 2006 than it was the previous year and described it as "repressed" measured on index of Economic Freedom. The rating for 2011 is no better. Nigeria ranked 106 and scored 56.8% on index of economic freedom for 2010 and therefore grouped as unfree, unlike in the pre consolidation era. To be free means improvement in the overall quality of life and promotion of social and economic life (index of Economic Freedom, 2011). There is the need to manage people well if the objectives of recapitalization are to be met in concrete terms.

Recommendations:

A lot needs to be done and the following are recommended

1. Institutional machinery should be put in place to address the issue of undervaluing, under utilization of workers. Training and retraining of existing employees to improve their capacity for new demand rather than retrenchment is advocated. The banks' net-worth and profit after tax had increased geometrically (see table 3). The capacity to employ, train and retain more workers and therefore expand employment should not be a constraint as

expansion of branches to new areas is ongoing and new facilities and instruments are also continually being introduced.

2. The federal government and its banking regulatory agencies should do more to ensure creation of employment. In a situation where institutional framework will lead to rationalization, efforts should be made to follow due process, retrain people to retain them in other capacities rather than worsen the unemployment problem.
3. Diversity management should be a best practice and this should be included by standard organization of Nigeria (ISON) in conferment of ISO award. Diversity management is a process by which the diverse elements in organization are enabled to release their potential in organizational attainment of goals. This involves valuing and rewarding people for what they are: race, sex, educational background personality disposition and ethnicity. While the presidency made proclamation on HND/Bachelors dichotomy in 2006, legal framework and moral persuasions should be pursued to make organization embrace diversity management as best practices.
4. The best practice' principle demands that banking organization in Nigeria should place value on their workers, manage them strategically to release their energy for accomplishment of organizational goals.
5. Regulatory bodies should put in place periodic monitoring to ensure compliance with code of corporate governance by banks. Stress test on banks by the CBN should be more frequent and periodic.
6. Credit to real sectors – Small and Medium Scale Enterprises (SMEs), manufacturing and agriculture to take the largest share of loan. This can lead to expansion of capacity utilization and ultimately employment generation and expansion

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