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RWANDA

COLLEGE OF ARTS AND SOCIAL SCIENCES (CASS)  
CENTER FOR CONFLICT MANAGEMENT (CCM)  
MASTER OF ARTS IN SECURITY STUDIES

**CONTRIBUTION OF SUCCESSION PLANNING ON  
FINANCIAL INSTITUTIONS SECURITY  
IN RWANDA: CASE OF ZIGAMA CSS  
(2017-2021)**

A dissertation submitted to the University of Rwanda in fulfilment of the requirements  
for the award of Master's Degree of Arts in Security Study

submitted

By

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**Nyakinama, May, 2023**

**DECLARATION**

I, **MUGISHA James Chriss** declare that this study is entirely the fruit of my efforts and initiation.  
It has never been produced or submitted to any institution of higher learning for any award.

**Name: MUGISHA James Chriss**

Signature.....

Date .....

## **APPROVAL**

I **MUGISHA James Chriss** confirm that the work reported in this research thesis was carried out by the candidate under my supervision and has been submitted with my approval.

**Dr. Ignace KABANO**

**DATE:**

## **DEDICATION**

I wish to dedicate this work

To the Almighty GOD and the secret of my success for his surplus blessing,  
To my dearest wife, **Natacha MBABAZI** and my lovely GOD gifted children; **MUGISHA Ineza, MUGISHA Irisa Micah, MUGISHA Ihirwe Abiah, MUGISHA Impano Aroma** for immense support, they passed through hard moments, sacrifice accorded to me throughout this program.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

<b>BNR</b>	: Rwanda National Bank
<b>CB</b>	: Cash Balance
<b>CEOs</b>	: Chief Executive Officer
<b>CHROs</b>	: human resources officers
<b>HIC</b>	: High-Income Country
<b>ICAEW</b>	: Institute of Chartered Accountants in England and Wales
<b>LR</b>	: Liquidity Ratio
<b>MIC</b>	: Middle Income Country
<b>USA</b>	: United States of America

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## ABSTRACT

The specific goals of the study, which is titled "The Contribution of Succession Planning on Financial Institutions Security in ZIGAMA CSS Rwanda," include determining the degree to which career development planning affects effective leadership and financial security of ZIGAMA CSS Rwanda, its main objective was to examine the contribution of succession planning on financial institutions security in ZIGAMA CSS Rwanda. The case study as research methodology was used to meet the predetermined research goals. The qualitative approach was chosen since the material needed for this study would not be in a quantitative or numerical form, and because it was important to get the respondents' thoughts and experience. The qualitative technique gives the researcher the ability to examine and interact with information critically while also highlighting the key points from the vast amount of data. The major findings demonstrated that the most of respondents which is 88% of the total number of respondents agreed that career development planning has an impact on the financial stability and effective leadership of ZIGAMA CSS Rwanda. Additionally, 92% of all respondents concurred that succession planning presents challenges and that selection planning has an impact on ZIGAMA CSS Rwanda's financial security. According to ZIGAMA CSS Rwanda, the average mean on financial security is 1.8533, which is moderate and should be reduced to a lower level. The overall findings showed that the implementation of bank security indicators such as feeble investment, level of using management systems, level of capacities services, level of skills and expertise could be fixed by succession planning because are less considered in Zigama CSS Rwanda. Therefore, the researcher recommended the following elements to be in place: coordination, harmonization of institution data, and appropriate monitoring, loss of expertise from seasoned workers (retirement) leads to the cost of educating of new employees, so there is a need to maintain professional employees in order to keep offering professional training which is job-oriented, and professional courses that must be heavily implemented in order to attain a large number of employees with professional qualifications. Also, Mother institutions should not recall their employees at any time because it is a challenge to human resource development. So, it is necessary to give ZIGAMA CSS the authority to manage its employees in order to achieve their goal.

**Keywords:** *Succession Planning, Financial Institutions and Security*

# CHAPTER ONE

## GENERAL INTRODUCTION

### 1.0 Introduction

The study is the contribution of succession planning on financial institutions security in Rwanda: Case of ZIGAMA CSS (2017-2021). The main objective of the study was to examine the contribution of succession planning on financial institutions security in ZIGAMA CSS Rwanda. This chapter introduces the study's overall context in order to provide a broad overview of the research. It provides an overview of the research's overall framework, including the issue statement, general and specific study objectives, research questions, significance of the study, study scope, limitation, and work-flow structure.

### 1.1 Background of the study

Critical management jobs are identified through a process called succession planning. It can begin at the project manager level and go up to the supervisor level and the top position in the organization (Rothwell, 2005). By deliberately training workers within the firm for development, succession planning is a proactive process that ensures ongoing leadership committed to the organization's values, mission, and strategic plan (Jamye et al., 2013). The concept of succession planning was first presented by Rothwell (2005) as a method for identifying crucial managerial jobs. It might begin at the project manager level and progress to the supervisor level and ultimately the top position within the company. By deliberately training workers within the firm for development, succession planning is a proactive process that ensures ongoing leadership committed to the organization's values, mission, and strategic plan (Jamye et al., 2013).

The strongest foundations for succession planning are frequently discovered in circumstances where authority is handed within family networks, particularly to royal families and family-owned corporate empires (Garman & Glawe, 2004). Such behaviors might be troublesome in the competitive corporate environment of today, where financial resources are scarce and environmental turmoil is on the rise (Odhiambo, Nyanja, & Zakayo, 2014). Due to a lack of qualified workers in the workforce today, leadership has also become a major challenge (Liddell, 2016). This is necessary since there are many managers and executives from the baby boomer

generation who are close to retiring and there aren't enough qualified candidates to take their place. As a result, it is critical to hasten the establishment of talent pools for high potential and emerging leaders (Mattone, 2013). Globally, succession planning has been crucial for maintaining organizational continuity and managing human resources. The transition of leaders to the next generation in Canada is necessitated by insufficient talent management techniques (Rothwell, 2010). Success strategies are therefore still essential for managing both public and commercial businesses.

The majority of businesses in Africa struggle with subpar succession plans. A nation's and an organization's stability are significantly impacted by the succession plan. This is because it makes things less unclear and gives workers a boost to their self-esteem. Since there is a shortage of capable, skilled, and knowledgeable managers, it is essential to develop a sustainable candidate for succession based on skills, experience, and personal character in any succession process. Career growth, selection strategies, and human resource development can all improve this. Kenya's County Government was established in 2010 and has been in place for two to five-year terms since then. Nevertheless, the County Government system is still in its infancy due to the ongoing creation of new laws that will help staff members perform better (Nyanjom, 2011). as a result of the top job having an elective role. When newly elected leaders take office, the majority of employees are frequently impacted, which has been seen to have an impact on employee performance.

According to Garman & Glawe (2004), outside hires manage more than 37% of the Fortune 1,000 corporations in the USA. Compared to 34% of insider CEOs, 55% of outside CEOs who left their jobs in 2003 were compelled to do so by their boards. According to Rao and Drazin (2002), there is a tendency where financial firms are more likely to hire individuals from outside the organization than from within. According to Fancher (2007), an organization that struggles to develop its successors must hire people from outside the organization. Pitman (2000) proposed that administrative employees in higher education have a lesser priority than teachers and students and as a result, external hiring is frequently used rather than the development of the internal candidate. Pitman's argument was based on interviews with certain chief human resources officers (CHROs). It has been argued that external recruiting is preferable to internal hiring because it gives HEIs a chance to accomplish goals that they are unable to accomplish through internal development.

However, there is a chance that employing an open search to fill leadership positions will exclude deserving internal candidates (Gonaim & Kamal, 2019).

It's critical to decide if an internal or external recruitment effort is more appropriate in a given circumstance. Financial institutions in Nigeria, especially in Lagos State, are currently dealing with protracted instability as a result of a high rate of employee turnover, nepotism, dishonest business practices, and ineffective succession planning management. These have grown to be concerning, particularly in light of the country's current economic and financial recession. The effects on financial institutions are still unresolved and unacceptable as inadequate, inconsistent, and biased succession planning continues to infect and permeate every aspect of their operations. As a result, both their general performance as well as the morbidity of several have been significantly impacted. According to Collings and Mellahi (2009), succession planning management has previously been predicated on the idea of a shrinking workforce base, but due to the current economic climate, financial institutions now recognize that they must effectively manage their workforce in order to gain and maintain a competitive edge.

To accomplish this, businesses must face the many obstacles associated with global succession planning and create human capital management initiatives to address the issues. The growing threats of cybercrime have been acknowledged by financial institutions in both developed and developing nations. In order to help financial institutions better protect their networks and their consumers, the industry has recently adopted standards and guidelines. New technologies like machine learning and artificial intelligence are improving the industry's systems for detecting and resolving fraud. The advent of multi-factor authentication and chip cards has considerably decreased the theft of user credentials. According to Bebbington, K.J. & Unerman (2018), more FSPs are making investments in cyber resilience and defences.

According to (Longman, 2015), European modern financial services systems confronted African systems of financial institutions and management in the early 20th century. Africa was linked to the greater world of imperial and economic expansion during the eighteenth and nineteenth centuries thanks to the penetration of these institutions there. They formed national central banks and were meant to support capitalist colonial economies. They were conservative, controlled them as they continued to play their customary functions. The leadership of the financial institutions assisting the Africa Finance System, according to Daniel (2014), favours industries that



simultaneously provide a major influence on development and an alluring profit potential in order to maximize shareholder returns. Currently, a wide range of companies that manage money, including credit unions, banks, credit-card companies, insurance companies, and reinsurance companies, are included in the economic services offered by the finance industry.

Poor management succession planning led to the failure of financial institutions in Rwanda. Historically, financial institution leadership was regarded by the Confederation of Asian, Pacific, Australian, Northern American, and certain European nations as the benchmark for the stewardship of financial data. This did not significantly affect how well commercial banks performed in terms of financial security in international affairs, however; there has far too often been a mismatch in policy-making, with economists playing a vital role. On occasion, policymakers would downplay the importance of finance when the results weren't what they had hoped for. On the other hand, the finance manager is involved in all important decisions in the bulk of private sector businesses, from large corporations down to small businesses.

Due to inadequate managerial succession planning, financial institutions in Rwanda have failed. Previously, the Confederation of Asian, Pacific, Australian, Northern American, and some European countries regarded financial institution leadership as the benchmark for the confidentiality of financial data. This did not, however, have a significant impact on the financial security performance of commercial banks in international affairs; there has far too frequently been a mismatch in policy-making, with economists playing a vital role. When the results weren't what policymakers wanted to see, the importance of finance was occasionally downplayed. However, the finance manager is involved in all important decisions in the majority of private sector organizations, including both large corporations and small businesses. This is due to a lack of knowledge about how managerial succession planning contributes to the security of the development of strong institutions, which is the key goal that needs to be rethought.

Zigama Credit and Savings Society is Rwandan financial cooperative with a membership drawn from six security institutions such as: The Rwanda Defence Force (RDF), Rwanda National Police (RNP), Rwanda Investigation Bureau (RIB), Rwanda Forensic Laboratory (RFL), National Intelligence and Security Service (NISS) and Rwanda Correctional Services (RCS). For almost 23 years, Zigama has been improving the lives of its members and their families by promoting a culture of saving, providing loans with competitive interest rates and making banking easier. We

have branches across Rwanda and serve more than 100,000 valued members. According to the Zigama Credit and Savings Society (Zigama CSS), its objectives for the 2017 fiscal year were surpassed. The Rwandan Amy bank had previously set its sights on generating a net profit of Rwf6.3 billion as a result of clientele development, with over 10.000 new customers joining in the previous two years.

The 2017 Zigama CSS General Assembly declared mandatory savings and an increase in insurance profits from 7% to 8%. Members also approved raising the personal savings account interest rate from 6% to 7%. Top management and shareholders of the bank also approved the 2018 strategic plan at the General Assembly. Therefore, all above mentioned increasing financial security of Zigama CSS which is fixed by succession planning.

## **1.2 Statement of the problem**

Since 2011, Rwanda has coordinated its financial sector in an effort to find various leadership plans for financial institutions security, such as management efficiency, management systems, and management capacities that are oriented in the working capital that maintain the balance between its components such as cash, receivables, inventory and payables of Commercial Banks. In order to implement the country's plan to become a Middle-Income Country (MIC) by 2035 and a High-Income Country (HIC) by 2050. A number of international organizations, including the World Bank, International Monetary Fund, World Economic Forum on Africa, and Easy of Doing Business have ranked the country as a result (Laure et al., 2020).

Despite the widely acknowledged importance of security studies and the rise in international attention in this area, some studies, like that of (BNR, 2019), suggest that the highest level of leadership operations in the financial institutions remain low at the domestic level due to a low level of contribution on her financial department indicators, credit department indicators, operation department indicators, IT department indicators and administration department indicators.

The above studies mentioned, different challenges such as feeble investment, low level of using management systems, low capacities services, low skills and expertise has not related with financial security of some of commercial Banks in Rwanda specifically in Zigama CSS. Therefore, the implementation of bank security indicators could be fixed by succession planning which is low considered in Zigama CSS Rwanda. This constitutes a gap in this study and pushed a researcher

to conduct this research for the purpose to examine the contribution of succession planning on financial institutions security in Rwanda specifically in ZIGAMA CSS Rwanda.

### **1.3 Objective of the study**

#### **1.3.1 General objective**

The purpose of this study was to examine the contribution of succession planning on financial institutions security in ZIGAMA CSS Rwanda.

#### **1.3.2 Specific objectives**

This study was guided by the following research objectives:

1. To establish how career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda
2. To analyze the effects of selection and human resource planning on financial security of ZIGAMA CSS Rwanda
3. To identify the contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda

### **1.4 Research questions**

This study was guided by the following research questions:

1. How does career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda?
2. What are the effects of selection and human resource planning on financial security of ZIGAMA CSS Rwanda?
3. What is the contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda?

### **1.5 Significance of the study**

This study aims to assess the applicability and interest of this research project among past, current and upcoming researchers (scholars) as well as among the general public. A result of this study is to help people to understand the fundamental roles that financial institution security and succession planning play in improving societal and Rwandan economic progress where workers at other businesses will find it to be of great benefit. This work will contribute to the body of academic

knowledge and abilities because it can be used as a resource for other scholars. This research will be useful as a source of knowledge, instruction, and further study. Additionally, it will be beneficial in helping the researcher become familiar with research techniques and methodologies.

### **1.6 Scope of the study**

This study was about the contribution of succession planning financial institutions security in ZIGAMA CSS Rwanda. The area of study covered is located in Rwanda specifically in Kigali hand in hand with ZIGAMA CSS headquarter and it covered a period of five years from 2017 to 2021.

### **1.7 Structure of the thesis**

The study was organized and presented in five chapters, the first of which served as a general introduction and included information about the study's history, issue statement, research questions, aims, significance, and scope. The literature evaluation that served as the foundation for the arguments in the research study was covered in Chapter two. In chapter three, the methodologies and approaches used in the study including data collecting and analytic methods and approaches were thoroughly described. Chapter four discussed the information gathered from respondents that reflects the viewpoints and challenges mentioned by respondents and interviewees. The chapter ends by summarizing its key findings, recommending a course of action, and proposing potential remedies. The final chapter, chapter five, summarized the research's main findings and gave broad recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This section provides a full synopsis of prior research on pertinent topics. In a literature review, previous studies such as academic books, articles, and other sources that are relevant to a certain topic of study are examined.

#### **2.1 Key word of the study**

##### **2.1.1 Succession planning**

Running a successful business requires succession planning. It could be possible to prevent your company from falling behind by finding and preparing successors for critical positions. A strategy for the organization's future ought to be in place. Companies utilize succession planning as a business strategy to transfer leadership duties to another person or group of employees. Even if key personnel leave for better opportunities, retire, or pass away, succession planning ensures that firms continue to operate smoothly and efficiently. It may also serve as a liquidity event that permits the transfer of ownership in an ongoing company to new hires. Businesses should use succession planning to make sure they are ready to develop all of their employees, not just those in management or executive positions (Will K., 2022).

##### **2.1.2 Financial institutions security**

Maintaining a financial institution's safety and soundness and its capacity to manage earnings and capital present obstacles. Financial intuitions must exercise more caution as a result of new technologies. Banks should anticipate to experience operational losses as a result of widespread attacks conducted against the Internet and the vital infrastructure of the country if they do not exercise proper control over information technology. For websites and other crucial information systems, financial institutions heavily rely on outside service providers. Financial institutions must also analyse their daily financial activities in order to identify trends in their portfolios, lending practices, and financial markets, as well as to better serve their clients. Security auditing and vulnerability testing ensure that management's objectives are being accomplished and that no undiscovered vulnerabilities exist. A review of the actual configuration [using scripts or automated

tools] and the usage of automated vulnerability assessment tools may be included in security testing. The application environment affects the security testing techniques chosen. According to the most recent facts, analyse and update the security plan. Once the basic security plan has been approved, it serves as a foundation for monitoring and evaluating the efficacy of the security controls already in place. The plan should be examined and modified in light of newly discovered threats and vulnerabilities, actual assaults or incidents, modifications to business or performance needs, and adjustments to regulatory requirements (Keren N., 2003).

## **2.2 Theoretical Review on Succession Planning**

The way businesses operate is changing as a result of trends in the global village such technology, evolving immigration regulations, and global production (Hill, 2010). The loss of critical employees in organizations is being made worse by the shifting demographics of the global village, better opportunities, and defragmentation of immigration laws. If an organization does not have contingency plans in place, replacing key workers when they leave or retire can be difficult. Companies may be impacted by these elements, and if a founder member is given a chance, that will mean for the company. The same organizations are discovering that their middle managers are not qualified to advance to upper management roles because they lack the necessary skills or experience. A succession plan is therefore required (Mattone, 2013).

Currently, organizations are facing difficulties in achieving and maintaining breakthrough operational results. One such factor is the ability to recognize and develop potential and prospective future leaders. The fact that many chief executive officers in the majority of wealthy countries will be retiring and that these seasoned persons require replacements is an interesting discovery that researchers and academics have made (Mattone, 2013). Not only is this uncommon for developing countries, but senior leaders even in rich countries retire, leave the organization, or pass away. Planning for succession is crucial to prevent the loss of any critical individuals. According to Noe, Hollenbeck, Gerhart, and Wright (2010), succession planning contributes in a number of ways to the successful and efficient management of an organization, including the following:

- Succession planning assures that top level managerial talent is available by requiring senior management to systematically examine the company's leadership talent.

- Managers who want to be considered for top management positions must complete a set of development experiences provided by succession planning.
- Succession planning makes ensuring that businesses don't promote managers too soon if they're unqualified for them.
- Organizations may develop talent to meet their current and future needs with the help of succession planning.

Without succession plans, organizations are forced to react in panic and reaction to the losses they will inevitably experience, which leads to poor succession decisions. This study's completion signified that a gap had been found, and it needed to be filled. What frequently comes to mind for executives of organizations when they consider succession planning in the for-profit sector (Mattone, 2013)? The ideal scenario would be to identify and develop the executive's apparent heir, who would then easily accept the leadership baton and carry it on, much like a runner in a relay race.

If succession planning is standardized across all organizations, the business will be better able to have an impact on the communities it works with. Developing staff skills is not a loss when employees leave the company for better opportunities; instead, the entire network benefits as workers increase their capacity to respond to community needs in an efficient and economical manner. Organizations frequently forgo training staff in an effort to keep employees from leaving the company for greener pastures. Organizations must implement succession planning and train personnel to strengthen the humanitarian network in order to have a greater impact on the individuals and communities they serve. The next section provides an overview of succession planning in organizations (Mattone, 2013).

According to Sam Brownell, founder of Stratus Wealth Advisors, "the absence of a succession plan can lead to key employees and customers leaving, which can hamper the business's ability to grow post-transition" (Rothwell, 2015). To begin developing your succession planning strategy, follow these five stages.

### ***Conduct a business review***

Consider your organization's business plan in this step and what it entails for the leaders you will require. Are you, for instance, a startup? Do you need to reorient the company to a new business model, sustain or boost your performance, or all three? Every succession plan, according to Brownell, should begin with an impartial valuation performed by a knowledgeable, unbiased third party. "It's challenging to put together a good succession plan without knowing how much your firm is worth. Guessing the value of your business is not a smart method to build up your succession plan for success, just as it would be challenging to finish a hike without knowing where the trailhead is (David, 2022)."

### ***Create a talent needs forecast***

Next, describe the goals of your organization so that you can decide which positions to train for and start assembling materials and resources. To assist with forecasting, look at your talent management system. Decide how many individuals you'll need in key positions, what experience and skills they must possess, and the process you'll use to select them (Kevin W., 2022).

### ***Take a talent inventory***

Identify key leadership positions and the high-potential individuals who could fill them. Don't limit your attention to C-suite and senior management positions. It's important to consider entry-level positions as well. Compile information about potential vacancies, such as retirements and promotions (Skill M, 2017).



### ***Conduct a talent review***

The next step is to assess your current staff. By evaluating employees' abilities and knowledge, HR directors may make informed decisions about hiring new staff and putting learning and development initiatives into place. This will provide workers with the training they require and foster a culture that is growth-oriented (Jackie D., 2023).

### ***Plan progress reviews***

The process of succession planning is ongoing. It ought to be a dynamic process that adapts to your organization's changing needs. Maintain its correctness by routinely reviewing your succession strategy. "At our organization, succession planning is a key component of our business continuity plan. We incorporate it into our strategic plan, a five-year strategy that is continuously revised, says Brinker. Do you know whether your talent development plans are being carried out? How do you keep an eye on them? And do they produce outcomes? Alternatively, adjust as necessary (Rothwell, 2015).

Leaders in human resources understand how important succession planning is to the long-term success of their company. Even though it takes a lot of time up front, the payback is enormous. When an employee does depart, your business is not forced to rush the hiring process for a replacement. A solid talent management strategy must include succession planning (Rothwell, 2015). The following advantages come from putting qualified workers in your talent pipeline:

### ***Increased employee retention and morale***

You can keep your best personnel by implementing a promotion policy that puts internal promotion first. Furthermore, knowing they have a path to advancement within your company thanks to a transparent succession plan that places a strong emphasis on generational differences can keep them motivated and productive. Succession planning can help you act on your commitments when done properly. The majority of businesses advertise themselves as desirable workplaces. You may support this, though, with succession planning. Companies

cherish their employees as seen by their internal hiring practices, commitment to leadership development, and open succession planning (Allison W., 2022).

### ***A more diverse portfolio of leaders***

We are aware that the diversity of CEOs in American corporations still has a significant disparity. Just six of the Fortune 500's CEOs are Black, 5% of CEOs are women, and less than 1% of CEOs are officially LGBTQ+. It's important to take a diversity of perspectives into account while creating teams and organizations. People who use inclusive leadership techniques usually have better degrees of achievement, and their organizations also prosper more. If leaders want succession planning to result in a more diverse workforce, they must be thoughtful about how they source candidates, train staff to overcome biases, and cultivate inclusive leadership abilities. On the other hand, when executives want to foster a feeling of community at work, succession planning can encourage greater diversity. What steps does your leadership team take to develop a diverse group of leaders? Are all members of your leadership team given diversity training? (Catherine, C., 2021).

### ***A stronger company cultures***

Effective succession planning can enhance your company's culture. We are aware of the significant influence that a leader may have on the attitudes, deeds, and behaviors of their team. When excellent leaders leave their positions or retire, it is vital that the new leaders uphold the same set of values. With careful succession planning, organizational leaders can preserve that expression of your company's core values.

### ***A future-proofed workforce***

Change occurs more frequently than ever, especially now. If there is anything we have learned over the past few years, it is that change is a constant. Future-mindedness is a concept that Better Up frequently discusses. We have researched and innovated around this idea. A leader who has an eye toward the future must be both optimistic and practical. Your leaders must take into account what is ahead in order to successfully plan for the future. Furthermore, while many businesses may have to endure rocky times and ongoing change, having an eye toward the future can lessen the blow. Your business will be better equipped to prosper under

changing conditions as a result of succession planning. You'll benefit from increased organizational stability and resilience as a result, which promotes market trust and increases shareholder value (Angelin, B., 2021).

### **2.3 Theoretical review on financial institutions security**

Financial institutions should create a strategy that outlines control goals and creates an execution schedule. A strategy for information security is a way to reduce risks while still adhering to corporate standards as well as regulatory, legal, and contractual requirements. A written security plan must be created to fulfill the standards for financial privacy in order for the strategy to be effective. The security plans should be utilized along with additional certification statements that outline the owner's or authorized authority's duties in approving the plan's recommended course of action for mitigating the identified risks. The owner is ultimately accountable for the system's operations, including any required due diligence or carelessness used to lessen the potential damage caused by accidents that could happen while it is operating. This obligation is expanded in institutions subject to regulation to cover actions made or left undone that could have harmed the institution or the general public. Significant fines may be imposed for noncompliance (Karen N., 2003).

Update the security plan after doing an analysis based on the most recent information. After the core security plan has been approved, it serves as a foundation for monitoring and evaluating the efficacy of the security controls currently in place. The plan should be reviewed and modified in light of recently identified threats and vulnerabilities, actual assaults or incidents, changes to business or performance needs, and adjustments to regulatory requirements. The Information Security Booklet contains information on security self-assessment, access by security personnel to and use of automated tools designed for sophisticated financial institution systems, automated security policy and security log analysis, configuration management processes, vulnerability and patch management, maintenance of authentication and access control systems, maintenance of use of intrusion detection, firewall, and other security appliances (Karen N., 2003).

### **2.3.1 Mechanism of providing the enterprise's financial security**

The stability and growth of the business should be guaranteed by its financial stability. The increase in a firm's market value is a sign of development, and the stability of the company over the long and short terms is a sign of sustainability. By lowering business expenses, delivering social and economic benefits, and improving access to resources, financial security supports sustainable development. By purchasing goods from well-known manufacturers, consumers can highlight their social position or property status, which plays a societal function in financial security. The economic value of financial security for the consumer is to offer safe and guaranteed investments in the business, to gradually increase the price of a product, and to lower economic risks associated with subpar goods or services (Bondarenko O., 2011).

The primary consideration in making such a conclusion is how effectively financial resources are formed and used to generate profit and enable debt repayment for the organization. Without a question, a company's financial standing and financial security form the cornerstone of the economic health of the regions or even the State in where it is located. At the same time, a company's financial stability can have both positive and negative effects on the economic stability of an area or a state. As a result, in order to establish what "the company's financial security" really means, it is necessary to examine both statutory acts and scientific viewpoints. Analysis of the company's financial stability reveals the company's status and the alignment of its financial and economic opportunities with the general state of the markets and the nation, enabling one to assess the accuracy and suitability of the chosen financial strategy objectively. Because of this, the company's financial security can also be thought of as a system designed to develop (adjust) and implement successful financial strategies under changing market conditions (Aref'yeva O., Kuzenko T., 2009).

Using the information gathered and the preliminary risk scenarios, set some high-level security objectives for the application. A sample of objectives appears below.

<b>High Level Objectives</b>	<b>Internal Application (IA)</b>	<b>Service Provider Application (SPA)</b>
Availability	Must be accessible during the regular work day. After four hours, the service would be affected, and after a few days, the business would be in danger.	Availability must be constant. Service would be affected after an hour, and business would be in danger after a day.
Integrity	Data on customer accounts must be correct and comprehensive. Without independent verification and consent, changes to addresses and other sensitive information should not be made.	Data about loan applicants must be accurate and full, and no one involved in the lending process may falsify it. Links to transaction websites must be guarded against misuse and illegal change. The distinction between the bank and a third-party service must be made in web links.
Confidentiality	Customer information, especially that pertaining to identification, must be kept private.	Information about loan applicants must be kept private.
Accountability	To identify the source of an activity, auditing ought to be adequate. It is important to notice intrusions. Spot vulnerabilities and patch them up.	Auditing should be sufficient to follow the transfer of crucial data through connected systems and track activities to their source. It should be possible to identify intrusions, enumeration, and unauthorized scanning. Spot vulnerabilities and patch them up.

**Source:** *Andrii Ramskyi & Artem Solon'ko, 2018*

Financial instability and security have an impact on both national security and economic prosperity. This effect, in which a loss of financial stability in the country results in a decline in

the degree of wellbeing for the public, is best shown by the financial crisis of 2008–2009. Although communication studies in financial institutions are important and have an impact on national security, the scientific literature does not sufficiently explore or emphasize this connection. Brha and Koenda's (2018) study examines the financial health of European countries as well as the impact of outstanding debt on the level of sovereign risk. It was found that country financial sector risks were highly connected with bank capital adequacy, banking sector variety in foreign banks, and high levels of competitiveness. In the banking sector, procyclical financial institution security exists. This result was reached by Bouheni & Hasnaoui's (2017) study.

Capital buildup may boost financial institutions' security, whereas increased lending may raise the likelihood that the financial system would become unstable (Thalassinos & Thalassinos, 2018). As with the counter-cyclicality in the case of large banks, it is important to acknowledge the procyclical character of the effect of lending and capital from small banks on financial stability (Rupeika-Apoga et al., 2018). Monetary policy has a considerable effect on the strength and viability of the financial system. The discount rate serves as a mechanism for creating financial institution security, preventing further exposure of the country's resources. The central bank's regulatory rules have a big impact on the banking sector, which can be seen of as one of the main areas of financial institution security. Bank diversification and financial institution security are linked through nonlinear correlations. Bank diversification is especially important during economic downturns when security fluctuations inside financial institutions might worsen. When the banking sector is financially stable, it is less vulnerable to the influence of political or economic pressures. The stability of the national economy affects the security of financial institutions, claim Samitas, Polyzos, and Siriopoulos (2018).

A few examples of how ineffective regulatory policies can increase financial risks in a country include the penetration of foreign banks without placing restrictions on their activities, significant capital outflows, ineffective asset diversification advice, a lack of oversight bodies, high entry barriers, and other barriers to entry. Macro prudential policies adopted by central banks always have an impact on financial institution security. According to Klingelhöfer & Sun's (2019) assessment of the situation in China in particular, lending had an immediate and ongoing impact, maintaining financial institution security without hurting economic growth. The plan is an addition to monetary policy that aims to mitigate financial risks. Furthermore, the Rubio & Comunale

(2018) analysis finds a link between macro-prudential policies and the security of Lithuanian financial institutions and those of the rest of the Eurozone. National macro prudential policy is a potent tool in the arsenal of the Eurozone central bank to achieve its goal of financial stability. Such an objective ought to be complementary to NBU policy in circumstances where the financial sector is vulnerable to shocks, as the situation in Ukraine.

According to Agur and Demertzis (2019), monetary policy, especially in the context of macro prudential supervision, affects the security of financial institutions (particularly capital regulation, banking risks, and the financial market) via regulating interest rates. While monetary policy can encourage lending, macro prudential measures can, in the short run, assist keep inflation below the Central Bank's inflation objective. Macro prudential regulation also aids in stabilizing the inflation rate and preserving financial stability (Kima & Mehrotra, 2017). It is obvious that the Central Bank's regulatory work maintains the security of the country's financial institutions, which has a nonlinear impact on economic security. The macro-prudential and monetary policies of the Central Bank are balanced to maintain the security of financial institutions as a result of macroeconomic stability and national security.

The best macro prudential policy boosts financial institution security but has little impact on growth and prosperity (Ma, 2019). Mester (2017) argues that the primary focus of macro prudential regulation is risk management in the financial industry. In order to ensure the country's financial stability, monetary policy tools are a critical addition to macro-prudential policy tools. A macro-prudential policy instrument, the Central Bank's communication should ensure transparency (information exchange) in order to safeguard the security of financial institutions. Organizational and legal aspects of the risk posed by financial institution security for credit and how it affects national security One metric used to assess the success of Central Bank communications aimed at enhancing financial stability is 356. Due to the country's attractiveness to investors and the expansion of the banking and financial sectors, the Central Bank has been communicating often about expectations in the credit market and the financial market's contribution to financial institution security.

The study of Horváth (2016), which demonstrates how central bank transparency promotes financial stability, emphasizes similar principles. High financial volatility has a negative, non-linear effect on Central Bank transparency as well. The impact of the NBU's inflation targeting

program in Ukraine on long-term financial viability must be carefully considered. In terms of inflation targeting, a study by Fazioa et al. (2018) found that due of the poor institutions and low confidence in the Central Bank, financial imbalances have increased. A comparable situation has been noticed since Ukraine's independence. Since 2015, the institutional capacity of the NBU has significantly increased, and the banking sector is now more assured. The analysis of Ukraine's financial stability and its connection to the country's overall economic security and national security must take these changes into account.

### ***Financial capability indicators***

An impartial study of the value and composition of the company's assets and liabilities was conducted as part of the assessment of financial stability in order to assess the degree of the company's independence and financial stability as well as to compare the objectives of the company's financial and economic activities with its bylaws. Greater amounts of equity than liabilities meet the criteria for optimality indicators of financial stability. Accordingly, a company has greater financial stability and greater levels of financial security if the share of equity in its capital structure is higher. indicators of solvency and liquidity.

We can establish the company's ability to meet its present obligations by analysing the company's liquidity in accordance with the balance sheet. Indicators that are below recommended levels are detrimental to a firm and can affect its ability to remain solvent. When liquidity indicators exceed their normative value, it may indicate that the available financial resources are not being used efficiently. Solvency is a term frequently used in conjunction with the concept of liquidity. A company's ability to make payments and settle all debts on schedule and in full is known as its level of solvency.

A company is solvent if its entire current assets are sufficient to meet its short-term current liabilities. The ratio of equity to current liabilities determines solvency. Asset turnover is an indicator of business activity. The requirement for existing assets is reduced as asset turnover is accelerated. The degree of an asset's use depends on how quickly it is changed. By accelerating turnover, we can release assets held in inventory or immobilized in the form of receivables, increasing the company's liquidity (Robinson T., et al., 2009).



The maximization of values and minimization of turnover periods for each group of assets is the criterion for optimality of turnover indicators, which will help to lower the amount of funding required for their financing. ratios of profitability. The primary indicator of a company's activity's effectiveness is net profit. The ratio of profit to resources or indicators of activity results are indicators calculated to determine profitability. All profitability ratios can be separated into three categories, including those that describe the company's return on assets, its profitability of its equity and liabilities, and its profitability of its business operations. It is preferable to increase the value of the profitability feature because doing so will show the firm is making sizable profits from its operations, operating efficiently, and maintaining a high level of safety (Yepifanov A., 2009).

It is required to establish normative values for the researched elements based on empirical data for certain economic sectors in order to evaluate financial situation utilizing the aforementioned system of indicators. The average statistics for the examined firms plus or minus the standard deviation can be utilized as a limit fluctuation that won't be interpreted as a worsening of financial situation, and they can be thought of as indicators describing the activities of the best enterprise (Yepifanov A., 2009).

### ***Relative indicators***

You can use relative indicators to assess how different variables affect changes in the financial security of the organization. The financial security system does not have any "standard" projects that apply to all situations because it is not accessible to outside users and cannot be used by other businesses. As a result, every business detects financial security issues on its own and creates plans of action to counteract them. The business must ascertain the customer's expectations for the project's implementation at the financial security system planning stage. The task that needs to be accomplished as well as the benefits that will be gained in the overall administration and operation of the business must be determined by the client. Regular communication between the client and the system developers is necessary for this (Abuzar, 2004).

A set of guidelines for how the business will function must be established by the owner. Therefore, when creating a financial security system, it's critical to include a mechanism for providing quick information and responses in addition to developing a mechanism for evaluating the level of financial stability, identifying threats, and determining their likely impact on cash flow management within the enterprise. The following areas should be included in the list of works for

the financial security system design: selection and training of financial security service professionals, establishment of the methodological foundation for financial security rules, purchasing and setting up the necessary hardware, creating and implementing the software, organizing access to the market and company analysis system, connecting the old and new financial security regulations, and coordinating communications and document management are all examples of necessary tasks (Abuzar, 2004).

Information should be included carefully in the decision-making process. It is not only via the regulation of formal procedures that the financial security system can be integrated into the management system of the organization. We believe that developing decision-makers is the answer to this issue. The minimum acceptable degree of financial security must also be included in the list of strategic indicators for the company, which suggests that the highest level of management must regularly monitor it (Abuzar, 2004).

### **2.3.2 Contribution of management efficiency and management system on working capital of commercial banks**

Even when a commercial bank is successful, it could not have enough cash on hand, especially if its assets are challenging to convert into cash. To ensure that it can continue operating, a firm must have positive working capital. This means that it must have enough funds on hand to cover upcoming operational costs as well as maturing short-term debt. Working capital management includes the management of a company's short-term assets and short-term liabilities. Working capital management is to ensure that a business can continue to operate and has the funds to settle both maturing short-term debt and approaching running expenses. Working capital management includes managing inventory, accounts receivable and payable, and cash (Oguntimehin, 2001).

Profitability and liquidity must be balanced in a company's daily activities. To ensure that businesses can fulfil their immediate responsibilities and that their ongoing cash flow can be secured from a successful business, liquidity is a prerequisite. Given cash's critical function within the organization, it should come as no surprise that it is essential as a gauge of ongoing financial health. This necessitates the efficient and profitable operation of a business. Asset-liability mismatches can temporarily boost a company's profitability, but they also raise the likelihood that the company will go out of business. On the other side, profitability is typically neglected in

finance textbooks in favor of liquidity. Organizations can protect themselves from the everyday pressures of a firm through effective working capital management (Afza & Nasir 2007).

The ability to manage working capital enables organizational management to meet urgent financial needs. It is difficult to argue against the need to maintain a sufficient operational capital. Money flow is necessary to keep businesses operating, much as blood flow is necessary to preserve life in the human body. The company will struggle to survive and grow if it declines. Small business failure is frequently attributed to a lack of working capital in both industrialized and developing nations. Poor financial management, particularly the absence of predicting cash requirements, exacerbates the cash flow issues that numerous small businesses face (Anand, 2001).

Working capital management, which aims to keep an ideal balance between each of the working capital elements, namely cash, receivables, inventory, and payables, is an essential component of the entire business strategy to create value. Furthermore, it offers businesses a significant competitive advantage. One of the most significant challenges facing commercial banks is that many financial executives are unable to recognize the fundamental working capital drivers and the appropriate level of working capital to hold in order to lower risk, effectively prepare for uncertainty, and enhance overall business performance. A commercial bank's ability to effectively manage its working capital can mean the difference between success and failure (Falope, 2009).

In order to be successful in company, one must be able to take advantage of every chance and look for tools and strategies that might help boost revenue. Net income, return on asset (ROA), and return on equity (ROE) are only a few examples of the financial performance metrics included in accounting reports. Even though they are not all meant to be profitable, every company activity needs resources to be sustained. Working capital is essential for a business's productivity, success, and survival. Maintaining sufficient cash to satisfy commitments when they come due and take advantage of investment opportunities demonstrates the economic entity's flexibility. Additionally, the availability of supplies for production helps the business meet client requests.

The management of a company's short-term assets and short-term liabilities is a component of working capital management. The goal of working capital management is to make sure a company can keep running and has enough cash on hand to pay off both maturing short-term debt and impending operating expenses. Controlling cash, inventories, accounts receivable and payable, and accounts payable are all included in working capital management. A company needs more money

as it grows to cover working capital and investments. The largest and most affordable sources of funding are available to businesses as working capital. Good working capital management enables businesses to increase cash flow, improve profitability, and lower risks (Oguntimehin, 2001).

Although working capital management may have a direct impact on a company's ability to survive and grow, general managerial factors like operations, marketing, and manufacturing have typically been linked to a company's performance levels. For businesses of all sizes to be financially sound, working capital management is essential. Because working capital investments typically represent a sizable portion of the total assets used, it is essential that these funds be managed accurately and effectively. It is impossible to exaggerate the significance of exercising strong control over working capital investment given the data that some businesses struggle to manage their working capital and that many of them are undercapitalized (Falope, 2009).

Even if a company is extremely profitable, if the profit is not converted into operating cash flow during the same operational cycle, the company will still need to borrow money to pay its ongoing working capital needs. Therefore, coordination is required between the twin goals of profitability and liquidity to avoid one from dominating the other for an extended period of time. To guarantee that future customers will obtain the goods or services they want, investments in current assets are required. These investments should have the desired effect on either profitability or liquidity when properly managed (Deakins & Steele, 2001).

### **2.2.3 Financial security on working capital**

A financial and security strategy is the creation of a long-term plan to ensure the accomplishment of the business's goals and objectives, particularly the provision of financial and security, as well as the planning of resource allocation in conditions of ongoing environmental instability and adaptation to shield it from influence threats and risks and achieve normal and safe functioning. The finance and security strategy specifies the system's aims and objectives, as well as the methods through which they will be achieved. It also describes the formats and procedures for applying the appropriate forces and means, the potential for rearrangement, and the formation of the necessary reserves for the neutralization and localization of possible threats.

Aspects of the financial and security strategy should describe and classify both internal and external threats to economic security, as well as identify and keep an eye on variables that

jeopardize the stability of the financial situation. the definition of parameters and standards that define financial and economic interests; principles in finances and security; the development of financial and economic policies and the necessary safeguards to prevent the operation of elements that endanger the security and stability of the financial system; Activity coordination and system administration of the financial and security systems are necessary to guarantee economic and financial security at all levels (Dotsenko, I., & Melnychuk, O., 2018).

The goal of financial and security strategic management, according to Dotsenko, I. and Melnychuk, O. (2018), is to improve finances and security by lessening the influence of destabilizing forces. As a result, we provide an understanding of the process for identifying long-term objectives of the operation of the financial and security system under the influences of both actual and potential threats to the external and internal environments as part of the strategic management of the financial and security system. Depending on the operational strategic objectives of the economic system, it is advisable to build a number of various management techniques for financial and economic security. This is due to the fact that it considers the present operating circumstances faced by domestic enterprises as well as the overall situation of the economy.

Working capital management and current assets management (CCC) both have a big impact on each other's efficacy. Adequate levels of liquidity are required to ensure that businesses can pay their short-term financial obligations. Managers need to be cautious about adding more money to working capital. Liquidity is the capacity of the business to fulfil its commitments on time. Instead, the company's ability to convert current assets into cash enables timely payment of current liabilities. How long a company can continue to operate depends on its ability to maintain liquidity (Akbar et al.2021). Working capital management (WCM) is important because it has a significant effect on a company's profitability and decision-making capabilities, which in turn affects how successful the firm may be financially. For the retail industry, working capital management needs to be appropriate and efficient. In order to maintain stability and remain competitive, businesses must maintain a balance between current assets and liabilities. Any company's primary goal is to make a profit, but management must always maintain a healthy amount of working capital (Akbar et al. 2021).

Working capital management, along with capital structure, capital budgeting, dividends, and the cost of capital, is a crucial concept in finance management (supporting long-term financial decisions). Working capital management is a common factor that directly impacts a company's profitability and liquidity. Mistakes in working capital management can be very expensive, but they can also provide you a big competitive advantage (Virkala 2015). According to Tanveer et al. (2016), one of the contentious issues in corporate finance is working capital management. It entails a great deal of challenging financial decisions that are crucial to the development of each unique firm because they impact return and profitability. Working capital management is highly challenging since it involves both current assets and current liabilities.

One of the key challenges for finance managers in the corporate sector is comprehending how working capital management impacts firm performance. These financial managers inquire, among other things, about the following: "Do working capital management practices influence firm performance?" and "What is the implication of the variations in the variables under study (financial performance and working capital management)?" According to an empirical study (Tanveer et al., 2016), there is ongoing discussion over the connection between working capital management and financial success that increases shareholder value.

### ***Common types of financial security***

Depending on the ownership status and variables influencing their value, there are many types of securities in which you can invest (Ivy, W., 2013). The market offers four main categories of financial instruments for trading:

#### ***Debit security***

The issuer of financial instruments referred to as debt securities has agreed to pay the bearer a specific sum of money by a specific date. Debt securities are tradable because ownership can be easily transferred between buyers and sellers. Debt securities commonly include things like corporate bonds, preferred shares, or collateralized debt obligations. Investing in securities of this type has many benefits. The main benefit is that they generate interest, which guarantees regular payments. They can also help investors diversify their portfolios, which is a great risk-management strategy.

### *Equity security*

Almost often, stocks that represent a portion of ownership in a company are regarded as equity securities. Historically, securities of this kind have been owned by shareholders. This type of investing in securities has advantages as well because it regularly pays dividends to owners. If you're considering investing in a company's shares, you should be aware of the possibility that their value could alter significantly. Typically, these price movements are influenced by various financial market developments.

### *Derivative security*

Derivative securities, or simply derivatives, are securities whose value may be determined based on an underlying asset that you can buy and sell. These often take the form of contracts stating the terms and conditions under which the buyer and seller will exchange money. Forward contracts, futures contracts, options contracts, and credit default swaps are the most typical types of derivatives.

### *Hybrid security*

At least two different financial instruments are combined to create hybrid securities. The most popular type of hybrid instrument is a convertible bond, which combines characteristics of a regular bond with the ability to react to changes in stock price. If you're contemplating investing in these securities, you can buy them directly on an exchange or through a brokerage. These assets are attractive because they can give you a fixed rate of return and can do so by paying dividends or interest.

### **2.3.4 The strategy to maintain financial security**

Taking into account the current situation and national features of security-oriented management, we can suggest three solutions for fulfilling the objectives of the financial and economic security strategic management at the micro and macro levels at the beginning of 2019. These methods are based on our personal experience, the findings of local and foreign researchers in the field of science, and the findings of practitioner expert surveys. a method for achieving financial and economic security that places a focus on image, branding, and reputation. The main goal of the strategy is to establish procedures that will fully disclose the outcomes of efforts made to ensure

that security, as well as to prioritize the system's information and interface components for financial and economic security (Biersteker, T.J. 2004).

Reputation and image hazards are the main contributing element. High levels of financial and economic stability are marketed as a brand for a company, a place to live, or a state, and this encourages positive attitudes from business partners, clients, and governmental agencies. The management's philosophy is centred on the need for employee loyalty, the importance of spreading useful information about the topic, and its value to society. When examining difficulties with national financial and economic security, indicators of how well a business, institution, or organization delivers financial and economic security are used to rate them against other economic entities or in comparison to other states globally. Partnerships with stakeholders and the protection of their interests are essential components of any strategy for establishing financial and economic stability (Biersteker, T.J. 2004).

The approach's main goal is to provide a secure environment in which the subject can conduct their activities while also meeting the financial expectations of others who are interested in the results. It is now possible to manage financial and economic security in the context of staff leasing and outsourcing thanks to the development of stakeholder influence and need matrices. In their capacity as experts, particular stakeholder categories take an active part in establishing the degree of financial and economic security. Based on the interests of the stakeholders, the goal and particular directions of managing financial and economic security are selected (Eckert, S.E., 2008).

A plan aims to attain a state of monetary and economic security by professional collaboration, control, and standardization. The foundation of the approach is the establishment and upholding of organizational or state-level rules for the management of financial and economic stability. It is vital to maintain control over the level of financial and economic stability, evaluate it frequently, and recognize new systemic concerns both now and in the future. Experts are consulted to discuss the topic's external hazards. The use of solely mathematical tools and security policies to produce information support for managerial decisions is insufficient due to the development of a system of financial and economic security, making the expert's judgment in this approach vital (Eckert, S.E., 2008).

The management of the financial and economic security system can only be fulfilled, in accordance with Eckert, S.E. (2008), if specialists are hired. Security-related decisions often need to be made



quickly, adaptably, and impartially. It goes without saying that using any of the suggested tactics in their "pure form" will have a smaller impact than doing so in combination. The top management's or public officials' choice of specific management approaches for the financial and economic security system, however, is dependent on the system's present and potential future functioning and development contexts.

As a crucial component of bank security, financial stability ensures the safety of the bank's most important financial interests related to the execution of the adopted development strategy and the achievement of the desired competitive positions in the face of both internal and external threats. As a result, the banking system must work to ensure both the financial security of each bank as well as the stability of the system as a whole. The high level of social development in the context of the national economy's increasing globalization and openness, as well as the competition on the financial markets, which is intensifying, prevents the process of realizing the strategic development directions of banks in terms of profitability and risk minimization (Biersteker, T.J., 2004).

This establishes the urgency of resolving the issue of safeguarding the banks' financial security, allowing them to take preventive measures and lessen the crisis's harmful consequences on the country's banking sector. There is currently no consensus among academics over how to define the nature and traits of bank financial security, as well as the processes and techniques for its quantitative assessment and identification of security level. We concur with academics who believe that the protection of a bank's financial interests, a sufficient number of resources, and the presence of stable growth dynamics for key indicators in both the present and the future are indicators of the bank's financial security. These characteristics are attained by using a sound financial strategy, flexibility in the adoption of financial decisions, and prompt response to both internal and external dangers (Biersteker, T.J.,2004).

The goal of ensuring the banks' financial security should be to balance out structural imbalances in their growth and the detrimental effects of disruptive internal and external disturbances. The status and level of bank security may vary over time, but if these variations are small, the development of the security will not be significantly altered. Utilizing contemporary tools to assess the dynamics of the bank's financial security is necessary for efficient management of its operations. Given the goals, objectives, and interests of all parties involved, this enables an

objective description of the current state of security and quick notification of threats to the bank's financial security (Biersteker, T.J.,2004).

### **2.3.5 Bases financial security and financial stability of a bank**

The presence of a well-functioning infrastructure can increase financial stability. This is a very complete idea that covers the payment system, the technological foundation, as well as the framework for regulation and supervision. One crucial responsibility of the central banks is to oversee the payments system. In this regard, ensuring reliable and efficient payment networks is a fundamental ongoing duty of any central bank. The central banks' role as lenders of last resort is related to this. One solution offered by central banks is emergency liquidity assistance, which is possibly the most traditional role for addressing financial instability. In the event of a market disruption, central banks can help to calm the markets by simply being prepared to offer liquidity support if needed. It involves both emergency lending to specific banks and the injection of liquidity to the financial sector as a whole through market operations (Eckert, S.E., 2008).

Together, these two crucial tasks support the system's security. Adding technological infrastructure to the security of financial processes. Financial systems must constantly modify themselves to keep up with the accelerating pace of technological advancement. This also applies to new goods, which call for improved user and supervisor understanding of the dangers and advantages built into them. At this point, data accuracy and integrity become important for effective regulatory oversight and institution risk management (Eckert, S.E., 2008). The necessity for the supervisory agencies to be proactive and prioritize centralized oversight is growing. Policy makers must, in my opinion, be cognizant of the dynamics in the highly interconnected markets. Initiatives to reinforce financial infrastructure and lower the financial system's sensitivity to crises, particularly in the areas of payment services and securities settlement, should be given top attention (Eckert, S.E., 2008). These initiatives should involve broadening transparency regarding their goals, recognizing hazards, and exchanging ideas with players in the financial system to help them become more aware of dangers and take appropriate action.

By articulating principles and outlining best practices, international initiatives facilitate this process. We have the chance to collaborate and exchange information on these global platforms. We can all agree that Basel II is an important step in that direction, despite being extremely

extensive and requiring our complete devotion. Without a doubt, the primary Basel II pillar on capital sufficiency is a crucial component of an institution's financial soundness. But I want to emphasize the significance of its other two pillars. A supervisory review is absolutely necessary to assess the risk management of an institution. Effective corporate governance within an institution is complementary to this (Levine, R. et al. 2013).

Last but not least, market discipline makes sure that the market offers a second set of eyes to examine the stability of institutions. In a larger sense, we could draw the conclusion that improving market discipline under a defined prudential framework can assist in striking a better balance between the stability and efficiency of the financial system. In this regard, we as the Central Bank are well conscious of our duty to carry out sensible and well-coordinated policies and to communicate with the markets about these policies in a manner that is as transparent and timely as possible. All of these elements help people feel financially secure, which improves the system's financial stability and allows for future policy decisions to be made (Levine, R. et al. 2013).

As a result of the financial crises encountered on the path to globalization, financial liberalization, and technological advancements, "financial stability" which is consistent with the goal of ensuring price stability has emerged as one of the top policy issues for central banks. Although there is a well-accepted concept of price stability, I should note that financial stability is considerably harder to pin down. Financial stability, according to the European Central Bank, is the capacity of the financial system to resist shocks without limiting the ability to turn savings into investment possibilities. The absence of systemic financial crises and the resilience of the financial sector are highlighted in another version. According to Nasreen, S., & Anwar (2020), it is also known as the financial system's capacity to perform well in the presence of shocks, challenging situations, and considerable structural change.

Policymakers are well aware of the possibility that financial instability could hinder economic growth and cause serious disruptions, manifesting as decreased market liquidity, excessive asset price volatility, and ultimately as banking and currency crises. As a result, a lot of central banks now see financial stability as a secondary goal to price stability. The autonomy of central banks in monetary policy has been noticeably increased recently, and other autonomous authorities have taken up the oversight and regulation of financial institutions. All central banks' primary responsibility has been and will continue to be the maintenance of financial stability. The role of

central banks in ensuring financial stability has expanded and become more structured in the contemporary period. Financial stability is regarded by central banks as a significant and independent goal. Given that a serious financial system disruption would have an impact on the implementation and effectiveness of monetary policy and that macroeconomic stability helps to lower the risks to financial stability, central bank's view price stability and financial stability as being intertwined (Nasreen, S., & Anwar, S., 2020).

Since there is no single indicator or measure that can be used to determine whether the financial system is stable or not, measuring financial stability is obviously more difficult than measuring price stability. Accurate statistical data requirements advance in light of the significant advancements in novel financial instruments, such as hedge funds, and the contagion risk they carry. Moreover, it is crucial to keep an eye on the risks brought on by the household and corporate sectors when evaluating the financial stability of a country. In this context, all central banks worldwide are focusing on creating new instruments and stress tests for determining financial stability. Regardless of whether a central bank serves as the supervisory authority or not, they are restructuring themselves in order to directly and effectively monitor financial stability and to develop new analysis tools (Tsagkanos, A., et al., 2018).

In fact, there is such a strong connection between stability and financial security that one could easily claim that one requires the other or vice versa. The health of the financial systems, effective resource allocation, and efficient management and distribution of risks in the economy are all influenced by financial security and stability. The government of every nation must uphold and protect financial stability in order to have a sound national financial system and to contribute to the overall soundness of the global financial markets. The most crucial element of this dynamic process will undoubtedly be the coordination of policy between institutions at the national and international levels (Tsagkanos, A., et al., 2018).

## **2.4 Empirical Review**

A study on succession planning and human resource management in higher education in Nigeria was done by Fapohunda (2015). The study's precise goals were to look at how academic staff in Nigeria's higher education institutions were affected by talent retention, human resource management, and succession planning. The study's findings revealed that most public institutions

in Nigeria do not make any deliberate efforts to retain talent or plan for the academic staff's succession in terms of human resources.

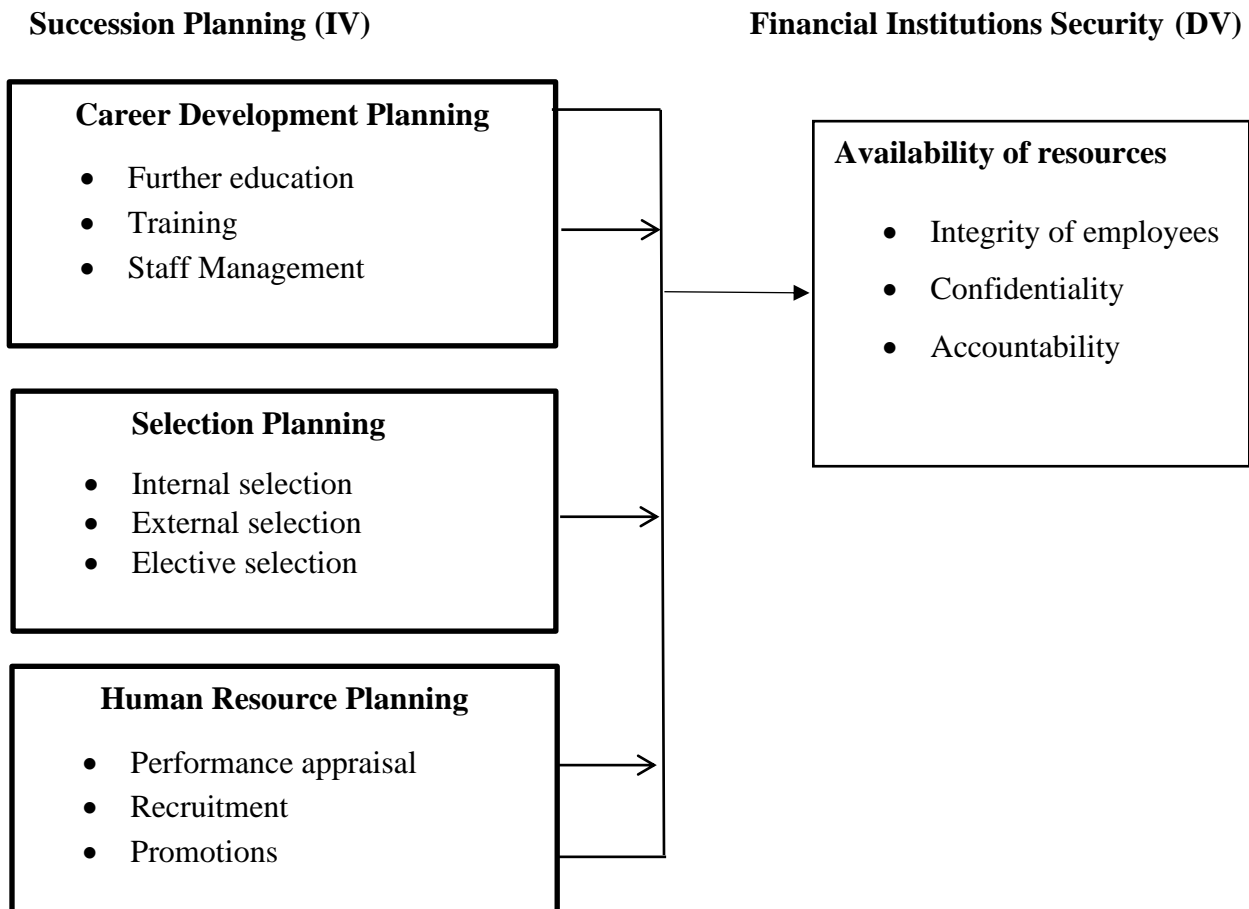
Farashah, Nasehifar & Karahrudi, (2011) conducted research on succession planning and its impacts on worker career attitudes in a government agency in Iran. The study's particular goals were perceptions of employee career attitudes, perceptions of career achievement, and perceptions of promotion satisfaction. According to the study's findings, there is a link between detailed succession planning, professional achievement, and satisfaction with the promotion process. There is no association between perceived employment stagnation and the depth of succession planning. In addition, the study identified effective practices for succession planning design.

Abd Rahman Ahmad, (2020) carried out research on effective succession planning strategies in higher education institutions. Planning for succession could ensure that a company has a stable leadership structure. Organizations are beginning to understand how crucial effective leadership is to sustaining long-term business productivity. Because it is more conversational and allows the researcher to ask the questions in a more flexible manner, the semi-structured interview, which lasts for thirty to forty minutes, was used as the interview technique throughout this research. The systematic succession planning strategy of University A was discovered through the interview method. The core data came from interviews and demonstrates University A's systematic succession planning. The acquired data will demonstrate some of the methods. Overall, Rothwell's seven-point model has been implemented by the succession planning management. The process of finding a managerial position at the chosen university was secured by Rothwell's seven-pointed approach. The researcher in this study has provided a response to the research question and objective. The final findings included more details about the succession planning procedure and the study's recommendations. If the data collection can be broadened to include all levels of management at universities, as opposed to this research, which only covered the personnel involved in the strategic position level, future research on succession planning in higher education can be enhanced to acquire better research results.

## 2.5 Conceptual Framework

The conceptual framework illustrates the perceived link between the independent variables (succession planning) and the dependent variable is employee performance.

**Figure 1 Conceptual Framework**



Source: *Researcher, 2022*

## 2.6 Summary of the chapter

This chapter is called literature review, where academic books, articles, and other sources that are relevant to a certain topic of study are examined. It's also included the following parts: key word of the study, theoretical review on succession planning, theoretical review on financial institutions security, conceptual framework and empirical Review.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter's main goal is to emphasize the strategies and tactics that to be employed to gather the information needed to complete the study. This chapter presents various ways in which the study is going to be designed and conducted. These include the area of the study, study population, sample size of the study, data collection instruments, processing and data analysis.

#### **3.1 Study area**

Zigama Credit and Savings Society is a Financial Cooperative with a membership drawn from six security institutions such as: The Rwanda Defence Force (RDF), Rwanda National Police (RNP), Rwanda Investigation Bureau (RIB), Rwanda Forensic Laboratory (RFL), National Intelligence and Security Service (NISS) and Rwanda Correctional Services (RCS). For almost 23 years, Zigama has been improving the lives of its members and their families by promoting a culture of saving, providing loans with competitive interest rates and making banking easier. We have branches across Rwanda and serve more than 100,000 valued members.

#### **3.2 Research design**

This part serves as the guide for gathering, measuring, and analysing data. To accomplish the stated research aims, this study used a case study research methodology because the information needed for this study would not be in a quantitative or numerical form and since the respondents' opinions and experiences would be required, a qualitative approach would be chosen. When using a qualitative approach, a researcher can read and interact with information critically while also focusing on the key points from a large body of data (Braun & Clarke, 2013).

#### **3.3 Target Population**

The researcher gathered the data from several ZIGAMA CSS employees working in various departments throughout various Kigali-based branches. To gather data relevant to the topic, the researcher purposively chose 25 respondents from top, medium, and lower-level management.

### **3.4 Sample size of the study**

The target population's accessibility as well as time and resource restrictions were determined who the responders are. Due to these limitations, the researcher selected a total of 25 respondents and interviews were purposefully selected from each category of the population under research in order to provide the necessary study data. To accomplish the objectives of the study, the researcher formed two groups such as group X (top level and lower-level management) and group Y (medium level management).

### **3.5 Data collection and methods**

The researcher used to gather data on purpose. In a form of non-probability sampling technique known as "purposive sampling," researchers choose individuals of the general population to take part in their surveys depending on their own judgment. It is also known as subjective, biased, or judgemental sampling. Because every survey respondent is chosen because they fit a particular profile, researchers employ purposeful sampling to focus on a particular subset of people. In order to gather data from the study's whole population those who are expected to contribute information relating to the study's goals interviews, focused group discussions, and documentation was used in this study.

#### **3.5.1 Interview**

Qualitative questions were posed in relation to the study's goals in order to get direct information from respondents. The researcher was able to collect information about the effect of succession planning on the safety of financial institutions in Rwanda using this technique. Interviews were employed by the researcher to gather information from respondents and other sources pertinent to the research problem. To get the data, both primary and secondary sources were utilised. A dialogue in which the researcher tries to elicit information from the interviewee is called an interview. It is feasible to conduct both scheduled and unstructured interviews.

This approach makes the assumption that the interviewees have the necessary data, are aware of the questions being asked of them, and are prepared to reply appropriately. In this instance, an interview was organized around the study's framework questions. Because the researcher plans to conduct qualitative research and because the target population's categories are known, these are the most preferred methods of data collection.



### 3.5.2 Documentation

To gather secondary data, the researcher reviewed a variety of published text, including textbooks, web publications, reports, periodicals, and journals. This approach was aid in ensuring expectations and consent. Building a narrative around decisions taken and how your client was reacting in various circumstances also helps.

#### *Research operationalisation*

R. O	DV	IV	Dimension	Indicators	Research Questions
<ol style="list-style-type: none"> <li>1. To establish the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda</li> <li>2. To analyze the effects of selection and human resource planning on financial security of ZIGAMA CSS Rwanda</li> <li>3. To identify the contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda</li> </ol>	Financial institutions security	Contribution of succession planning	<ul style="list-style-type: none"> <li>- Low level of using management systems</li> <li>- Low skills</li> </ul>	<p><b>Career Development Planning</b></p> <ul style="list-style-type: none"> <li>• Further education</li> <li>• Training</li> <li>• Staff Mgt</li> </ul> <p><b>Selection Planning</b></p> <ul style="list-style-type: none"> <li>• Internal selection</li> <li>• External selection</li> <li>• Elective selection</li> </ul> <p><b>Human Resource Planning</b></p> <ul style="list-style-type: none"> <li>• Performance appraisal</li> <li>• Recruitment</li> <li>• Promotions</li> </ul>	<ol style="list-style-type: none"> <li>1. What is the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda?</li> <li>2. What are the effects of selection and human resource planning on financial security of ZIGAMA CSS Rwanda?</li> <li>3. What is the contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda?</li> </ol>
	Financial institutions security	Contribution of succession planning	<ul style="list-style-type: none"> <li>-Investment in financial institutions</li> <li>-Management capacities services</li> <li>-Expertise of implementing financial institution security</li> </ul>	<p><b>Availability of resources</b></p> <ul style="list-style-type: none"> <li>• Integrity of employees</li> <li>• Confidentiality</li> <li>• Accountability</li> </ul>	

**Source:** *Researcher, 2023*

### **3.6 Validity and reliability**

The objectives of validity and reliability are to evaluate each interview question's time requirements, logicalness and context, clarity and readability, completeness of the provided answers, and validity. Therefore, the pre-testing allowed the researcher to gauge how simple it would be to manage and analyse the data that was collected. Any question that was discovered to be ambiguous during the pre-testing or that had been viewed differently was reworded so that it is obvious to all respondents.

### **3.7 Data analysis and methods**

The study's methodology combines theme analysis and narrative analysis. In order to understand how research participants, construct stories and narratives based on their unique experiences, researchers employ narrative analysis. There are primary and secondary levels of interpretation in story analysis. The research subjects utilize story to understand their own lives before the researcher analyses the narrative's structure. Braun and Clarke (2006) define theme analysis as a type of qualitative data analysis that comprises identifying, analysing, and documenting recurrent patterns in a data collection. It's a technique to describe facts, but it also takes interpretation into account when choosing the codes and themes. The researcher utilized both techniques to analyse the information gathered through concentrated group discussions and interviews.

### **3.8 Ethical Consideration**

The data gathering and analysis phases of social research should be ethical. All of the targeted respondents who participated in the study were made aware of its purpose and given the choice to either take part or not, with no promise of rewards. The researcher did not intentionally misrepresent the findings or deceive individuals when writing reports, always aiming for objectivity and honesty.

### **3.9 Study delimitations and mitigation strategies**

This study depends on specific people, organizations, or documents being available and accessible; as a result, data collection may be hindered if access is prohibited or denied for whatever reason. The researcher made it possible for access to the people, organizations, and documents important to this study by being ethical enough to settle any doubt that might have restricted the necessary access. The researcher must meet with the organization's officials to go over the study's goals before starting to gather data. Humans have a wide range of values, cultures, actions, and views.

Some people are unable to answer in a similar manner, and in this regard, the explanations were unfair. The researcher merely thought that accurate and correct information contributed to the quality of the data that were needed.

### **3.10 Summary of the chapter**

This chapter was about research methods where it's emphasized on the strategies and tactics to be employed to gather the information needed to complete the study. This chapter presents various ways in which the study is going to be designed and conducted. It's also identified the following parts: research design, target Population, sample size of the study, data collection and methods, validity and reliability, data analysis and methods and ethical consideration.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTEPRETATION**

#### **4.0 Introduction**

This chapter focuses on how to analyse and interpret respondents' data in connection to the researcher's goals and open-ended research questions. The researcher examined and qualitatively analysed the data gathered from the field in this chapter. The researcher then sat down to analyse and interpret the findings of conversations based on field questionnaire completion and interviewing. The qualitative data presented in this chapter is made up of data gathered from ZIGAMA CSS Rwanda, and it makes recommendations regarding the need of succession planning for the security of financial institutions, particularly ZIGAMA CSS Rwanda.

#### **4.1 Profile of Respondents**

This part provides background data on the respondents' gender, age, education, and work experience in relation to the finance institution. It also provides information on the respondents' level of education. This was taken into account due to the significant contribution it makes to the study, as the factors assist in illuminating the reasoning behind the responses given by the various respondents. According to age, gender, and educational level, the study used a sample of 25 respondents from a variety of sources. In order for the researcher to classify and compare each example appropriately, respondents were requested to offer information about their respective profiles through a closed-ended questionnaire in each instance. The perceptions and experiences of the respondents are the focus of this chapter. The field visit for data collecting and the respondents are crucial since they provided the study's methodology with a wide range of perspectives.

**Table 1 Respondents profile**

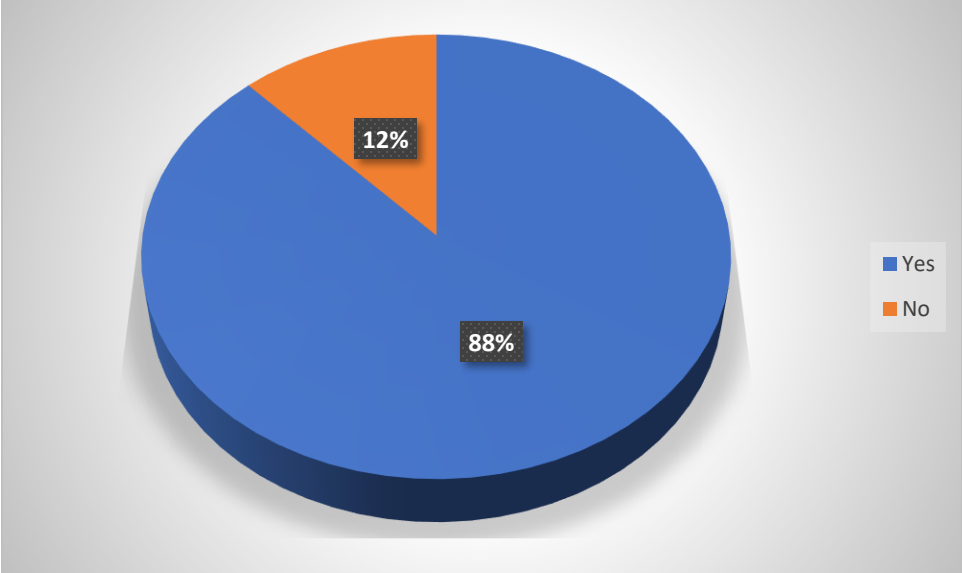
<b>Gender</b>		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Male	18	72.0	72.0	72.0
	Female	7	28.0	28.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	
<b>Age</b>		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	Between 20-30 Years old	6	24.0	24.0	24.0
	Between 31-40 years old	8	32.0	32.0	56.0
	Between 41-50 Years old	7	28.0	28.0	84.0
	51 years and above	4	16.0	16.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	
<b>Level of education</b>		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid	PhD or Doctorate level	1	4.0	4.0	4.0
	Masters level	6	24.0	24.0	28.0
	Bachelor's degree	12	48.0	48.0	76.0
	Diploma level	3	12.0	12.0	88.0
	Secondary level	3	12.0	12.0	100.0
	<b>Total</b>	<b>25</b>	<b>100.0</b>	<b>100.0</b>	

**Source:** *Primary data, 2023*

Table 1 shows that 72% of the total respondents, or 18 respondents, were men and 28% of the total respondents, or 7 respondents, were women. 72% of the total responses are men, making up the majority of respondents. The same table showed that 6 respondents, or 24% of all respondents, were between the ages of 20 and 30; 8 respondents, or 32% of all respondents, were between the ages of 31 and 40; 7 respondents, or 28% of all respondents, were between the ages of 41 and 50; and 4 respondents, or 16% of all respondents, were 50 years of age or older. 8 respondents, or 32%

of all respondents, are between the ages of 31 and 40, making up the majority. The table above also showed that 1 respondent, or 4% of all respondents, has a PhD or doctorate degree, 6 respondents, or 24% of all respondents, have a master's degree, 12 respondents, or 48% of all respondents, have a bachelor's degree, 3 respondents, or 12% of all respondents, have a diploma level, and 3 respondents, or 12% of all respondents, have a primary level. 48% of all respondents had a bachelor's degree, which represents the majority of respondents. The researcher took into account the gender balance, various sorts of respondents based on age, and various educational levels when collecting data, as shown in the table above.

**Figure 2: Is there the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda?**



**Source:** *Primary data, 2023*

The figure 2 indicates that 88% of total number of respondents agreed that there is the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda and 12% of total number of respondents disagreed that there is the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda. The majority of respondents with 88% of total number of respondents agreed that there is the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda. The respondent’s perception below discussed about the extent

to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda.

#### **4.2 Career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda**

Group X's (top and lower-level management) responses is that: *“career development planning serves as a conduit between an individual's motivation and drive and the organization's talent management strategy. Group X's (top and lower-level management) responses says that: a career development plan is necessary for a motivated workforce with a pipeline of capable leaders. Group X's (top and lower-level management) responses concurs that leadership training in ZIGAMA CSS Rwanda can be advantageous regardless of your career stage because it can help you as a leader identify your unique leadership style, which you can then refer to and build upon throughout your career. In order to maintain financial institution security through succession planning in ZIGAMA CSS Rwanda, Group X's (top and lower-level management) responses states that leaders must be knowledgeable about how to set direction, design teams, coach colleagues, deliver feedback, and build strong, trusting relationships with their direct reports (CSS administration department, on 15/03/2022).*

Group Y's (middle-level management) responses is that: *career development planning based on Real Feedback from Experienced Leaders, where the exposure to other leaders from whom you can learn and develop is one of the biggest advantages of leadership training. When trying to develop these skills on your own, it can be difficult to find the insights and feedback that come from discussions, debates, and the general free exchange of ideas with others. Group Y's (middle management) responses is that that honing your leadership abilities is a crucial component if your ultimate professional aim is to become a prosperous entrepreneur since it can help you acquire the abilities required for creating and managing high-performing teams (CSS finance department, on 15/03/2022).*

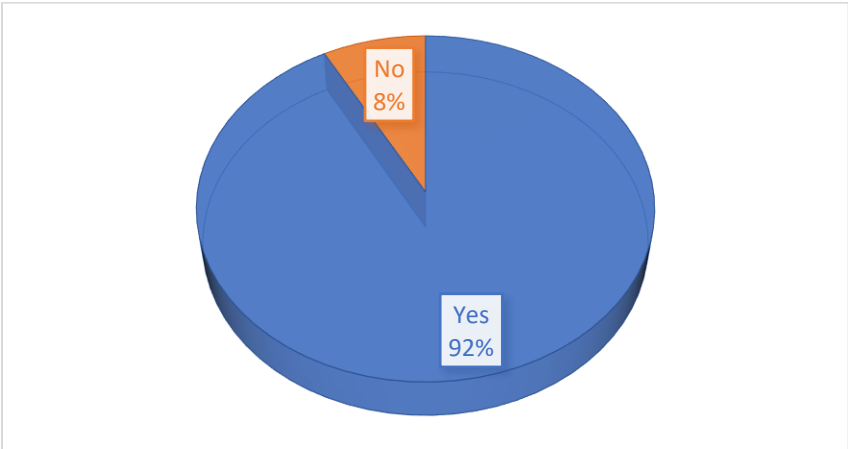
The researcher adds that there are advantages to hiring from within when there are available leadership roles in a company or organization, as study into how career development planning affects effective leadership and financial stability in ZIGAMA CSS demonstrated. On the one hand, it's frequently less expensive because you don't have to pay for hiring, screening,

interviewing, and otherwise assessing candidates. On the other hand, internal promotions frequently result in a quicker ramp-up period because the employee is more likely to be familiar with the way the company runs.

Companies need to offer a path for their employees to acquire the skills required for success if they are to enjoy the advantages of internal promotion. A good method to do this is to fund professional development projects like leadership training. Additionally, it can increase staff retention: Up to 94% of workers claim they would remain with a company longer if it made an investment in fostering their professional development. This is the way employer can create a sense of security in institution by making the employees to feel value and feel secure in their jobs.

This refers to the theory of Mattone, (2013) by claiming that, if succession planning is standardized across all organizations, the business will grow stronger and more capable of having an impact on the communities it works with. Developing staff skills is not a loss when employees leave the company for better opportunities; instead, the entire network benefits as workers increase their capacity to respond to community needs in an efficient and economical manner. Organizations frequently forgo training staff in an effort to keep employees from leaving the company for greener pastures. Organizations must implement succession planning and train personnel to strengthen the humanitarian network in order to have a greater impact on the individuals and communities they serve. The following section gives a description of succession planning in organizations.

**Figure 3: Are there the effects of selection planning on financial security of ZIGAMA CSS Rwanda?**



**Source:** *Primary data, 2023*



Figure 3 shows that 92% of respondents overall agreed that selection planning has an impact on ZIGAMA CSS Rwanda's financial security and 8% disagreed. With 92% of the total respondents, the majority of respondents (respondents) agreed that selection planning has an impact on ZIGAMA CSS Rwanda's financial security. The perceptions of the respondents are presented below in relation to the impact of selection planning on ZIGAMA CSS Rwanda's financial security.

#### **4.3 Effects of selection planning on financial security of ZIGAMA CSS Rwanda**

According to respondents X (high and lower-level management), *“selection is one of the most important HRM procedures in use at ZIGAMA CSS Rwanda. Despite the fact that recruitment is the beginning of the hiring or selection process, each of these steps is practically independent of the other. The quality of the employees in an organization is actually eventually determined by recruitment and selection. In other words, it's critical to find, encourage, and develop talented individuals who have the necessary methods and talents”* (CSS credit department on 22/03/2022).

According to respondents Y (middle- level management), *“selection in ZIGAMA CSS Rwanda can be carried out using a variety of instruments, including job applications, curriculum vitae, interviews, background checks on candidates and their references, as well as honesty and integrity. Additionally, effective policies for attracting and selecting the best candidates are essential for creating and maintaining a successful company”*. This is so because every organizational, managerial, financial, and technological process revolves around the human. Organizational environment is significantly influenced by the hiring process. Selection criteria have an impact on the organization's principles and culture (CSS operation department on 22/03/2022).

According to the researcher, the hiring distinctive and highly competent workers boosts organizational efficiency and that the selection process is crucial for a number of reasons. A good selection process keeps the desirable candidates and eliminates the unwanted ones from the start. It is very expensive to select the wrong candidate for a job opening. This cost resulted from testing, interviewing, and training the incorrect candidates, which led to financial institution instability.

Financial instability destroys the institution's strategy meant to reduce the risks of financial instability and increase the safety of its existence.

This refers to the theory of Keren N., (2003), the basic security plan serves as a framework for analysing and monitoring the effectiveness of current security processes after it has been authorized. According to new threats and vulnerabilities, actual assaults or incidents, adjustments to performance or business requirements, and adjustments to regulatory requirements, the planning and selection should be reviewed and updated.

#### **4.4 Human resource planning affect financial security of ZIGAMA CSS Rwanda**

Respondents X (top and lower-level management) says: *“Human resource planning may significantly contribute to the achievement of strategic objectives and the creation of competitive advantage for ZIGAMA CSS Rwanda. This is relevant if human resources can actively contribute to the eventual development and application of useful human resource computing. Employees are a resource within the organization and as such, they create quality work”*. Human resources are not only workers; they are also managers. Respondents X (top and lower-level management) states: *“An organization's human resource's function is successful when it possesses the knowledge, skills, and aptitudes necessary to carry out planned tasks. In order to transform these needs into levels of knowledge and abilities, ZIGAMA CSS Rwanda must ascertain the level of human resources development required for specific work assignments”* (CSS IT department on 22/03/2022).

Respondents Y (middle management) says: *“good human resource planning is knowledge and the ability to carry out specific types of activities, whereas high-quality human resource development typically entails a combination of technical expertise and application skills”*. Respondents Y suggest that: *“The human resources development is a degree of performance that demonstrates the successful use of management, knowledge, and abilities”*. According to respondents Y (middle management), *competency attributes included reasons, traits, a positive self-concept, knowledge, and abilities. While motivations, characteristics, and self-concepts are more deeply ingrained in the individual, knowledge and skills are more easily developed and quantifiable. As a result, the combination of the aforementioned indicators and the ability, which includes conceptual and analytical capabilities, aids in the long-term sustainability of financial institution security* (CSS credit department on 22/03/2022).

Based on perception of respondents X (top and lower-level management) and Y (middle management), The researcher says that human resource planning affected ZIGAMA CSS Rwanda's financial security through *conceptual skills*, which are cognitive abilities to see an organization as a whole system and relationships between its parts, which include thinking, information processing, and manager's planning ability, *interpersonal skills*, which are the capacity to work with and through others and function effectively as team members, where these skills are reflected through the ability to work with others and through others and *technical skills*, which are the capacity to comprehend and excel in carrying out specific tasks, include mastery of methods, techniques, and equipment used in certain functions such as engineering, manufacturing, or finance. Communication skills, on the other hand, involve the ability to convey information to one or more people using oral, written, or image communication. All of those skills when they are combined, constitute financial institution skills which is a “set of interconnected elements, subsystems, financial instruments, methods and measures that can ensure the safety of the ZIGAMA CSS and the achievement of its main objective of activity.

The above mentioned refers to the theory of Keren N., (2003) by stating that vulnerability testing and security scanning ensure that management's plans are being carried out and that no previously unknown vulnerabilities exist. A review of the actual configuration [using scripts or automated tools] and the usage of automated vulnerability assessment tools may be included in security testing. The application environment affects the security testing techniques chosen. According to the most recent facts, analyse and update the security plan. Once the basic security plan has been approved, it serves as a foundation for monitoring and evaluating the efficacy of the security controls already in place.

#### **4.5 Contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda**

Respondents X (top and lower-level management) says that: “*the contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda indicates that Management efficiency and management system on working capital aims at maintaining an optimal balance between each of the working capital components, that is cash, receivables, inventory and payables is a fundamental part of the overall corporate strategy to create value and is an important source of competitive advantage in businesses. Therefore, it is one of the most*

*important issues in ZIGAMA CSS Rwanda to identify the basic working capital drivers and the appropriate level of working capital to minimize risk, effectively prepare for uncertainty and improve the overall performance of their businesses” (CSS Finance department on 22/03/2022).*

Respondents Y (middle management) says that: *“Contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda showed that the existence of management efficiency and management system on working capital can make a substantial difference between the success and failure of a ZIGAMA CSS Rwanda. In the world of business, the ability to seize every opportunity and to seek practical business tools and techniques to improve the financial performance are of paramount importance for success. Accounting reports provide different measures of a firm’s financial institution security is based on performance of it through net income, return on asset (ROA), or return on equity (ROE). Although ZIGAMA CSS Rwanda is a profitable business that needs resources to support all its activities” (CSS administration department on 22/03/2022).*

Based on the above perception, the researcher says: There is evidence that some businesses are not very good at management efficiency and management system on their working capital given that many of them suffer from under capitalization, the importance of exerting tight control over working capital investment is difficult to overstate. Poor working capital management hence liquidation and eventually closure of the companies and other merging, it is believed that ZIGAMA CSS Rwanda faces with a challenge of management efficiency and management system on working capital that can be a root of its financial insecurity.

This refers to the theory Anand, (2001) By stating that just as blood circulation in the human body is extremely vital to preserve life, the flow of funds is extremely necessary to maintain business, the requirement for keeping a sufficient working capital can scarcely be questioned. If it deteriorates, the company will struggle to thrive and endure. Working capital deficiency is frequently cited as a significant factor in small business failure in both developed and developing nations, if not the primary factor. Poor financial management, in particular the absence of forecasting cash requirements, exacerbates the cash flow issues faced by many small enterprises.

**Table 2: The challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>
Customer dissatisfaction	25	1.00	4.00	1.9200
High competition	25	1.00	4.00	1.7600
High risk in loan management	25	1.00	4.00	1.8800
<b>Valid N</b>	<b>25</b>			

**Source:** *Primary data, 2023*

The table above was interpreted through the mean range interpretation based on response code as follow: Response code1: Strongly Agree, response code2: Agree, response code3: Disagree and response code4: Strongly Disagree

**Mean interpretation**

<i>Mean</i>	<i>Evaluation</i>
3.26 – 4.00	Very low
2.51 – 3.25	Low
1.76 – 2.50	Moderate
1.00 – 1.75	High

**Source:** *(Aggesti, 2009)*

The table 2 shows that Perception of respondents X (top and lower-level management) and Y (middle-level management) agreed that: Customer dissatisfaction is a challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda with mean of 1.9200 which is moderate, High competition is a challenges of succession planning Vis a Vis financial security in

ZIGAMA CSS Rwanda with mean of 1.7600 which is moderate and high risk in loan management is a challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda with mean of 1.8800 lower level. The average mean is 1.8533 which is moderate and needs to be minimized in lower level.

The researcher confirms that: Challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda are harmonized information of the institution which is critical in this regard, it's is unpredictable due mother institutions that recall the staffs any time, Loss of knowledge from experienced workers and they cost for training others and early retirement of staffs from security department which results to train every time as one leaves the office.

This refers to the theory of Karen N., (2003), the security Plan are made using the most recent data. Once the basic security plan has been approved, it serves as a foundation for monitoring and evaluating the efficacy of the security controls already in place. The plan should be evaluated and modified in light of emerging threats and vulnerabilities, actual attacks or incidents, modifications to performance or business requirements, and adjustments to regulatory requirements. The Information Security Booklet contains information on security self-assessment, access by security personnel to and use of automated tools designed for complex financial institution systems, automated security policy and security log analysis, configuration management processes, vulnerability and patch management, maintenance of authentication and access control systems, maintenance of use of intrusion detection, firewall, and other security appliances, as well as activity related to oversight.

#### **4.6 Summary of the chapter**

This chapter analysis is based on objectives of the study which is to establish how career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda, to analyse the effects of selection and human resource planning on financial security of ZIGAMA CSS Rwanda and to identify the contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda. Its realises that career development planning helped to establish the practice of inventory control, improved financial performance of the institution by encouraging saving, and improved the reputation of the banking industry. The availability of funds for businesspeople and companies, the attainment of performance goals, and outstanding customer

service all benefit from career development planning. Smooth turnover also promotes stable and effective leadership. It offers on-the-job training, boosts staff members' professionalism, self-assurance, and market awareness, and offers ongoing training.

It's realizing that selection planning can aid in financial institution stability, aids in the use of funds/loans and reduces defaults, aids in saving mobilization and customer satisfaction, pursues board-signed objectives, and aids in the growth for the sustainability of the bank, which is required for its security. It's also realizing that planning for human resources may always advance if its capabilities are strengthened, which can have a beneficial impact on financial stability because hiring is dependent on staff capacity and competence. By providing members with improved services from dependable staff, assisting them in maintaining their businesses, and also assisting in filling gaps and improving service delivery, human resource planning has an impact on members' happiness. Training and development programs that improve employee performance and competence in achieving organizational goals have an impact on financial stability. By properly allocating workers and offering professional training connected to job objectives, it is also affecting financial stability.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter presents the final summary of the research findings, the conclusion, the recommendations and suggestions for future research. Both the summary of findings, conclusion and recommendations are based on the objectives of the study such as To establish the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda, to analyses the effects of selection planning on financial security of ZIGAMA CSS Rwanda, to analyses how human resource planning affect financial security of ZIGAMA CSS Rwanda and to identify the contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda.

#### 5.1 Summary of findings

The findings shows that most of respondents with 88% of total number of respondents agreed that there is the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda. The respondent's perception below discussed on how career development planning affects effective leadership and financial security of ZIGAMA CSS Rwanda. Therefore, the researcher says that the extent to which career development planning affect effective leadership and financial security in ZIGAMA CSS shows that some businesses and organizations with open leadership positions look outwards for job candidates, there are benefits to promoting from within. On the one hand, it's often cheaper, because you no longer have the expense of recruiting, screening, interviewing, and otherwise evaluating applicants. On the other, promoting internally often allows for a shorter ramp-up period because the employee likely already knows how the business operates.

The researcher realizes that the benefits of promoting from within, companies need to provide a pathway for their employees to develop the skills necessary for success. Investing in professional development initiatives, such as leadership training, is an effective way of doing so. It can also improve employee retention: Up to 94% of employees state they would stay with a company longer if it invested in helping them learn and grow professionally. This is the way employer can



create a sense of security in institution by making the employees to feel value and feel secure in their jobs.

The findings shows that most of respondents agrees that there are the effects of selection planning on financial security of ZIGAMA CSS Rwanda with 92% of total number of respondents. The researcher says that selection process is a very important for several reasons and choosing distinctive and high skilled employees increases organizational productivity. Good selection process excludes undesirable candidates from the beginning and keeps the good ones. Choosing inappropriate candidate for job vacancy is very costly, this cost came from testing the wrong candidates, interviewing and training them which conducting to financial institution insecurity and financial insecurity destroy the institution strategy such as to minimize the threats of financial instability and increase the safety of its existence.

The findings shows that based on perception of respondents X and Y, the researcher analyses that human resource planning affect financial security of ZIGAMA CSS Rwanda through ***conceptual skills*** which are cognitive abilities to see an organization as a whole system and relationships between its parts, which include thinking, information processing, and manager's planning ability, ***interpersonal skills*** which are the ability to work with and through others, and work effectively as team members, where these skills are reflected through the ability to motivate, facilitate, coordinate, lead, communicate and resolve conflicts. That communication skills involve the ability to convey information to one or more people by using oral, written or image communication and also ***technical skills*** which is the ability to understand and master in carrying out certain tasks, which include mastery of methods, techniques, and equipment used in certain functions such as engineering, manufacturing, or finance. All of those skills when they are combined, constitute financial institution skills which is a set of interconnected elements, subsystems, financial instruments, methods and measures can ensure the safety of the ZIGAMA CSS Rwanda and the achievement of its main objective of activity.

The researcher says that there is evidence that some businesses are not very good at management efficiency and management system on their working capital given that many of them suffer from under capitalization, the importance of exerting tight control over working capital investment is difficult to overstate. Poor working capital management hence liquidation and eventually closure of the companies and other merging, it is believed that ZIGAMA CSS Rwanda faces with a

challenge of management efficiency and management system on working capital that can be a root of its financial insecurity.

The findings about the challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda indicates that customer dissatisfaction is a challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda with mean of 1.9200 which is moderate, High competition is a challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda with mean of 1.7600 which is moderate and high risk in loan management is a challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda with mean of 1.8800 which is moderate. The average mean is 1.8533 which is moderate and needs to be minimized in lower level.

## **5.2 General conclusion**

Based on the findings mentioned above, the researcher concludes that: most of respondents with 88% of total number of respondents agreed that there is the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda. Also, most of respondents agrees that there are the effects of selection planning on financial security of ZIGAMA CSS Rwanda with 92% of total number of respondents and the challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda indicates that average mean is 1.8533 which is moderate and needs to be minimized in lower level. Therefore, to maintain financial security based on succession planning in ZIGAMA CSS Rwanda, there is a need to combine conceptual skills, interpersonal skills and technical skills that are a set of interconnected elements, subsystems, financial instruments, methods and measures which can ensure the safety of ZIGAMA CSS Rwanda and the achievement of its main objective of activity.

## **5.3 Recommendation**

Based on the findings mentioned above, the researcher identifies the following recommendations that: ZIGAMA CSS Rwanda should have strategic cash planning in order to plan effectively for different requirements, ZIGAMA CSS Rwanda should ensure that budgeting is effectively done in order to promote effective and efficient its operations, and ZIGAMA CSS Rwanda should establish effective control system in place in order to maintain financial security in a sustainability way.

#### **5.4 Suggestions for further research**

Lastly, I cannot claim that this research is exhaustive. Several issues, associated with the limitations inherent in this study, require further research considerations and similar study could be done on the contribution of succession planning on financial institutions security in ZIGAMA CSS Rwanda.

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# ***APPENDICES***

## APPENDIX A: QUESTIONNAIRE

Dear respondent,

My name is **MUGISHA James Chriss**, a student of Master of Security studies at University of Rwanda. As prerequisite for the award of the Master degree of Security studies at university, students are required to conduct research on a study of their choice. They are required to submit a research thesis for evaluation. In this disposition, I have chosen a topic titled “**Contribution of Succession Planning on Financial Institutions Security in Rwanda, specifically in ZIGAMA CSS (2017-2021)**”. The study and data to be collected are typically for academic purpose and cannot be used for any other purposes.

From the above background I have designed a questionnaire that will help me to collect data from your entity and you will help me to achieve research objectives of this study. With due respect kindly answer the questions as indicated in the questionnaire. All your responses will be treated with a highest level of confidentiality.

Kindly provide answers to the following questions by ticking (√) against the most suitable alternative or giving narrative responses in the spaces provided in regard to your profile.

### SECTION A: Respondents background information

#### 1. Gender

Male

Female

#### 2. Age

20-30 Years

31 -40 Years

41-50 Years

51 years and above



**3. Level of Education**

- PhD or Doctorate level
- Masters level
- Bachelor's Degree
- Diploma level
- Secondary level

**SECTION B: Perception of respondents**

**4.** Is there the extent to which career development planning affect effective leadership and financial security of ZIGAMA CSS Rwanda?

- Yes
- No

If yes, which one?

.....

.....

.....

**5.** Are there the effects of selection planning on financial security of ZIGAMA CSS Rwanda?

- Yes
- No

If yes, which one?

.....

.....

.....

**6.** How human resource planning affect financial security of ZIGAMA CSS Rwanda?

.....

.....

.....

**7.** What is the contribution of management efficiency and management system on working capital of ZIGAMA CSS Rwanda?

.....  
.....  
.....

**8.** What are the challenges of succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda?

.....  
.....  
.....

**9.** According to you, what are solutions can you recommend to ZIGAMA CSS Rwanda in relation with succession planning Vis a Vis financial security in ZIGAMA CSS Rwanda?

.....  
.....  
.....

## APPENDIX B: SIMILARITY INDEX

### THESIS MUGISHA JAMES CHRISS

#### ORIGINALITY REPORT

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## APPENDIX C: TO WHOM IT MAY CONCERN



UNIVERSITY of  
RWANDA

CENTER FOR CONFLICT MANAGEMENT

### TO WHOM IT MAY CONCERN

Mr. MUGISHA JAMES CHRISS (Reg. N° 222022634) is a regular student in the MA program of Security Studies in the Center for Conflict Management (CCM) at the College of Arts and Social Sciences/University of Rwanda.

As a requirement for the completion of the program, he is conducting a research on:

**“CONTRIBUTION OF SUCCESSION PLANNING ON FINANCIAL INSTITUTIONS SECURITY IN RWANDA. CASE OF ZIGAMA CSS (2017-2021)”.**

In order to write up his MA thesis, he is seeking information from your organization/institution.

The CCM will appreciate any assistance rendered to Mr. MUGISHA JAMES CHRISS.

Done at Kigali, 5<sup>th</sup> January 2022

A handwritten signature in black ink, appearing to read 'Aggée Shyaka Mugabe'.

Dr. Aggée Shyaka Mugabe

Ag. Director of CCM

Email: [ccm@ur.ac.rw](mailto:ccm@ur.ac.rw)

P.O Box 4285 Kigali, Rwanda

[www.ur.ac.rw](http://www.ur.ac.rw)

## APPENDIX D: REQUESTING FOR DATA COLLECTION

RESTRICTED

RWANDA DEFENCE FORCE COMMAND AND STAFF COLLEGE



SENIOR COMMAND AND STAFF COURSE 11

2 March, 2023

THE CHIEF EXECUTIVE OFFICER  
ZIGAMA CSS HQs  
KIGALI

Sir

**REQUEST TO COLLECT DATA FOR THE UNIVERSITY OF RWANDA RESEARCH  
TOPIC FROM THE RDF PARTICIPANTS IN EAST AFRICAN STANDBY FORCES**

1. The SCSC11 is undertaking a Master's program by the University of Rwanda as part of the college requirement for senior officers on the course. The Masters of Arts (MA) program in security studies necessitates students to conduct research in security perspective. It is in this respect that my selected topic for research is "CONTRIBUTION OF SUCCESSION PLANNING ON FINANCIAL INSTITUTIONS SECURITY IN RWANDA. CASE OF ZIGAMA CSS (2017-2021)".

2. Sir, I humbly request your permission to access both secondary and primary data on the above research topic for academic purpose from ZIGAMA CSS.

Attached to this letter is "TO WHOM IT MAY CONCERN" from the University of Rwanda for your consideration.

Respectfully

A handwritten signature in black ink, appearing to read 'CJ MUGISHA'.

CJ MUGISHA

Maj  
Student (SCSC11)

RESTRICTED



## APPENDIX E: ACCEPTANCE LETTER



ZIGAMA CSS

TO: Maj. C J MUGISHA

Tel:0788537169

2/03/2023

### ACCEPTANCE LETTER

Dear Maj. C J MUGISHA,

Reference is made to your letter dated 2<sup>nd</sup> March 2023 requesting for data collection in ZIGAMA CSS.

After reviewing your request, we are pleased to inform you that, you are allowed access to both primary and secondary data in ZCSS for your academic research purposes.

Best regards

  
Emmanuel MURENZE  
Lt Col  
H/HCM

