**UNIT 1. CONFLICT MANAGEMENT**

**1.0 INTRODUCTION**

Conflicts can take place in different areas: in the family, at school, at the work place and even at our places of worship. Thus it is necessary to understand how to identify conflicts and have the skill to handle them. This is what is termed as conflict management

***1.1 CONCEPT OF CONFLICT***

Conflict can be defined as a lack of understanding or agreement between people with opposing needs, interests, ideas beliefs, values or goals.

 **TYPES OF CONFLICT**

**1 Interpersonal conflict**

This refers to a conflict between two individuals. It mostly occurs as a result of personal or individual differences such as different interests, tastes and preferences. When two people with different interests are tasked with making a choice, their differences in choice are likely to be seen. Where neither of them is willing to give up for the sake of the other or even to reason with the other, a conflict is likely to arise.

**2 Intrapersonal conflict**

This is conflict that occurs within an individual. It is usually a psychological tussle involving contradictory thoughts, values, principles and emotions occurring in a person’s mind at the same time. It may vary from a simple conflict such as being torn between which shirt or blouse to wear to a certain occasion, to major conflicts like choosing a marriage partner or determining which career to pursue.

**3 Intragroup conflict**

This is a conflict that happens among individuals within a team. The misunderstandings among the affected members of the team trigger an intragroup conflict. Usually, it will start as an interpersonal disagreement among team members who have different personalities or those who have differing ideas and opinions on a given matter. This breeds tension within the group, especially if one among the conflicting members is a leader.

**4 Intergroup conflict**

Intergroup conflict occurs when a misunderstanding arises among different teams within an organization

**5 Ethical conflict**

Ethical conflict occurs when there is a contradiction between an individual’s belief system about morality, ethics or justice and their own personal situation(s). This can be a situation that involves choosing between two ‘evils’ where, perhaps, the ethical decision might result in personal or social injury or where an individual stands to gain from an unethical decision. As such, this conflict involves the question of whether the end justifies the means, often in situations where doing what is “morally right” results in a negative outcome while doing what is “morally wrong” or immoral results in a positive outcome. Such a conflict can be experienced at the individual, group, professional, or societal level.

**1.3 CAUSES OF CONFLICT**

**Causes of interpersonal conflict**

1. Personal or individual differences, for example different interests, tastes, likes and dislikes among members of a team.

2. Selfishness, where one person wants only what works for them.

3. Greed, where some people want everything for themselves.

4. Prejudices, which is an unfair opinion or feeling one has about people or things.

**Causes of intrapersonal conflict**

1. Low self esteem

2. Lack of necessary life skills such as decision-making skills

**Causes of intragroup conflict**

1. Dictatorial leadership, where one person only wants to be the leader and will not listen to others.

2. Vested/ personal interests in group affairs

3. Individual differences among team members

**Causes of intergroup conflict**

1. Undefined or poorly defined boundaries in the activities of the conflicting groups

2. Competition between groups within the same organization

3. Struggle for limited resources shared by the different groups such as finances or land

4. Lack of a shared vision

5. Insufficient infrastructure such as limited office space

6. Propaganda. This involves unofficial and unconfirmed information against others. It could be true or false information but it comes from unknown sources and is transmitted through verbal means. This may create confusion and feelings of fear and suspicion.

7. Poor communication across departments

**Causes of ethical conflict**

1. Disharmony between personal beliefs and the situation at hand

**1.4 CONSEQUENCES OF CONFLICTS**

**Consequences of interpersonal conflict**

1. Reduced social cohesion among community members

2. Discord in the family

3. Strained relationships among friends

**Consequences of intrapersonal conflict**

**1.** Restlessness and uneasiness (anxiety)

2. Depression

3. Delayed decision making

4. Indecisiveness

5. Diseases such as high blood pressure

**Consequences of intragroup conflict**

1. Mistrust among members of a team

2. Reduced focus on team goals

3. Gossip and slander among team members

4. Lack of respect for those in authority

**Consequences of intergroup conflict**

1. Unhealthy competition between departments of the same organization

2. Reduced morale by members of different departments leading reduced performance/ productivity

3. Wastage of company resources and time

4. Increased cost for the company as it invests in solving interdepartmental conflicts

**Consequences of ethical conflict**

1. Wrong choices

2. A sense of guilt after doing what you believe to be immoral

3. Being seen as a poor role model

***However, it is important to note that conflicts can also be positive in the following ways:***

1. Conflicts foster an awareness that a problem exists.

2. Discussing conflicting views can lead to better solutions.

3. Conflicting situations require creativity to find the best solutions.

4. Managing conflict is a sign of maturity.

5. Conflict encourages people to grow.

6. Conflicts can help in discovering strengths of the other person

**1.5 MANAGEMENT AND TRANSFORMATION OF CONFLICT**

Conflict management involves acquiring skills related to conflict resolution, self-awareness and communication skills.

**Transformation of conflicts** is the process through which a conflict ends as a peaceful outcome from a hostile one.

***Some of the strategies used in conflict transformation are:***

**1 Mediation**

This involves using a mediator to resolve the conflict. This strategy transforms the conflict to an opportunity to make adjustments through listening to others thereby making reasoned choices.

**2 Guidance and counselling**

This involves talking to an objective or an experienced person for advice. It transforms the conflict into an opportunity to see competing interests or thoughts as platforms to choose the best option. This empowers the decision-maker to make informed decisions.

**3 Talking to others about the conflict**

This involves sharing your mental struggle with those close to you. This gives the person an opportunity to hear the opinions of others, clear any doubts or confusions and therefore transforming the conflict into a learning opportunity.

**4 Arbitration**

This involves the use of a qualified arbitrator to bring two opposing groups together. This transforms the conflict into a forum for reasoning together, explaining any shared vision and showing the need to share available resources harmoniously. This is likely to lead to improved interdepartmental relations; increased morale among members of the conflicting groups hence increased productivity.

For example, Peace keeping forces are sometimes used as arbitrators where there are conflicts and wars. The role of the peacekeeping forces usually is to not only maintain peace and security, but also to facilitate the political process, protect civilians, assist in the disarmament of fighting groups, support the organization of elections in areas where the ruler of law has been restored, protect and promote human rights and assist in restoring the rule of law.

**5 Accommodating**

This involves giving the opposing side what it wants. This will happen when one of the parties involved in a conflict chooses to maintain peace or perceives the issue as minor.

**6 Avoiding**

This is a strategy that aims at delaying the resolution of the conflict or even ignoring it altogether, with the hope that the misunderstanding or disagreement will solve itself naturally. That way, addressing the conflict is postponed indefinitely. This aims at avoiding any confrontation. Those who actively avoid conflict frequently have low esteem or hold a position of low power.

**7 Collaborating**

This involves putting together several ideas given by different people so as to come up with a solution acceptable to everyone. This can be used to solve intergroup conflicts or conflicts at the work place. Though the process of collaboration is time-consuming, it results in a win-win situation.

**8 Compromising**

This strategy involves both parties in a conflict giving up some aspects of their demands and settling for an acceptable solution. Thus, each party loses something but also gains in a different way.

**1.6 PREVENTION OF CONFLICT**

Below are other ways of preventing conflict:

* Solve all problems in time as a small problem can eventually become a major reason to worry about later on.
* Communication also plays a very important role in avoiding conflict. People get to know of other’s expectations and make their expectations known only through communicating. This way, conflicts arising from unmet expectations are avoided.
* Planning in time also helps in ensuring that nothing is forgotten and things are done efficiently, hence no one is inconvenienced or offended.
* Controlling one’s emotions also is very important as emotional outbursts often result to conflicts and even worse, fighting.
* It is also important to practise patience and listening even if one is in disagreement. Listening helps to make the other party feel respected and this can reduce the likelihood of a conflict as compared to maintaining a rigid standpoint and being insensitive to the other person’s point of view.
* Being sensitive to other people when communicating is another way of preventing conflicts. The way one talks, the tone and choice of words determine the effect of the communication. Politeness is a show of respect and it goes a long way in enhancing harmony among people.
* Give equal opportunities to all citizens. This checks against gender, ethnic or any forms of discrimination. Once all citizens know they have equal opportunities, there will be few cases of envy that lead to conflicts.
* Providing equal opportunities for each citizen to access quality education to their highest level possible helps prevent conflict.
* Providing every citizen with access to health facilities that are close and well equipped with all the resources needed will help prevent cases of conflict in a country.
* Ensuring democracy in all political activities will help prevent conflict in the society. Every member will know they can be listened to and they can participate in any political position they chose to, which will ensure peace.
* Ensuring a stable economy in a country will help prevent conflict. When the citizens know they can set up businesses, they can make money and can save and invest without fearing their investment will be stolen will help people work better and with more confidence and with each other fairly.

**UNIT 2: LEADERSHIP, GOVERNANCE**

**AND MANAGEMENT**

***2.0 INTRODUCTION***

Leadership refers to the ability to influence followers positively. It can also be defined as the ability to organise and supervise others with the purpose of achieving goals. A leader leads through official authority and power, as well as through inspiration, persuasion and personal connections.

Leadership is the art of leading others to deliberately create a result that would not have happened otherwise.

**2.1 CONCEPT OF LEADERSHIP**

* Leadership is the process whereby an individual influences a group of individuals to achieve a common goal or to accomplish a mission.
* Leadership is inspiring others to pursue a vision within the goals set, so that it becomes a shared effort, a shared vision, and a shared success.

***Leadership involves:***

* Establishing a clear vision, sharing that vision with others so that they will follow willingly.
* Providing the information, knowledge and methods to fulfil that vision, and coordinating and balancing the conflicting situations.
* Leadership is a process of social influence, which means influencing people around you as a leader and maximising their efforts towards the achievement of a goal.

**2.2 LEADERSHIP STYLES**

1. **The authoritarian leadership**

It is the type of leadership where the leader keeps strict, close control over followers by keeping close regulation of policies and procedures given to followers. Followers are expected to be productive, and therefore authoritarian leaders keep close supervision, because of their belief that for anything to be done it requires consistent supervision and follow up.

1. **Paternalistic leadership**

The leader works by acting as a father figure: he takes care of the followers as a parent would. He has complete concern for his followers or workers, creating a relationship of trust and loyalty with followers. A team spirit is created and people work interdependently; they treat each other like family within the organization.

1. **Democratic leadership**

This involves the leader sharing the decision-making process with his followers. The followers have a sense of belonging, ownership and responsibility; this also promotes the interests of the group members by practicing social equality. One of the main characteristics of this leadership is discussion, debate and sharing of ideas and encouragement of people to feel good about their involvement. It requires guidance and control by a specific leader.

1. **Laissez-faire leadership**

This leadership style is where all the leaders and workers have the right and power to make decisions. There is a high degree of independence and self-rule. The leader guides with freedom, the followers are provided with all materials necessary to accomplish their goals.

1. **Transformational Leadership**

This is where the leader is not limited by his or her followers’ perception, ideas or innovations. The main objective is to work to change or transform his or her followers’ needs and to redirect their thinking.

1. **Bureaucratic Leadership**

This style of leadership follows rules very strictly and ensures that their people follow procedures precisely.

Bureaucratic leadership is also useful for managing employees who perform routine tasks. This style is much less effective in teams and organizations that rely on flexibility, creativity or innovation.

1. **Charismatic Leadership**

Charismatic leadership resembles transformational leadership: both types of leaders inspire and motivate their team members. The difference lies in their intent. Transformational leaders want to transform their teams and organizations, while leaders who rely on charisma often focus on themselves and their own ambitions, and they may not want to change anything.

1. **Servant Leadership**

Leads by meeting the needs of the people or community. The person isn’t formally recognized as a leader. He /she often lead by example. They have high integrity and lead with generosity. This creates a positive culture, and it can lead to high morale among the people or community.

1. **Transactional Leadership**

Transactional leadership is leadership in which leaders create structures where it is clear what is required of their workers, and the rewards that they get from following orders. Punishments are not always mentioned, but they are also well-understood.

1. **Situational Leadership**

Situational leadership is where the leader must adjust his style to fit the development level of the followers he is trying to influence. With this, it is up to the leader to change his style, not the follower to adapt to the leader’s style.

**2.3 CHARACTERISTICS OF A GOOD LEADER**

1. **Honest**

This is being truthful, sincere, having integrity in every action.

1. **Competent**

To be competent means to be capable, fit, suitably skilled and well qualified. A leader’s actions should be based on reason and moral principles, not making decisions based on emotional desires or feelings.

1. **Forward-looking**

Setting goals and having a vision of the future.

1. **Inspiring**

A leader who displays confidence in his actions. By showing endurance in mental, physical, and spiritual stamina, you will inspire others to reach for new heights.

1. **Intelligent**

When a leader reads, studies and seeks challenging assignments, he or she improves their knowledge. This is very beneficial when leading others.

1. **Fair-minded**

A leader who shows fair treatment to all people and does not have prejudice will treat people and give justice fairly.

1. **Broad and open-mind**

The leader is open to hearing and considering different points of view.

1. **Courageous**

Have the perseverance to accomplish a goal, regardless of the seemingly insurmountable obstacles. A good leader is confident and calm when under stress.

1. **Straightforward**

Use sound judgment to make good decisions at the right time.

1. **Imaginative**

A good leader uses his natural gift of being creative and uses his imagination to drive the community towards the goals set.

1. **xi) Problem solver**

A good leader should be able to quickly and creatively, while following protocol, solve any problems that arise.

**2.4 CHALLENGES FACING LEADERS**

***The following are some of the other challenges faced by leaders:***

* Leading without being an example. Leadership requires that a leader has a good and admirable life background in and out of office.
* A leader may face the challenge of lack of funding and other resources, opposition from forces in the community, and interpersonal problems within the community.
* There is a challenge of motivating people and keeping them from staying in the same place too long especially when they feel like they are doing well. Leaders also have to motivate themselves, and to be enthusiastic about what they are doing.
* Leaders in most cases are faced with public criticism, especially from those they lead. This may arise because of finances, the politics of the country or community, or the morale of the people.
* Natural disasters and crises may occur and yet a leader has to find a way of controlling the situation.
* One of the greatest challenges of leadership is facing your personal issues, and making sure they don’t prevent you from exercising leadership.
* Leaders also face the challenge of effective communication.
* The loss of passion and intensity that can come with familiarity and long service. Think of a situation where a president rules a country for more than thirty years.
* Non-cooperation from the community or people being led. This happens when people in the community do not participate in the general leadership and community goals.

**2.5 CONCEPT OF MANAGEMENT**

Management is the ability to coordinate or direct, leading to production of results, it involves identifying the mission, objectives and procedures required to meet a particular goal or objective. It involves planning, organizing, coordinating and controlling activities of others. It involves the ability to delegate and follow up on goals being set.

It is the skill of knowing what is to be done and seeing that it is done in the best possible way.

**2.6 FUNCTIONS OF MANAGEMENT**

There are six major functions of management

* **Planning**: The manager creates a detailed action plan aimed at some organizational goal.
* **Organizing**: Organizing is done by delegating authority, assigning work, and providing direction so that the team works without any problems.
* **Leading**: in this step, the manager spends time connecting with employees on an interpersonal level. It involves communicating, motivating, inspiring, and encouraging the community towards a higher level of productivity.
* **Controlling**: this involves following up the assigned work towards the achievement of the goals.
* **Staffing**: This involves hiring the right people for the right jobs to achieve the objectives of the organization. Staffing involves recruitment, training and development, performance appraisals, promotions and transfers.
* **Coordinating**: In management it is important to coordinate the organizing, planning and staffing activities of the company and ensure all activities work well together for the good of the organization.

**2.7 CHARACTERISTICS OF A GOOD MANAGER**

* **Leadership**: Good managers should be able to lead the employees they manage, they should have emotional stability, self-assurance, enthusiasm and be energetic and engaged. They do not get frustrated and overwhelmed with stress.
* **Communication**: Good managers must be able to communicate and listen effectively. They take the time to listen to what employees and customers have to say and are able to communicate that they understood what was said and act accordingly.
* Good managers are good planners; they are **organized**, and they have knowledge of what needs to be done and when it needs to be done.
* A good manager is able to identify and solve problems and also take responsibility for problems that arise and find ethical solutions.
* **Self-Motivation**: This is the ability to see one’s self getting the job done especially when they are faced with many challenges. A good manager should also be able to motivate others.
* **Integrity**: A good manager expresses integrity in and outside of the work environment.
* A good manager is both dependable and reliable. Employees will find it easy to fulfill their tasks sufficiently and relate to a manager who displays this character.
* **Optimism and confidence**: Being able to have and express a positive attitude inspires and motivates others.
* **Calmness**: This means that a manager ought to be able remain calm even in the most difficult and disastrous situation.
* **Being flexible**: This is required because situations and circumstances are always changing, therefore a leader is required to have the ability to adapt to any situation.
* A good manager has to be knowledgeable and open to learning more about the environment and the industry.
* **Being able to delegate**; successful accomplishment of tasks requires a manager to assign various duties to suitable people.
* **Being a mediator**. Managing will require the manager to solve and mediate in conflicts in the work place.
* Team Player: Are you part of a team? You need to be able to function as part of a team if you want to succeed as an effective manager.
* A good manager ought to respect and value others and be able to combine respect with collaboration and create an excellent team spirit among the workers.

**2.8 GOVERNANCE**

Governance is the ability to have rule or authority over people, controlling resources and commanding government activity.

**TYPES OF GOVERNANCE**

1. **Democratic Governance**: This is where the leaders in different institutions; political, economic or private sectors, ensure that the institutions work as they are supposed to and helps the people they are supposed to help.
2. **Economic and Financial Governance:** Economic and financial governance is where leaders are involved in promoting economic growth and reducing poverty in any institution.
3. **E-Governance or information technology governance**: This is the assessment on information technology and communication and the impact it has on government practices, and how the government relates with the society.
4. **Corporate Governance**: Corporate governance deals with moral principles, values and practices that work to bring a balance between economic and social goals of different people, institutions and the society as a whole and the individual and common goals.
5. **Land governance/Environmental governance**: this is concerned with issues of land ownership and tenure. It deals mostly with the policies, processes and institutions which are directly involved in the access to, use of and control over land
6. **Public governance**: this can be said to be the power relationship between the government and its citizens.
7. **Private governance:** Private governance occurs when non-governmental entities or private societies or institutions make policies that have a major effect on the quality of life and opportunities of the citizens of a country.
8. **Non-profit governance:** Non-profit governance works in ensuring that an institution achieves its social mission while still making sure the institution or organization is viable.

**FUNCTIONS OF GOVERNANCE**

1. **Determining the objectives of the organization**
2. **Determining the ethics of the organization** this means to define what aspects of behavior are really important. Ethics are based on morals and values.
3. **Creating the culture of the organization**: This looks at the way people interact with each other.
4. **Ensuring compliance by the organization**: This means ensuring the members of the organization comply with its regulatory, statutory and legal obligations and also work towards achieving the organization’s objectives.
5. **Designing and implementing the governance framework for the organization**: The governing body is accountable for the performance of the organization, and retains overall responsibility for the organization it governs.
6. **Ensuring accountability by management:** To ensure the efficient governance of the organization, various responsibilities need to be delegated to people within the organization’s management. There is a governance framework that defines the principles, structures, enabling factors and interfaces through which the organization’s operational arrangements will operate, which is what ensures accountability.

 **UNIT 3: INTERNATIONAL RELATIONS**

* 1. **Introduction**

International relations is concerned with relations across boundaries of nation-states. It address international political economy, global governance, intercultural relations, national and ethnic identities, foreign policy analysis, development studies, environment, international security, diplomacy, terrorism, media, social movement and more.

* 1. **Concept of imperialism**

Imperialism is the extension of a nation’s authority by establishing economic, social and political dominance over other nations. It seeks to exercise control of the activities of another country or countries through the use of military force and or diplomacy.

Imperialism can also mean a policy or practice by which a country increases its power by gaining control over other areas of the world.

* 1. **The concept of colonialism**

Colonialism is the practice of acquiring full or partial political control over another country, occupying it with settlers, and exploiting it economically.

* 1. **Concept of post-colonial nationalism**

Post-colonial nationalism is the resistance by the citizens of an independent state against foreign intrusion or control.

Nationalism refers to an ideology, a form of culture, or a social movement that focuses on the nation and the need for a nation’s self-determination.

Post-colonial nationalism occurs in those nations that have been colonized and exploited. It takes the form of resistance to new imperialist intrusions either by former colonial masters or new foreign powers. It ensures that the affairs of people in their independent states/ countries are controlled primarily by the people themselves, and not by colonial powers.

* 1. **Concept of neo-colonialism**

It is the economic and political policies by which a great power indirectly maintains or extends its influence over other areas or people. A good example is the assimilation of the Western culture by Africans through the media.

* 1. **Concept of geopolitics**

Geopolitics focuses on political influence in relation to the geographical features of the area.

For example, countries with natural resources like oil, and mineral resources like gold, copper, and diamonds. Because of these strong economies, many countries are interested in influencing the political, social and economic activities in these countries.

Other geographical features include natural resources like land, lakes and rivers, forests, access to the sea, mineral deposits like gold as well as human activities like coastal trade and strategic areas.

* 1. **Impact of neo-colonialism and geopolitics on developing**

**Countries**

* + 1. **Economic impacts**

***a) Negative effects***

* Exploitation of Africa through profit repatriation by multi-lateral corporations and expatriates.
* Hindered economic co-operation
* Economic under development
* Dependence syndrome
* Economic indebtedness
* Brain drain

***b) Positive impacts***

* Improved social services and infrastructure.
* Improved science and technology
* Effective exploitation of natural resources e.g. minerals
* Foreign aid to poor countries and countries facing wars and natural disasters.
	+ 1. **Social impacts**

***a) Negative effects***

* Social cohesion is adversely affected due to existence of a wide economic gap between the elite (who are part of the neo-colonialists) and the common folk.
* It has promoted divisions among African countries due to attachment by Africans to either Anglophone or Francophone groups.
* Diseases and deaths

***b) Positive impacts***

* Improved social services and infrastructure e.g. improved education facilities, health facilities, roads, etc.
* Increased use of science and technology
* Women emancipation
	+ 1. **Political impacts**

***a) Negative effects***

* Some of the army men that belonged to the colonial power continue to practice colonialism against their own people whether elected or not. An example was in the 1994 Rwandan Genocide against the Tutsi.
* There is loss of independence because developing nations cannot make their own decisions without consulting the developed nations which fund most of the programs in the developing countries.
* Continued political instabilities in form of coup d’états, rigging of votes, civil wars and political assassinations. These are due to the desire by former colonial masters to maintain influence in Africa.

***b) Positive impacts***

* Modern military training
* Democracy and multiparty politics
* New social classes have been created in Africa; the selfish and rich and the peasants.
* Human trafficking (modern day slavery)
	+ 1. **Cultural impacts**

**a) Negative effects**

* Languages of the former colonies became the official languages of the independent countries.
* New languages and new forms of communication introduced new culture which brought in new traditions and practices to the communities.
* Cultural degradation in Africa. Neo-colonialism has promoted western values in Africa, for example western music, foreign religions, western culture, foreign dressing code.
	+ 1. **Regional and International relations**

Wesay regional relations for the relationships, negotiations and dealings between/ among neighboring countries. It brings a sense of interdependence among those countries.

Some of the reasons of such an interdependence are:

* They have a common ethnicity like the Bantu in East Africa.
* They share a common physical feature, e.g. Uganda, Kenya and Tanzania share Lake Victoria, the Great Lakes Region in North America, etc.
* They may share the same colonial power hence speak the same national language.
* Geographical proximity.
* Political friendship to each other by the heads of state, e.g. the presidents of Rwanda, Kenya and Uganda.
* Common trade.
* To help each other, either financially or in creating peace.
	+ 1. **Regional and international integration**

Regional/international integration is the cooperation of several countries in order to enjoy political, social and economic benefits.

Some of the international and regional blocs include:

***a) Regional blocs***

* European Union (EU)
* East African Community (EAC)
* Common Market for East and South Africa (COMESA)
* Southern African Development Community (SADC)
* African Union (AU)
* Union of South American Nations (USAN)
* Association of Southeast Asian Nations (ASAN)
* Economic Community of the Great Lakes Countries (ECGLC/CEPGL)
* The European Economic Community (EEC)

***(b) International blocs***

* The United Nations (UN)
* The Commonwealth (CW)

**The benefits of regional and international integration include:**

* The free movement of goods and services makes imported products from member states less expensive.
* It increases industrial expansion.
* It reduces duplication costs e.g. creating the same type of industry that exists in another member country.
* Countries can easily obtain foreign resources from the member states.
* It allows member countries to carry out research easily and access information at lower prices.
* It increases the bargaining power of member countries. They can compete with non-member states as one block.
* Member countries share infrastructure and other services, e.g. universities, banks, railway lines, roads, schools, etc.
* A common currency helps in foreign exchange at border posts which facilitates trade.
* It encourages political co-operation and exchange of ideas among member countries.
* It increases employment opportunities to the people.
	1. **South-south cooperation**

**South-South Cooperation** is a cooperation among countries of the South in the political, economic, social, cultural, environmental and technical domains.

However, South - South cooperation is a term used by policy makers and academics to describe the exchange of resources, technology and knowledge between developing countries, which are also known as countries of the global south. These are countries in Africa, Asia and South America.

* + 1. **Objectives of South-South Cooperation**
* Foster the self-reliance of developing countries.
* Promote and strengthen collective self-reliance among developing countries
* Strengthen the capacity of developing countries
* Increase the quantity and enhance the quality of international development cooperation
* Increase and improve communication among developing countries
* Recognize and respond to the problems and requirements of the least developed countries, land-locked developing countries, and small island developing states
* Enable developing countries to achieve a greater degree of participation in international economic activities

**UNIT 4: MULTINATIONAL CORPORATIONS**

* 1. ***INTRODUCTION***

Multinational corporations are businesses or organizations that have branches in several other countries and have their headquarters based in the home country. They contribute highly to the economic development of a country.

 **Multinational corporations operating in Rwanda and the East African Community**

Rwanda, is a host of an array of multinational Corporations. Among them are international banks and companies dealing with electronics.

Examples of the multinational corporations in Rwanda and the

East African countries: Kenya, Uganda, Tanzania, South Sudan and Burundi:

**Shell oil corporations, Coca cola Ltd, Nokia, Samsung, Arab contractors Ltd, Maersk Ltd, Rwandex Sa, Nakumatt**

List of banks include:

 **Equity Bank, KCB, ECO Bank, I&M Bank, etc.**

* 1. **CATEGORIES OF MULTINATIONAL CORPORATIONS**

Multinational corporations operate in different ways and their managerial organization differs from one company to another.

**MAJOR CATEGORIES OF MULTINATIONAL CORPORATIONS.**

**1. Multinational decentralized corporation**– This is a corporation with strong home country presence but with independent branches in other countries with their own resources and maximizing on output.

**Example: Airtel and Coca cola.**

**2. Global centralized corporation**– This is a corporation whose subsidiaries report to the main headquarters.

**Ex.Nokia.**

**3. International companies**- These build on the parent corporation technology. Some corporations expand their business outreach through their accessibility to technology. An example is Tigo Rwanda and Philips.

**4. A transnational enterprise**– This is a company that combines the three approaches. **For example Nestle.**

* 1. **FORMS OF MULTINATIONAL CORPORATION**

Various forms of multinational companies depending on the production and marketing techniques used.

* **Franchising**

In this form, multinational corporations grant firms in a foreign countries the right to use its trademark and brand name. This system is popular for products which enjoy good demand in host countries. An example is Bralirwa, which produces Coca-Cola product under franchise.

* **Branches**

In this form, multinational corporations open branches in different countries which work under the direction and control of the main governing body located at the head office in the host country. Examples include **Equity Bank,**

* **Subsidiaries**

In this form, a multinational corporation may establish wholly owned businesses in foreign countries. The subsidiaries in foreign countries follow the rules, regulations and policies laid down by the parent company.

* **Joint Venture**

Here, a multinational corporation establishes a company in a foreign country in partnership with local firms. The multinational provides technology and managerial skills while the daily running of the venture and its management is left to the local partner. An example is the joint venture between the Government of Rwanda and Africa Improved Foods Ltd (AIF) to improve the nutritional status of its people.

* **Turn Key Projects**

In this form, the multinational corporation engages a project in a foreign country. The multinational constructs and operates the running of the industrial plant by itself. It provides training to the people hired to run the project. It may also guarantee the quality and quantity of production over a long period of time. Rwanda awarded a turnkey contract to a consortium of India’s Bharat Heavy Electricals Ltd. and Angelique International Ltd. to help construct Nyabarongo hydropower plant.

* 1. **ADVANTAGES AND DISADVANTAGES OF MULTINATIONAL**
		1. **ADVANTAGES OF MULTINATIONAL CORPORATIONS**
* **Huge capital**. Introduction of multinational corporations brings in capital to the host country in the form of jobs created, payment of licenses and buying of materials used to build the companies.
* **Modern technology.** The running of the corporations also requires better technology, which will have to be installed in the host country. This technology will not only help in the running of the corporation but also be used by others in the host country. For instance, the coming of telecommunication companies such as Airtel has helped the country get access to fast internet speeds and high end mobile phones.
* **Mass qualitative products**. The products that the corporations create are of high quality. This is because multinational companies use modern technology to produce and distribute their products. The fact that the companies choose to settle in the host country also means that production costs are relatively low. This means they produce mass products as a result of the low costs.
* **Efficient management**. The different forms like franchising, branches or subsidiaries, have to adhere to the policies of the main multinational corporation head office which have strict policies which ensures productivity and efficient management.
* **Research and development.** Before a multinational corporation decides on a product or service or method of manufacturing, they embark on serious research of the product and its viability. This same professionalism in research and development is carried to the franchises, branches, etc. to ensure continuity of the product in the host country.
* **Employment** **opportunities**. Multinationals offer employment to locals in the host country where they operate. This helps raise the living standards of people employed, their family members, the community and the country in general.
* **Elimination** **of trade barriers.** Multinational corporations operate in different countries in different forms. The fact that host countries allow these multinationals to operate in their countries shows they have opened themselves up for trade, and this allows trade to happen with even other businesses.
* **Maintain balance in** **trade**. Multinational corporations ensure that the products and services offered are of the highest quality. This raises the quality of similar goods in the host country made by other companies, even local ones.
* **International Corporation**. By a host country allowing the operations of a multinational corporation, it shows it is ready to trade with others for mutual benefit. This leads to International Corporation between the host country and other countries where either the multinational corporation exists or countries with other multinational corporations that would like to invest in the host country.

**DISADVANTAGES**

* **Displacement of local industries.** When the multinationals spread their operations to a host country, they bring better products and sometimes at subsidized prices as they produce in mass. This results in an unfair playing ground for the local companies which need to sell at higher prices to remain in operation.
* **Economic exploitation**. The multinationals usually have a lot of capital and returns and this is why they can expand business in other countries. They can also come up with much better products as they use the best technology. They can therefore price it at whatever price they want, which may not be affordable to many people if it’s high. They may also produce low quality goods for low income earners, which is economic exploitation as they can only afford what is substantive.
* **Consumer exploitation**. Multinational corporations usually have the rights to whatever it is they offer. A consumer has no option to ask for a change of a product offered in a host country. They have to simply accept what they are given.
* **Inequality to staff**. Most multinational corporations usually establish subsidiaries with their own people at the top, such as the Chief Executive Officers or Managing Directors, saying that with time they will hire locals to these positions. However, they only hire locals to junior positions and pay them much less while expecting them to work much more.
* **Influence in politics**. Through international corporations and large multinational corporations being established in different countries, the leaders of these multinational corporations end up having an influence in major aspects of a country. They may then start influencing different areas of how the government works so their interests can be protected.
* **Social inequality**. The multinational corporations widen the social gap between the rich and the poor through the products they make or services they give. Since they are mostly appealing to an international market, most things tend to be very expensive and only the wealthy can be able to afford them. For the poor, they will make low quality products for the low income market. This further enhances social inequality.

**Unit 5: MONEY AND FINANCE**

**5.0. INTRODUCTION**

Money is a vital necessity of life as it is the only means by which one can acquire goods and services

Example of financial transactions: withdrawing money, depositing money, sending money, foreign exchange, borrowing or paying money etc.

**5.1. FINANCIAL INSTITUTIONS**

Financial institutions are various facilities which perform financial activities or transactions.

**5.1.1 TYPES OF FINANCIAL INSTITUTIONS**

**A. BANKING FINANCIAL INSTITUTIONS**

These are financial institutions which carry out business in the country, accept deposits from the public, give out loans and make profit through interest on loans.

**1. COMMERCIAL BANKS**

This is a financial institution that provides various financial service, such as accepting deposits and issuing loans. There are also products offered by commercial banks such as investment products like savings accounts and certificates of deposit and loans that can vary from business loans and auto loans to mortgages.

**Functions of commercial banks**

|  |  |
| --- | --- |
| 1. Taking deposits2. Lending3. Transferring money4. Collecting payments on behalf of customers5. Remitting payments on behalf of customers6. Providing safe custody of valuables7. Acting as agents of the stock exchange8. Providing business and investment advice9. Acting as trustees and executors | 10. Acting as referees for their customers11. Provision of night safe facilities12. Acting as guarantors13. Buying and selling of foreign currencies14. Providing Automated Teller Machine services15. Providing advice on tax matters16. Facilitating trade17. Publishing business information18. Providing the means through which money supply in the economy can be regulated |

**2. THE CENTRAL BANK**

A central bank is a financial institution whose aim is to control the quantity and use of money in such a way as to facilitate the implementation of a certain monetary policy.

**Functions of the central bank**

1. Banker to the Government of Rwanda

2. Regulates and controls credit

3. Holds and manages the country’s gold and foreign exchange reserves

4. In charge of the administration of exchange control and external trade

5. Controls and regulates activities of commercial banks and other non-bank financial institutions

6. Lender of the last resort

7. Manages public debt

8. Executing government monetary policies

9. Carrying out research and publishing journals

10. Issue and control of currency

**B. NON-BANKING FINANCIAL INSTITUTIONS**

These are financial institutions that receive deposits from the public, give out loans but do not create new credit, for example development banks,

Insurance companies, etc.

**Functions of non-banking financial institutions**

1. Accepting deposits

2. Lending

3. Providing investment advice

4. Provision of extension services

5. Provision of specialized financial services

**Examples of non-banking financial institutions**

1. Development banks: They finance a wide variety of development activities. For example, Rwanda Development Bank (RDB).

2. Building societies: They help customers to acquire real estate.

3. Housing finance companies: They facilitate members to purchase and construct residential houses.

4. Insurance companies

5. Pension funds

**5.1.2. Products and services offered by financial institutions\***

Financial services are those intangible things done to a customer to facilitate a financial transaction. They will last for as long as the transaction is ongoing and the client does not take them home. Financial products are those tangible things that a customer gets out of a financial transaction. The following are examples of financial products and services.

|  |  |
| --- | --- |
| **Commercial banking services** | **Commercial banking products** |
| 1. Money transfer2. Foreign currency exchange3. Remittances4. Standing orders5. Mobile banking6. Internet/ online banking7. Cash withdrawal services8. ATM services9. Cash deposit services | 1. Debit cards2. Credit cards3. Personal loans4. Personal cheques5. Overdraft6. Savings accounts7. Salary accounts |
| **Investment banking services** | **Investment banking products** |
| 1. Advisory services (Corporate finance advisory, exchange control advisory etc)2. Research3.Foreign exchange for cross-border business transactions4. Credit trading5. Interest rates trading and structuring6. Money markets | 1. Corporate finance (Project finance, leveraged and acquisition finance, real estate finance etc)2. Exchange traded funds (ETFs)3. Exchange traded notes (ETNs)4. Equities5. Transactional accounts6. Business cheques |

* + 1. **The role of financial institutions to the individual, the community and the country**

**A. The role of financial institutions to the individual**

1. They act as custodians by offering security for money, land titles, academic documents and wills. This reduces risk to the individual owners of these valuables.
2. They provide money transfer services to individuals.
3. They provide employment through numerous branches, from bank managers, tellers, accountants, credit officers and other branch employees.
4. They provide remittance services such as Western Union. This makes transference of money from one country to another very easy and affordable.
5. They offer credit facilities that promote personal growth and development.
6. They give financial advice to individual clients especially in investment matters.
7. Some offer insurance services that insure wealth owned by individuals against certain incidents that can bring loss of wealth.
8. They pay interest on money saved in savings accounts thus enabling wealth creation.
9. They facilitate foreign travel by providing financial statements to people travelling abroad as proof of good financial accounts and stability.

B. **The role of financial institutions to the community**

1. They provide the general public with knowledge on savings and wills and encourages saving for the future.
2. They contribute towards the welfare of communities and community members through corporate social responsibility (CSR) activities. For example, in Rwanda, they work together with charitable organizations to support victims and survivors of the genocide.
3. They promote rural development through funding community-led income generating activities.
4. They promote improved living standards of communities by funding community projects as well as initiating some through CSR activities.

**C. The role of financial institutions to the country**

1. They promote international relations by facilitating international travels.
2. They contribute to economic development of the country through payment of taxes.
3. They provide support to government programs such as national savings and building of the economy.
4. They participate in stock market trade. This promotes trade and contributes to the economic growth of the country.
5. They provide platforms for foreign direct investment thus promoting economic growth.
6. They also act as foreign exchange bureaus, providing the daily exchange for foreign currencies. This promotes international/ cross-border trade.
7. They also lend money to government. This avails money to government thereby enabling implementation of government development projects.
	1. **METHODS OF PAYMENT**

**5.2.1. CASH TRANSACTION/ PAYMENT**

This is payment using liquid money, that is, money in form of notes and coins.

**ADVANTAGES OF CASH PAYMENT**

1. One can benefit from cash discounts.

2. Restricts one to buy only what is needed.

3. It is acceptable everywhere.

**DISADVANTAGES OF CASH PAYMENT**

1. Cash limits spending.

2. It can easily be stolen or lost.

**5.2.2. CHEQUE PAYMENT**

This is payment made using a cheque.

**ADVANTAGES OF CHEQUE PAYMENT**

1. A cheque is more convenient than carrying cash.

2. Payments can be stopped if necessary.

3. Cheques are safer if crossed.

4. A cheque can be traced if misplaced.

5. It can be posted cheaply.

6. Cheques can be post-dated.

7. A customer gets a statement at the end of the month.

**DISADVANTAGES OF CHEQUE PAYMENT**

1. Some creditors may not accept cheque payment.

2. A cheque can be valueless if the drawer has no money on the account.

3. They are not economical for payment of small amounts.

4. Depositing it into an account is time consuming.

5. Bank charges are imposed on cheque books and dishonored cheques.

**5.2.3. MONEY TRANSFERS**

This involves transferring money electronically from one bank account to another bank account.

**ADVANTAGES OF MONEY TRANSFER**

1. Payment can be made to distant places without having to travel.

2. Money reaches the intended person fast.

3. Money return can be done immediately.

4. Immediate verification of cash sent and received is created.

5. User can get good exchange rate.

6. Record of payment is kept.

**DISADVANTAGES OF MONEY TRANSFER**

1. One can easily fall prey to online hackers or cyber criminals.

2. It attracts some bank charges for the transfer.

3. There can be occasional cases of technical difficulties.

4. Accounts can be frozen by authorities for months if they suspect fraud.

5.2.4. **CREDIT CARD PAYMENT**

This is payment where the buyer uses a credit card to buy goods based on the cardholder’s promise to pay for these goods and services at a later date.

**ADVANTAGES OF CREDIT CARD PAYMENT**

1. One can benefit from credit card discounts.

2. It is easy to swipe one’s card at the pay point.

3. If you lose your card you do not lose all your money.

4. It allows you make a purchase even when you do not have the money.

5. A customer gets a statement at the end of the month.

**DISADVANTAGES OF CREDIT CARD PAYMENT**

1. Not all buying points accept credit cards, especially in rural areas.

2. One pays an annual fee for the credit card.

3. It encourages impromptu buying hence increased expenditure.

4. Payment for the purchases is made with interest; hence the cost is higher than in cash payment.

5. One may not track expenses made through the card easily.

6. No guarantee of secured data of credit card transactions.

**5.2.5. BARTER TRADE SYSTEM**

Barter is the act of exchanging goods between two or more parties without using money.

**ADVANTAGES OF BARTER TRADE SYSTEM**

1. It saves money.

2. It makes use of idle resources.

3. It facilitates business networking.

**DISADVANTAGES OF BARTER TRADE SYSTEM**

1. It may take time before getting someone with the product you need.

2. It is not easy to guarantee the trustworthiness of your fellow trader.

3. No warranty is given hence one can buy a faulty product.

4. There is no documentation for future reference.

5. Correct valuation of goods is not easy.

**5.2.6. MOBILE PAYMENT**

This refers to the use of mobile phones and phone applications to make payment.

**ADVANTAGES OF MOBILE PAYMENT**

1. It is convenient as it can be made from anywhere.

2. One can benefit from online deals and offers.

3. Offers can easily be shared to friends through mobile applications.

4. It can be used as a way of business branding.

5. It can boost business networking.

6. Set-up is fast and simple.

7. One can make private transactions.

**DISADVANTAGES OF MOBILE PAYMENT**

1. High chances of hardware incompatibility.

2. Device failure can cause frustrations.

3. Mobile phones are prone to theft.

4. It is difficult to read terms and conditions in some phones.

5. Security of passwords may not be assured.

6. Chances of being conned are high.

**5.2.6. DEBIT CARD PAYMENT**

**ADVANTAGES OF DEBIT CARD PAYMENT**

1. It is safer to carry a debit card than to carry cash.

2. Payment is made directly from the bank account so no interest is charged.

**DISADVANTAGES OF DEBIT CARD PAYMENT**

1. It may be easy to track how much money one is using.

2. One can easily be exposed to online hacking

3. It can encourage buying of expensive goods.

4. It makes it easy for one to buy more goods than they actually need money from

**5.3. FUNCTIONS AND USE OF DOCUMENTATION**

Some of the ways in which documentation is done in financial institutions are:

• Personal Current Accounts and Savings Accounts

• Credit Cards

• Payment Table: Personal payment table

• A guide to the Lending Code for consumers

• Customer Information form

**5.3.1 FUNCTIONS OF DOCUMENTATION**

**A. FUNCTIONS OF DOCUMENTATION AT A PERSONAL LEVEL**

1. To keep track of financial transactions.

2. To help in solving contractual disputes in case they arise.

3. To prove one’s creditworthiness.

4. To serve as records for use in personal accounting.

5. For personal planning and budgeting.

6. Documents clarify the terms and conditions that apply to any transaction.

7. Helps one keep track of finances.

**B. FUNCTIONS OF DOCUMENTATION AT A BANKING LEVEL**

1. To facilitate approval of loan applications.

2. To enable you make bank transactions such as cash deposit, cash withdrawal or even ATM withdrawal.

3. Some documents such as log books and title deeds can serve as collateral.

4. To ascertain a customer’s creditworthiness.

5. Documents serve as evidence of transactions.

6. For use by the bank in accounting and control.

7. Documentation ensures correct and timely payments.

Note that e-banking has brought transition from paperwork documentation to electronic records whereby people are able to carry out transactions online through the Internet by use of computers instead of having to go all the way to the bank and fill financial forms for purposes of record. In this way therefore, technology has helped in saving time and easing work.

**Unit 6: TOURISM AND DEVELOPMENT**

**6.0. INTRODUCTION**

1. Tourism can simply be defined as travelling from one place to another for pleasure. Tourism can also be defined as the business of attracting,

2. Development is the process of growing or making something grow or become larger or more advanced accommodating, and entertaining tourists.

**6.1. SUSTAINABLE DEVELOPMENT**

Sustainable development is the process of meeting human needs of the present without compromising the ability of future generations to meet their own needs.

**6.2. PRINCIPLES OF SUSTAINABLE DEVELOPMENT**

According to the Sustainable Development Commission in the United Kingdom, there are 5 basic principles of sustainable development

1. Living within environmental limits

2. Achieving a sustainable economy

3. Promoting good governance

4. Using sound science responsibly

5. Ensuring a strong healthy and just society

**The following are ways these principles apply:**

1. **Living within environmental limits**

People are entitled to a healthy and productive life which should be in harmony with the environment. Environmental protection shall constitute an integral part of the development process of any country, where they shall work to conserve, protect and restore the health and integrity of the ecosystem. Therefore countries should do all they can to protect the environment.

1. **Achieving a sustainable economy**

Nations have the sovereign right to exploit their own resources, but ensure no damage to the environment happens beyond their borders.

The simple principle of ‘the polluter should bear the cost of pollution’ will help.

1. **Promoting good governance**

For sustainable development to work, there is need for good governance. The leaders involved should also facilitate and encourage public awareness by the citizens on sustainable development by making this information widely available.

1. **Using sound science responsibly**

Sustainable development requires better scientific understanding of the problems a nation is going through. There is need for the nations to reduce or altogether eliminate unsustainable patterns of production and consumption to ensure sustainable development.

1. **Ensuring a strong healthy and just society**

In achieving a sustainable economy, eradicating poverty and reducing differences in living standards among the citizens is important. There is need for inclusivity of all genders and all ages to ensure this is done.

**6.3 PILLARS OF SUSTAINABLE DEVELOPMENT**

There is a link between the society, economy and the environment.

The diagram below shows the three pillars of sustainable development and how they relate to each other. They can be represented in the following two ways:

 **Sustainability**

Economic

 Environmental

Social