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# SUPPLY CHAIN DISRUPTION AND PERFORMANCE OF PLASTIC MANUFACTURING FIRMS IN ANAMBRA STATE, NIGERIA.

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## **Abstract**

*The business environment is characterized by uncertainties, external factors, complexities, internal forces and linkages where supply chains generate influence in the viability and sustenance of firms across industries. However, supply chain disruptions have great tendencies to constrain the efficient performance and strategies of companies in the manufacturing sector. Therefore, this study examines supply chain disruption determinants and performance of plastic manufacturing firms in Anambra state. Specifically, it; (i) ascertained the extent of relationship between supply chain disruption and performance of plastic manufacturing firms in Anambra state; and (ii) determined the effect of inventory shortages on profit- after tax of plastic manufacturing firms in Anambra State. Survey research design was employed and structured questionnaire was used to collect the data. The data were analyzed using correlation and regression through SPSS v23. The result indicated that there is a strong negative relationship between supply chain disruption and performance of plastic manufacturing firms with  $R = -.758$ . Inventory shortage has negative effect on profit- after tax of plastic manufacturing firms with  $B = -.932$  and  $R \text{ square} = 76.1\%$ . The study concluded that supply chain disruption determinant has significant effect on the performance of plastic manufacturing firms. We therefore, recommend that plastic firms need to diversify suppliers, invest in technology for improved visibility and tracking to mitigate the impact of disruptions on the performance and profit after tax of plastic manufacturing firms.*

**Keywords:** *Supply chain disruption, performance, plastic manufacturing firms, Anambra State*

## **Introduction**

The contemporary business landscape is marked by a highly interconnected and globalized economy, where supply chains play a crucial role in the success and competitiveness of firms across industries. However, supply chain disruptions can have severe consequences on the performance and operations of companies, particularly in the manufacturing sector. Supply chain disruptions refer to unforeseen events or factors that interrupt the normal flow of materials, information, and/or services within a supply chain network. These disruptions can arise from a variety of sources, including natural disasters, political instability, economic crises, technological failures, and regulatory changes. The ability to effectively manage and

mitigate these disruptions is crucial for firms to maintain their operational efficiency, customer satisfaction, and overall performance. Anambra State, located in Nigeria's southeastern region, is known for its thriving plastic manufacturing industry. The state has witnessed remarkable growth in this sector over the years, attracting numerous firms and contributing significantly to the local economy. Given the importance of supply chain disruptions on firm performance, understanding the determinants specific to the plastic manufacturing sector in Anambra State is essential for its sustainable growth.

Supply chain disruptions can have a significant impact on the performance of manufacturing firms, particularly in industries such as plastic manufacturing. Plastic manufacturing firms in Anambra State, Nigeria, face various challenges that can disrupt their supply chains and impede their overall performance. Supply chains are intricate networks encompassing various stages of production, distribution, and transportation. They involve a sequential flow of raw materials, intermediate products, and finished goods to deliver value to customers. However, supply chains are highly vulnerable to disruptions caused by multiple factors, including natural disasters, economic crises, labor strikes, and political instability. In recent years, Nigeria has experienced frequent supply chain disruptions, impacting various industries across the country. Anambra State, located in the southeastern region of Nigeria, is home to several plastic manufacturing firms that face unique challenges and vulnerabilities due to inadequate infrastructure, frequent power outages, and limited access to transportation networks.

The performance of plastic manufacturing firms can be significantly affected by supply chain disruptions. According to Lee and Tang (2020), disruptions can lead to delays in production, increased lead times, higher transportation costs, inventory shortages, and ultimately, dissatisfied customers. These challenges can have long-term consequences for firms, including decreased profitability, damaged customer relationships, and potential loss of market share. To understand the specific implications of supply chain disruptions on plastic manufacturing firms in Anambra State, research that focuses on this context is essential. However, limited literature exists regarding this particular topic. Therefore, this study aims to fill this gap by investigating the impact of supply chain disruptions on the performance of plastic manufacturing firms in Anambra State. Supply chain disruptions pose significant challenges to plastic manufacturing firms in Anambra State. These disruptions can adversely affect performance outcomes, necessitating an understanding of their implications and the development of strategies to mitigate their adverse effects. By exploring supply chain disruption and performance of plastic manufacturing industry, policymakers, industry experts, and business managers can gain insights into the unique challenges faced by plastic manufacturing firms in this region and develop strategies to enhance their performance and resilience in the face of disruptions.



The major objectives of this study is to examine the supply chain disruption determinants and performance of plastic manufacturing firms in Anambra state. The specific objectives are to:

- i. ascertain the extent of relationship between supply chain disruption and performance of plastic manufacturing firms in Anambra state.
- ii. determine the effect of inventory shortages on profit- after tax of plastic manufacturing firms in Anambra State.

Ho<sub>1</sub>: There is no relationship between supply chain disruption and performance of plastic manufacturing firms in Anambra state.

Ho<sub>2</sub>: Inventory shortages have no effect on profit- after tax of plastic manufacturing firms in Anambra State.

## **Review of Related Literature**

### **Supply Chain Disruption Determinants**

Supply chain disruption refers to the unexpected interruption or disturbance in the flow of goods, services, or information within a supply chain network. It occurs due to various factors such as natural disasters, geopolitical conflicts, technological failures, economic uncertainties, and pandemics. This disruption can have significant impacts on companies, industries, and global economies, leading to production delays, inventory shortages, increased costs, and reduced customer satisfaction. One of the primary causes of supply chain disruption is natural disasters. For instance, Kamal, Jabbour and Taleb (2015) explored how hurricanes, earthquakes, tsunamis, and floods can result in temporary or permanent closures of production facilities, transportation routes, and ports, causing cascading effects across supply chains. The study emphasizes the importance of proactive risk management strategies to enhance supply chain resilience and minimize the disruption's impact. Geopolitical conflicts are another major source of disruption. Kamal et al. (2015) point out how political disputes, trade conflicts, and economic sanctions can lead to trade barriers, border closures, or disruptions in logistics and transportation networks. For example, the study highlights how political instability in Ukraine impacted the global agricultural supply chain, affecting grain exports and causing price fluctuations in wheat and corn markets.

### **Components of Supply Chain Disruption Determinants**

The components of supply chain disruption determinants can vary depending on the specific context and industry. However, there are several key factors that are commonly recognized as significant determinants of supply chain disruptions.

*i. Internal factors:* These involve elements within a company's control that can disrupt the supply chain. Such factors may include inadequate inventory management, production delays, quality issues, or labor disputes within the organization. (Carter, & Rogers, 2008). One internal factor that can contribute to supply chain disruption is poor inventory management. Inefficient forecasting,

inaccurate demand planning, and inadequate inventory levels can lead to stockouts, production delays, and ultimately disrupt the entire supply chain (Wallenburg, 2020).

*ii. External factors:* These refer to events or conditions beyond the company's control that can lead to disruptions. External factors often include natural disasters, political issues, economic instability, changes in regulations, or supplier bankruptcies. (Kim & Ellinger, 2016). Technological advancements and innovations can both mitigate and introduce new disruptions to supply chains. While technological innovations such as blockchain, Internet of Things (IoT), and artificial intelligence (AI) can enhance supply chain visibility, efficiency, and resilience (Gligor, Holcomb, & Stank, 2019), the rapid adoption of new technologies can also introduce vulnerabilities and risks. For example, cyber-attacks and data breaches can disrupt operations, compromise sensitive information, and cause financial losses (Einav & Levin, 2014).

*iii. Lack of contingency planning:* This refers to the absence or inadequacy of plans and strategies to address potential disruptions. Organizations that fail to develop and implement robust contingency plans are more vulnerable to supply chain disruptions and may struggle to recover quickly. (Christopher & Peck, 2004).

*iv. Supplier-related factors:* These involve issues associated with suppliers, such as poor supplier selection, insufficient supplier communication, lack of visibility into supplier operations, or reliance on a single or limited number of suppliers. Supplier-related disruptions can significantly impact the supply chain's overall performance. (Kamel & Youssef, 2016).

*v. Technology and IT failures:* Supply chains are becoming increasingly reliant on technology and IT systems for effective operations. Technical glitches, system failures, cybersecurity breaches, or inadequate technology infrastructure can disrupt the flow of information and materials across the supply chain. (Watson, 2003).

### **Performance of Plastic Manufacturing Firms in Anambra State**

The plastic manufacturing industry plays a critical role in promoting economic growth, employment, and industrial development in Anambra State, Nigeria. This study analyzed the performance of plastic manufacturing firms in Anambra State by examining their market share, production capacity, profitability, competitiveness, and innovation. Anambra State is known for its multitude of plastic manufacturing firms, which contribute significantly to the state's economy. According to the Anambra Youth Initiative (2019), plastic manufacturing firms in the state account for approximately 35% of the overall plastic production in Nigeria. These firms exhibit a diverse range of production capacities, with smaller firms specializing in specific plastic products, while larger firms have a more extensive portfolio. This variation in production capacity contributes to market segmentation and healthy

competition within the industry. The profitability of plastic manufacturing firms in Anambra State is influenced by factors such as cost of production, market demand, pricing strategies, and operational efficiency. A study by Umeh and Ekwe (2020) found that profitability levels among plastic manufacturing firms in the state varied, with some firms enjoying higher profit margins due to their ability to control production costs, effective inventory management, and product differentiation. Moreover, competitive firms investing in modern technologies and continuous process improvements are more likely to achieve sustainable profitability (Anambra State Ministry of Industry, Commerce, Science, and Technology, 2019).

### **Nexus between Supply Chain Distribution and Performance of Plastic Manufacturing Firms in Anambra State**

Supply chain disruptions can significantly impact the performance and overall resilience of manufacturing firms, including plastic manufacturing companies. Supply chain disruptions can lead to adverse consequences for plastic manufacturing firms. Notably, disruptions such as raw material shortages, transportation delays, or supplier bankruptcy can have significant impacts on operational performance, customer satisfaction, and financial results (Sheffi, 2018). These disruptions may result in production delays, increased costs, decreased market share, and unsatisfied customers (Chopra & Sodhi, 2014).

Within the plastic manufacturing sector in Anambra State, common supply chain disruptions include raw material shortages, power supply interruptions, inadequate transportation infrastructure, and supplier reliability issues. These disruptions can interrupt production schedules, hinder timely delivery to customers, and increase production costs (Nnadi et al., 2020).

### **The Relationship between Supply Chain Disruption and Financial Performance**

Supply chain disruptions have a direct impact on the financial performance of plastic manufacturing firms. For instance, production delays caused by raw material shortages may result in increased operational costs, lower profit margins, and decreased revenue (Sinha et al., 2017). Moreover, disruptions may also lead to increased holding costs, inventory spoilage, and write-offs (Ivanov et al., 2019).

Supply chain disruptions can negatively affect customer satisfaction for plastic manufacturing firms. Delays in delivery caused by disruptions reduce customer satisfaction and increase the likelihood of losing customers to competitors (Moghadam, et al., 2020). Additionally, disruptions may result in product quality issues, leading to customer complaints and decreased brand loyalty.

Plastic manufacturing firms heavily rely on efficient supply chain operations. Disruptions can disrupt the flow of materials, causing bottlenecks and inefficiencies in production processes (Noh et al., 2020). Poor operational performance due to

supply chain disruptions can impact overall productivity, resulting in lower plant utilization rates and increased production costs.

### **Effects of Inventory Shortages on Profit-After Tax of Plastic Manufacturing Firms in Anambra State**

Inventory management is a crucial aspect of any manufacturing firm's operation, as it directly impacts profitability. This discussion aims to explore the effect of inventory shortages on the profit-after tax of plastic manufacturing firms in Anambra State, Nigeria. By analyzing studies and research in this context, we will shed light on the relationship between inventory shortages and post-tax profits, emphasizing the importance of effective inventory management strategies. Inventory shortages lead to a decrease in availability of products for sale, which directly affects a firm's revenue. As customers face a limited product selection, it may result in lost sales opportunities and a decline in overall revenue (Pandya & Garud, 2020). When customers repeatedly encounter inventory shortages, they may lose trust in the plastic manufacturing firms' ability to meet their demands. This can lead to a decline in customer loyalty, as they may begin to seek alternate suppliers or brands with more reliable inventory management practices (Matschke, 2018).

### **Theoretical Framework**

This study is anchored on resource-based view theory. The theory provides a framework for understanding how firms utilize their unique resources and capabilities to achieve a competitive advantage (Barney, 1991). According to the RBV theory, a firm's performance is influenced by the availability and effective deployment of valuable, rare, inimitable, and non-substitutable (VRIN) resources. Supply chain disruptions can impact the availability and accessibility of critical resources in the plastic manufacturing industry, such as raw materials, energy supply, and skilled labor. Restricted access to these resources can lead to reduced operational efficiency and lower performance. Plastic manufacturing firms that possess unique resources, such as advanced manufacturing technologies or proprietary product formulations, may experience fewer disruptions due to their specialized capabilities. This can result in better supply chain resilience and improved performance compared to firms lacking rare resources.

The ability of plastic manufacturing firms to effectively manage supply chain disruptions often depends on the level of sophistication and complexity within their operations. For instance, implementing robust risk management techniques, diversifying supplier networks, and adopting flexible production systems can enhance their resilience to disruptions and improve performance. Non-substitutable resources refer to those that are not easily replaced or imitated by competitors. In the context of plastic manufacturing firms in Anambra State, building strong relationships with suppliers, customers, and other stakeholders can create a network

of support that enables firms to better navigate disruptions, drive operational efficiency, and enhance overall performance.

The Resource-Based View (RBV) theory offers a valuable framework for understanding the relationship between supply chain disruption and performance among the plastic manufacturing firms in Anambra State. Applying this theory, it becomes apparent that firms with valuable, rare, inimitable, and non-substitutable resources have a better chance of successfully managing disruptions and maintaining high levels of performance. Policymakers and industry practitioners can leverage this understanding to develop strategies that enhance the resilience and performance of plastic manufacturing firms in Anambra State.

### **Empirical Review**

Tang, and Nurmaya (2011) examined Risk Issues and Research Advancements in Supply Chain Risk Management. It used literature review and content analysis. The study identified various risk issues faced by supply chains, including supply chain disruptions. It emphasized the need for proactive risk management strategies and highlighted the importance of information sharing and collaboration among supply chain stakeholders. It concluded that effective supply chain risk management is crucial for mitigating disruptions and improving the performance of plastic manufacturing firms.

Scholten, and Schilder, (2015) examine supply Chain Disruption Management: The Art of Managing Risk. It adopted systematic literature review. The review revealed that supply chain disruptions can have significant negative impacts on firm performance. It emphasized the importance of effective disruption management practices, such as risk mapping, contingency planning, and resilience building activities, to minimize disruption effects. It concluded that implementing comprehensive disruption management strategies can enhance the performance and resilience of plastic manufacturing firms in the face of supply chain disruptions.

Ghadge, and Dani, (2019) studied supply Chain Risk Management: Present Status and Future Opportunities. It used systematic literature review. The review examined various aspects of supply chain risk management, including the impact of disruptions on firm performance. It highlighted the role of visibility, flexibility, and collaboration in managing disruptions and improving performance outcomes. It concluded that enhancing risk management capabilities by adopting proactive and collaborative approaches can help plastic manufacturing firms mitigate the negative effects of supply chain disruptions and achieve better performance.

Shah, and Selvi, (2020) studied supply Chain Disruptions and their Effects on Firms' Performance. It used a meta-analysis. The meta-analysis indicated a negative relationship between supply chain disruptions and firm performance. It highlighted that disruptions can lead to increased costs, reduced customer satisfaction, and

lowered operational efficiency, all of which negatively impact a firm's performance. It concluded that managing and mitigating supply chain disruptions is crucial for improving the performance of plastic manufacturing firms, and proactive risk management measures should be adopted to minimize the negative consequences.

Luo, Zhang, and Wee, (2021) examined supply Chain Risk Management and Firm Financial Performance: A Meta-Analysis. It used meta-analysis. The meta-analysis revealed a positive association between effective supply chain risk management practices and firm financial performance. It emphasized the importance of risk assessment, risk mitigation, and contingency planning in ensuring better performance outcomes. Its conclusion is that implementing robust supply chain risk management strategies can not only help plastic manufacturing firms mitigate disruptions but also positively impact their financial performance.

### **Methodology**

The study adopted a survey research design. The Ezenwa Plastic Industry Nigeria limited in Anambra was used as the target population of this study. The staff strength is 213. A sample of 139 was drawn through Taro Yamane (1967). The study used simple random sampling. The study used primary data obtained through structured questionnaire. Content validity was utilized and the reliability of the instrument was tested with Cronbach alpha which yielded an alpha value of 0.79, which is above the standard 0.6 alpha value required for an instrument to be valid. Correlation and ordinary least square regression were used to test the hypotheses at 5% significant level using SPSS version 23.

### **Data Analysis**

Ho1: There is no relationship between supply chain disruption and performance of plastic manufacturing firms in Anambra state.

**Table 1: Correlation Matrix**

| <b>Variable</b>                | <b>Performance</b> | <b>Supply chain disruption</b> |
|--------------------------------|--------------------|--------------------------------|
| <b>Performance</b>             | 1.000              |                                |
| <b>Supply chain disruption</b> | -.758              | 1.000                          |

Source: SPSS Output, 2023

Table 1 shows the correlation between supply chain disruption and performance of plastic manufacturing industry. The correlation coefficient shows -.758 which indicates that there is -75.8% relationship between supply chain disruption and performance of plastic industry in Anambra State. This indicates that there is a strong negative relationship between supply chain disruption and performance of plastic manufacturing industry. Hence, the null hypothesis which states that there is no relationship between supply chain disruption and performance of plastic

manufacturing firms in Anambra state, is rejected and the alternative hypothesis is accepted.

Ho<sub>2</sub>: Inventory shortages have no effect on profit- after tax of plastic manufacturing firms in Anambra State

**Table 2: Regression Model**

| Variable                              | Beta  | T      | Sig. |
|---------------------------------------|-------|--------|------|
| Inventory shortages                   | -.932 | -2.908 | .004 |
| Dependent Variable: profit- after tax |       |        |      |
| R-Square: .761                        |       |        |      |
| F: 59.034                             |       |        |      |
| P (F-stat): .000                      |       |        |      |

Source: SPSS Output, 2023

Table 2 shows the regression model. The table indicates that inventory shortage has a beta value of -.932 which indicates that a change in inventory shortage will lead to a negative 0.932 unit of changes in profit after tax. The t-statistics and p-value indicate a value of -2.908 and .004 which is greater than 1.96 and less than 0.05 respectively, this shows that inventory shortage is highly significant to profit after tax in plastic industry. Hence, the null hypothesis which states that Inventory shortages have no effect on profit- after tax of plastic manufacturing firms in Anambra State, is rejected and the alternative hypothesis is accepted. The R square shows the value of .761 which means that inventory shortage has 76.1% impact on profit after tax. Also, the F statistics and p-value of the F statistics show 59.034 and .000, which indicate that the model is fit for explaining the constructs of this study.

### Discussion of Findings

The finding from the correlation analysis indicates a strong negative relationship between supply chain disruption and performance of plastic manufacturing industry in Anambra state, as evidenced by a correlation coefficient of -.758. This means that as the level of supply chain disruption increases, the performance of plastic manufacturing firms in the state tends to decrease by approximately 75.8%. The rejection of the null hypothesis and acceptance of the alternative hypothesis suggests that there is indeed a significant relationship between supply chain disruption and performance of plastic manufacturing firms in Anambra state. This finding is in line with Scholten, and Schilder, (2015) that has highlighted the adverse impact of supply chain disruptions on firm performance.

Based on the regression analysis, the findings suggest that there is a significant relationship between inventory shortage and profit after tax in the plastic industry. The negative beta value (-0.932) indicates that an increase in inventory shortage leads to a decrease in profit after tax by 0.932 units. The t-statistics (-2.908) and p-value (0.004) indicate that this relationship is statistically significant at a 95% confidence level. Therefore, the null hypothesis, which states that inventory shortages have no effect on profit-after-tax of plastic manufacturing firms in Anambra State, is rejected in favour of the alternative hypothesis. This finding is in line with Luo, Zhang, and Wee, (2021) that has highlighted the adverse impact of inventory shortage on profit after tax.

### **Conclusion and Recommendation**

Based on the first finding, it is concluded that supply chain disruptions have a detrimental effect on the performance of plastic manufacturing firms in Anambra state. When the supply chain is disrupted, it can lead to increased costs, delays in production and delivery, shortage of raw materials, and reduced customer satisfaction which can negatively affect the overall performance of the firms.

Based on the second findings, it is concluded that inventory shortage has a significant negative effect on the profit after tax of plastic manufacturing firms in Anambra State.

In light of these findings, it is recommended that plastic manufacturing firms in Anambra state need to focus on enhancing their supply chain resilience and implementing robust risk management strategies. This may involve proactive measures such as diversifying suppliers, establishing backup plans for critical inputs, investing in technology for improved visibility and tracking, and fostering collaboration and communication with supply chain partners. Moreover, continuous monitoring and evaluation of supply chain performance, identification of potential risks, and development of contingency plans are crucial to mitigate the impact of disruptions on the performance and profit after tax of plastic manufacturing firms. By adopting these measures, firms can improve their ability to cope with supply chain disruptions, minimize negative consequences on profit after tax, and maintain better overall performance.



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## **DIVERSITY MANAGEMENT AND EMPLOYEE PERFORMANCE OF BREWING FIRMS IN ANAMBRA STATE, NIGERIA.**

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### **Abstract**

*The increasing differences in the workplace environment negatively affect the team spirit expected among employees to enhance their productivity and sustainability within the ambit of the organization. This work examined the relationship that exists between diversity management and employee performance of brewing firms in Anambra State, Nigeria. Specifically, objectives were categorically drawn to ascertain the extent of relationship that exists between gender diversity and job position of worker; to determine the relationship that exists between age diversity and employee commitment; and to examine the nature of the relationship that exists between cultural diversity and employee satisfaction in brewing firms in Anambra State. Descriptive survey design was adopted. The population of the study stood at 1284 and a sample size of 305 was arrived at using Taro Yamane Formula. Data were collected via structured questionnaire, and was analyzed using descriptive statistics of frequency table and percentages. Hypotheses were tested using Pearson Product Moment Correlation Coefficient with the aid of Statistical Package for Social Sciences (SPSS version 27). Results revealed significant positive relationship between gender diversity and job position; significant positive relationship between age diversity and employee commitment; significant positive relationship between cultural diversity and employee satisfaction. We concluded that all the three proxies (gender diversity and job position of workers, age diversity and employee commitment, cultural diversity and employee satisfaction) showed significant positive relationships. Based on the findings, we recommended that organizations need to be gender sensitive during recruitment to ensure that job positions of workers are skewed appropriately. Also, organizations need to design suitable diversity management programme that will ensure an effective and efficient job descriptions, and that cultural differences are tolerated among the employees to ensure employee satisfaction in brewing firms in Anambra State, Nigeria..*

**Keywords:** *Diversity management, employee performance, gender diversity, cultural diversity, brewing firms.*

## **Introduction**

Diversity management emerged from the United States of America in the early 1980s as scholars became curious about finding how best organization can manage their highly diversified work force. This was necessitated by the increasing challenge faced by organization to become more innovative and competitive in the global market by hiring more effective, competent and proactive employees that come from different walks of life (Yadav and Lenka, 2020). The globe is beginning to run an increasingly independent economy with substantially increased workforce diversity and cross-culturality (Alcazar, Fernánde, Pedro and Gardey, 2012). Diversity has become such a pressing concern at present owing to globalization, changing labour markets, teamwork strategies, and shift from manufacturing to service economies, mergers and alliances (Kundu, Bansal and Chawla, 2015).

Diversity management is a strategy that is intended to foster and maintain a positive workplace environment. An effective diversity management program promotes recognition and respect for the individual differences found among a group of employees (Osmond, 2008). The essence of this management approach is to encourage employees to be comfortable with diversity in the workplace and develop an appreciation for differences in race, gender, age, background, sexual orientation or any other factors that may not be shared by everyone working in the same organization (Paulson, 2011). Diversity has great benefit as it is a process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued. Okpako and Onuoha (2019) posit that the benefits help to attract candidates to an organization, but positive organizational culture and environment drives employee satisfaction and retention. Therefore, diversity Management in organization depicts the designing of the various differences in the demographic, social, economic and cultural composition of the human side of an organization to create a productive environment where everybody feels valued and their talents being fully utilized for the achievement of organizational goals (Abidi, Zaim, Youssef, Habibniya and Baran, 2017). The differences in the composition of human side of the employee cuts across ethics, education, religion, sex, age, race, background, disability, personality and work style diversity (Onyokoko and Onuoha, 2019).

Today, the changing demographic composition of the workforce, the increasing social sensitivity to ethical concerns, and the overall consequences of globalization are compelling more and more organizations to deal with diversity management (Abidi, Zaim, Youssef, Habibniya and Baran, 2017). The perceived poor performance of the brewing industry particularly the ones that have existed in Anambra State has placed the State among the States with limited number of breweries in Nigeria. The poor performance of the industry is not unconnected to the different compositions of the employees in terms of ethnicity, age, attitude, language, gender, religion, caste etc. This has informed the government's curiosity

to attract other brewing firms in the state for it to remain competitive at the marketplace. It is in the light of the above that this study sought to examine the relationship between diversity management and employee performance of brewing firms in Anambra State, Nigeria.

## **Review of Related Literature**

### **Conceptual Review**

#### **Diversity Management**

Diversity management has become an important issue in organizations due to rapid economic growth and advancement, which necessitated that organizations become more diversified, especially in multiracial and multi-ethnic countries. Organizations now face a challenge to recruit and train workers to become more aware and competent in a diversified workforce if they must attain their corporate mission and continue to survive in the world of dynamic multi-ethnic workforce environment (Lee and Nathan, 2011). Thus, to be more competitive, organizations need to play an active and guiding role to improve organization performance. They need to choose their workers well (considering their age, gender, work experience, marital status and educational qualifications), invest the employees with the proper responsibilities, support growth and respect needs in order to achieve the organization's strategic plan.

Thus, the most important issues of workforce diversity are to address the problems of discrimination in terms of gender, age, work experience, educational background/qualification, ethnicity, education background and culture. This discriminatory attitude of some workforce, individual identity, and lack of cooperation amongst workers has been extended by workers in the same diverse organization beyond limits, which affects morale thereby leading to negative performance index and invariably take a toll on the corporate profitability (Sidney and Chadwyck, 2001). Furthermore, diversity management means the voluntary organizational actions that are designed to create greater inclusion of employees from various backgrounds into the formal and informal organizational structures through deliberate policies and programs. (Harvey and Allard, 2012).

Workforce diversity has become a fundamental aspect used by organizations to channel or link workforce diversity initiatives towards business goals (Patrick and Kumar, 2012). Thomas (2013) asserted that workforce diversity is the variety of demographic characteristics that constitute a company's workforce particularly in terms of age, color, origin, race, culture, disability. Corroborating this assertion, Dessler (2012) is of the view that workforce diversity comprises the reality, invisible, in which people differ. Carrell (2006) define workforce diversity as the various ways that people differ which can affect a task or relationship within the banking industry such as age, gender, race, education, religion and culture.

## **Gender Diversity**

Gender is regarded as the description of masculinity or femininity of people (Connell and Messerschmitt, 2013). Gender-based inequities in organizations are reinforced and justified by stereotypes and biases that describe positive characteristics and therefore a higher status to the males (Leonard and Levine, 2013). Elsaid (2012) defines gender diversity in the workforce as the equal treatment and acceptance of both males and females in the banking industry. Leonard and Levin (2013) asserted that most constitutional challenge is overcoming the thought that woman are not equal to man. Kossek, Lobel, and Brown (2015) stated that only 54% of working age women are in the workforce worldwide compared to 80% of men. Furthermore, women continue to have the upper hand on the invisible care" economy, which relates to care giving and domestic work. Discrimination on hiring workers based on gender has resulted in a firm's hiring workers who are paid higher wages than alternative workers, but are no more productive (Barrington and Troske, 2013). However, according to Emiki and Eunmi (2009), workforce diversity remains ineffective if gender issues are not first recognized and managed.

## **Age Diversity**

Age diversity is a shared phenomenon that is present in nearly all groupings, such as families, higher institutions, sport teams, and work or team groups with members of varying ages (Kunze, Boehm, and Bruch, 2013). According to Kunze (2013), age diversity is defined as the differences in age distribution among employees and is used to describe the composition of the banking industry or the composition of workgroups within the banking industry. Boehm and Kunze (2015) argued that an age heterogeneous workforce yields a host of multiple skills, intellectual styles, morals, and preferences that may result in increased productivity. Where age diversity is practiced, the benefits accrue both to the organization and the employees. Having an age diverse environment produces and creates better working relationships and enhances social cohesion for all.

## **Cultural Diversity**

Culture is the characteristic ways of thinking, feeling and behaving shared among members of a noticeable group (Gibson and Gibbs, 2006). Cultural diversity is the nature of assorted or diverse societies, rather than monoculture, the worldwide monoculture, or a homogenization of societies, likened to social rot. Social decent variety can likewise allude to having distinctive societies and regard for one another's disparities. Social assorted variety can likewise be depicted as the variety of human societies or cultures in a specific region, or in the world as a whole. Cultural diversity has become more relevant in organizational life and complexity of jobs due to increased awareness of globalization (O'Reilly, Williams and Barsade, 1998). Lots of scholarly definitions of cultural diversity have emerged over the years. For instance, Cox (2001) defines it as "the variety of social and social

characters among people existing together in a characterized work or marketing setting”. Businesses are beginning to appreciate cultural diversity more even though the issue of discrimination along cultural lines is prevalent in the workplace. Milliken and Martins (1996) observes that cultural diversity can be a “double-edged” sword in terms of improving the chances of group members’ satisfaction in the diversity and creating the opportunity for creativity. Employees all over the world find themselves in organizations with different cultural background, due to internationalization and globalization. Therefore, management at all levels must apply concerted effort to implement management strategies in ensuring that the environment they work accommodates all and sundry. Hence organizations in most countries of the world are conscious of their strategies and policies as regards cultural diversity (Mor-Barak, 2005).

### **Employee Performance**

Aguinis (2007) opines that employee performance is about behaviour or the output of the work of employees and it is determined by a combination of declarative knowledge, procedural knowledge, motivation and commitment of the employees. Wood and Stangster (2002) states that employee performance is measured against the performance standards set by the organization. Kotler and Armstrong (2002) assert that employee performance is measured in terms of the quality of output (goods and services) produced by the employee. Employee performance is normally looked at in terms of outcomes. However, it can also be looked at in terms of behavior (Armstrong, 2001). Employee performance has a direct impact on the output, sales and profits of the organizations (Hee, 2014). In the early 1990s, organizations have commenced conceptualizing performance as a multifaceted construct (Suliman, 2001). Employee performance relays basically on goal achievement made at business (Abualoush, 2018). It indicates financial and non-financial added value of employee's contribution to work to the attainment of both, directly and indirectly, organizational goals (Dajani, 2015).

### **Employee Commitment**

Employee commitment refers to the emotional attachment that an employee has in an organization (Price, 2014). It is the extent at which employees appreciate to be members of an organization. According to Rhoades, Eisenberger and Armeli (2015), affectively committed employees are seen to have a sense of identification and belonging and this motivates them to increase their participation in the activities of an organization. Additionally, affective commitment makes employees to have willingness to meet the goals of an organization as well as the desire to stay in the organization. Beck and Wilson (2014) noted that organizational members who have an affective level of commitment have a longing to remain in the organization because they view their values and goals to be congruent with those of the organization. Coetzee (2015) points out that employee affective commitment is related with work attitude and positive feelings about their organization. The work



attitude is related with how employees view the organization and this attaches them to the institution. According to Eliyana (2012), employees with strong affective commitment would be motivated to high levels of performance and make more meaningful contributions than employees who expressed continuance and normative commitment.

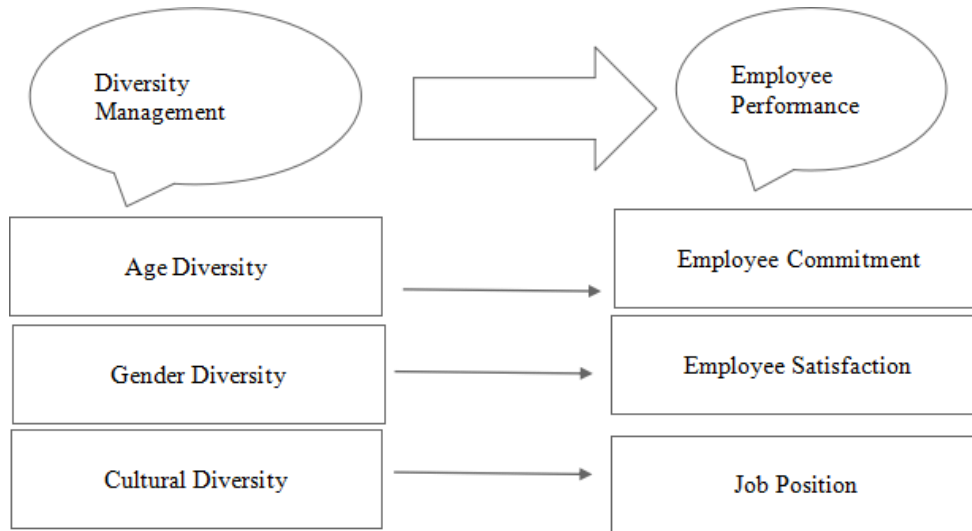
### **Employee Satisfaction**

Employee Job satisfaction can be defined as a sense of employee achievements and successes. It is generally believed that it is directly related to productivity and work performance, as well as to personal well-being. Job satisfaction means doing the work one likes, doing it well and being rewarded for own efforts (Aziri, 2011). People can also have different approach to various aspects of their work, such as the type of work they are doing, colleagues, superiors or subordinates and their salary (George and Jones, 2008). Different motivation style and leadership style can work in different way on every employee, resulting in increased work performance and job satisfaction. Therefore, job satisfaction is an essential element motivating employees and encouraging them to achieve better results (Raziq and Maulabakhsh, 2015). Ostroff (1992) says that employee satisfaction is of great importance not only for employees but also for the entire organization. Because satisfied employees are usually happy and motivated to work, consequently the organization can get amazing results from their work, from the other side, those dissatisfied employees will not be encouraged and will be disturbed by their work routine, they will run away from responsibility and even avoid work (sick leave, days off) (Judge, 2001).

### **Job Position**

A job position is a description of your day-to-day responsibilities and specific tasks in an organization. Organizations often hire for multiple job positions, all sharing the same job title. This is because each employee who holds that title will assume different responsibilities. Job satisfaction is considered as one of the main factors of the effectiveness and efficiency of business organizations. In fact, the new managerial paradigm, which insists that employees should be treated primarily as someone who has their own needs and personal desires, is a very good indicator of the importance of job satisfaction in modern enterprises. Analyzing job satisfaction, it can be concluded that a satisfied employee is a happy employee and a happy employee is successful employee (Aziri, 2011). The availability of superiors at the time of need, the ability to connect employees, stimulating creative thinking and knowledge of values, openness in the eyes of employees and the ability to communicate with employees are basic features of supervision. Various researches have shown that with good and effective supervisor, the level of employee satisfaction was high, while with poorer communication skills, the level of employee dissatisfaction was high (Raziq and Maulabakhsh, 2015).

There are four determinants influencing employee satisfaction: supervisor/leader, job design, workplace environment and performance pay. The factor supervisor/leader has not a so strong impact on motivation but is crucial for job-design satisfaction and affects the level of satisfaction with performance pay very much (Brenninger, 2015).



### Conceptual Framework

A conceptual framework can be defined as a visual representation in research that helps to illustrate the expected relationship between variables. It is an analytical tool with several variations and contexts. It can be applied in different categories of work where an overall picture is needed. It is used to make conceptual distinctions and organize ideas. Strong conceptual frameworks capture something real and do this in a way that is easy to remember and apply (Ravitch, 2016).

### Theoretical Framework

This study is anchored on Similarity-Attraction Theory developed by Byrne (1971) and it is used to explain group formation. It focuses on people's preference to interact with other individuals who share common life values, beliefs, expectations and experiences with others. One reason for this preference is that having knowledge of this shared attitude could help people predict the future behaviour of the other people. Similarity attraction theory assumes that people like to associate themselves with those whom they perceive to be like them based on demographic characteristics such as age, ethnicity, gender, culture, religion etc. Similarity attraction theory also assumes that people tend to apply negative assumptions and attitude to their colleagues who are different from them etc. It is believed that this attraction helps to promote cohesion, communication and cooperation among team members (Kunze, Boehm, & Bruch, 2011). For instance, it is possible to find younger employees in an

organization pursuing common social activities with fellow colleagues within their age group and even going for lunch breaks with their colleagues who are of the same age group. This kind of attraction and personal ties tend to promote communication and cooperation among them because they are able to share similar life and work experiences with one another and as such develop their similar life attitudes and beliefs. However, employees who are either older, middle aged or younger than such unified group, may conclude that the reason why they are not invited or accepted in such group is due to their age and as a result may start generating and exhibiting age prejudiced attitudes in the organization (Kunze, Boehm, & Bruch, 2011). This paradigm also assumes that people tend to apply negative assumptions and attitude to their colleagues who are different from them. Thus, stereotypes and prejudice, based on gender, ethnicity/race, and age often reflect the categorization process of distinguishing between similarity and difference, and often lead to miscommunication. The import of this theory is that birds of the feather flock together because they understand one another easily.

### **Empirical Studies**

Osibanjo, Adeniji, Falola, Salau, Ogueyungbo, and Odion (2020) investigated the effect of diversity management on organizational performance in Deposit Money Banks in Nigeria. The study examined the influence of age, gender, work experience, educational qualification, and marital status on organizational performance using a survey research design method on a sample size of 192 employees of the five selected deposit money banks within Lagos metropolis, Southwest, Nigeria. Multiple regression analysis result showed that a significant relationship exists between the variables of diversity management and organizational performance. In particular, the model results show the level of relationships between diversities in age, gender, work experience, educational qualification and marital status on employee commitment, sales growth, and service quality and employee intention to leave. The study recommended that diversity should be adequately utilized in the management of organizations, establishments or institutions to make sure that everybody is carried along with irrespective of cultural background, ethnic group, race, or colour.

Ezinwa and Ezeanolue. (2020) investigated Diversity Management and Firm Performance in Selected Breweries in South East of Nigeria. Using descriptive statistics like frequency, percentages mean and standard deviation. The findings of the study revealed that gender diversity had significant positive effect on firm performance in South East Nigeria. Age diversity had significant positive effect on firm performance in South East Nigeria. Ethnicity diversity had significant impact on firm performance in southeast Nigeria.

Omotayo, Anthonia, Hezekiah, Odunayo, Opeyemi and Odion (2020) examined diversity management and organisational performance in deposit money banks in Nigeria. Using Pearson Product Moment Correlation Coefficient on SPSS version 27, the result showed a significant relationship between the variables of diversity management and organisational performance. In particular, the model results show the level of relationships between diversities in age, gender, work experience, educational qualification and marital status on employee commitment, sales growth, and service quality and employee intention to leave. All the variables tested under the independent variable have positive path coefficients as factors that affect employee commitment, sales growth, service quality, employee intention to leave.

Tamunomiebi, and John-Eke (2020) investigated Workplace Diversity: Emerging Issues in Contemporary Reviews using extensive literature. Least square method was used. Findings revealed that these issues are brought to bear through globalization, migration, aging population, outsourcing, women's work. Organization should have a framework for workplace diversity management; optimally allocating resources to create a multicultural engaged workforce for productivity and excellent business performance

Onyokoko and Onuoha (2019) examined strategic management and workplace diversity of selected banks in Port Harcourt, Nigeria. The study examined strategic management approaches such as effective communication and shared responsibility that managers can adopt in solving issues arising from workplace diversity, Ethnic diversity, Gender diversity and Cultural diversity. The study was based on a simple random sampling of 240 Managers of 7 deposit money banks in Port Harcourt, Rivers State, Nigeria. Findings revealed that effective communication and shared responsibility are key strategies in overcoming issues of workplace diversity, and these can lead to more committed; better performing employees as well as high productivity for the organization.

Obamiro, Kumolu-Johnson and Ngwamaj (2019) examined Workforce Diversity and Employees' Performance: Evidence from a Nigerian Bank in Nigerian. The study specifically examined the relationship between gender diversity and job satisfaction and also ethnic diversity and employee intention to quit using Pearson Product Moment Correlation (PPMC) analysis on a sample of 121 employees. Findings showed that gender diversity correlate with job satisfaction at a value of  $r = 0.891$ , while ethnic diversity correlate with employee intention to quit at a value of  $r = 0.825$ . The results also showed a strong relationship between workforce diversity variables and employee performance of First Bank of Nigeria Plc. Alimosho branches.

Olajide-Arise, Oluseyi, Olalekan, and Adekunle (2019) examined workforce diversity and employee affective commitment of selected deposit money banks in Lagos State, Nigeria. The study examined the effect of workforce diversity

dimensions which includes age diversity, gender diversity, ethics diversity, religion diversity and educational diversity on employee affective commitment of selected deposit money banks in Lagos State, Nigeria. using descriptive and inferential statistics for the analyzes on a sample size of 464. Findings revealed that workforce diversity dimensions (age diversity, gender diversity, ethics diversity, religion diversity and educational diversity) have positive and significant effect on employee affective commitment.

Ahmad and Rahman (2019) investigated effect of workplace diversity on employees' performance in Allama Iqbal Open University. Using descriptive statistics like frequency, correlation and regression. Findings revealed that age diversify; gender diversity and ethnicity diversity have negative relationship on the performance of the employees. Experience diversity has positive effect on employees' performance.

Barang'a, and Maende (2019) investigated workforce diversity on employee performance in the office of the attorney general and department of justice, Kenya. The study provided empirical evidence on the influence of educational background diversity, ethnicity diversity, age diversity and gender diversity on employee performance. Multiple regression analysis was used on sample of 5 Human Resource Managers and 50 Support Staff from HRM department. Findings showed that educational background diversity, ethnicity diversity, age diversity and gender have a positive and significant relationship on employee performance.

Akpoviro and Akinbola (2018) examined effects of workforce diversity on employees' performance in stallion group of company in Nigeria. The study provided empirical evidence on the effect gender diversity, age diversity, ethnicity diversity and educational background on employee performance using a descriptive and explanatory research design. Multiple Regression analysis was used on a sample size of 80 respondents. Findings revealed that there is a relationship between each independent variables and the dependent variable and tested at 1% significance level. It also revealed that gender; age, ethnicity and educational background are positively correlated and the strength of the relationship is small but definite relationship to employee performance. The study recommends that that management of organizations should develop mechanisms that promote cultural diversity in the workplace through effective diversity programs. Regular training on diversity should be conducted among the employees for the purpose of strengthening the wellbeing of the organization.

Abidi, Zaim, Youssef, Habibniya and Baran (2017) examined diversity management and Its Impact on HRM Practices: Evidence from Kuwaiti Companies in Kuwaiti. The study provided empirical evidence on avoidance of discrimination, ability to manage people and ability to work in harmony with people using a regression

analysis to measure the effects of diversity management on HRM. Findings revealed that there is a positive significant relationship between Diversity Management policies and Human Resources Management practices. Furthermore ability to manage people from different backgrounds has the most significant effect on HRM practices. Consequently, Ability to work in harmony with people from different cultures” component, then “Avoidance of discrimination”. The study recommended that HRM functions, accordingly, can be regarded as an imminent tool for organizations in the pursuit of effective implementation of diversity management principles.

Qasim (2017) examined the effect of workforce diversity on employee job performance: The empirical assessment of education sector in Jalalabad, Afghanistan. The study investigates and analyzes the effect of Gender and Ethnicity based level diversity on employee performance using linear regression, correlation and reliability tests on sample size of (260) employers and students. The study revealed that workforce diversity has significant effect on employee job performance. Moreover, the Gender based diversity and Ethnic Based diversity was constant variables. The study recommended that well managed work force can be very productive to the organizations, individuals who are working in multi-cultural or diversified work force can enhance their skills and boost their knowledge, organization should also prepare their employers to work with and practice how to manage diversity for productive outcome.

Durga (2017) examined the impact of workforce diversity on organizational effectiveness: (a study of selected banks in Tigray region of Ethiopia). The study provided empirical evidence on the effect of variables like-age, gender, education, tenure, religion, race level and cultural diversity on organizational effectiveness. Using descriptive research design on a sample of 271 respondents from different towns. The findings indicated that the impact of workforce diversity on organizational effectiveness when moderated by workforce contexts is minimal.

Hatipoglu and Inelmen (2017) examined demographic diversity in the workplace and its impact on employee voice: the role of trust in the employer in Turkey. The study specifically examined the relationship between demographic diversity principles and evaluations of employee voice. Multiple Regression analysis was used on a sample of 37 hospitality institutions with different star categories. Findings revealed that Employee evaluations of voice opportunities were found to display differences between male and female employee groups. While generational cohort was a differentiating attribute for the male group, job tenure had the same effect for the female employees.

Makhdoomi and Nika (2017) investigated Workforce Diversity and Employee Performance: An Empirical Study of Telecom Organizations in Delhi, India. The study examined influence of workforce in the organizations on the performance of

the employees which included age diversity, gender diversity, ethnic diversity, diversity of education and experience using Descriptive Statistics for analyzes on sample of 120 respondents. Findings showed that none of the dimension of diversity that was studied in this research has any significant impact on the performance of the employees. Thus employees can work in the company of various people who come from diverse backgrounds and have diverse features and characteristics, without having any impact on their performance.

Obuma and Worlu (2017) examined workplace diversity and employee engagement of banks in Rivers State, Nigeria using correlation and regression. Findings recommended among others that the top manager must understand that there is unity in diversity and this can be done through orientation programs, seminars and workshops on a periodic interval and culture of organizations should be established in such a way that nepotism and favouritism is eliminated. The banking sector requires improved performance and productivity, and workforces with vigour, dedication and absorption exhibit positive attitude towards work and therefore effort should be made to make them engage at work.

Akpakip (2017) investigated effect of workforce diversity on employee performance in Nigerian banking industry using descriptive statistics, correlation and regression. Findings showed all aspects of workforce diversity used in the study have a significant relationship with employee performance except for ethnic diversity. It was also discovered that gender, age and educational diversity have strong influence on employee performance.

Onday (2016) examined Global workforce diversity management and the challenge of managing diversity: situation on world and in Turkey. The study provides empirical evidences on sectoral basis diversity, country basis diversity and occupational basis diversity using Descriptive Statistics for analyzes. The main purpose of this article is to review the recent literature of workforce diversity on global basis and specifically Turkey. Besides giving insight about global workforce diversity management for comparison purposes between different continents, the purpose of this paper is to provide information for the potential researchers about basic aspects of global workforce diversity management.

Gaunya (2015) examined effect of workforce diversity management on employee performance in the public sector in Kenya using educational diversity and age diversity on the performance of employees in the public sector in Kenya. Descriptive and inferential statistics was used to analyze data collected on a sample of 180 line officers and 10 management level officers from the department of Probation and Aftercare Services using simple random sampling technique. Finding revealed that there is a significant positive relationship between educational diversity and employee performance and further found that age diversity had a statistically weak

relationship with employee performance. The study recommended that organizational leaders implement educational diversity initiatives in efforts to motivate and encourage each individual to work effectively with others so that organizational goals are achieved.

Lu, Chen, Huang and Chien (2015) examined the effect of diversity on human resource management and organizational performance in Taiwan. The study provided empirical evidence on the effect of age diversity, professional tenure diversity, and expertise diversity in the fashion industry using multiple regression analysis on a sample of 80 shop owners and 320 customer service employees. Findings revealed that demographic diversity positively moderates the HRM–store performance relationship. Greater age diversity strengthens the HPWS–performance relationship. HPWS implementation fosters team autonomy and, consequently, cooperation and communication among team members. Age diversity enhances an organization's attractiveness. The moderating effects of professional tenure diversity and expertise diversity are insignificant. Prominent diversity factors in organizations warrant further investigation.

Saxenaa (2014) investigated Workforce Diversity: A Key to Improve Productivity in Indian using age, gender, caste, experience, professional qualification and geographical diversity as critical aspects of diversified workforce that affects the working of employees. The study was content analyses of extant literature. Findings revealed that hiring diversified workforce will definitely leads to improved productivity, but may prove to disaster if not managed properly because not only the management but employees are also feeling some problems like language problem (which is acceptable and is not due to thoughts of the employees), attitude clashes, and difference in perceptions, which is directly related to human behavior which ultimately if managed properly, can increase the productivity of any organization.

Munjuri and Maina (2013) examined workforce diversity management and employee performance in the banking sector in Kenya. The study showed that employee's level of education and performance ability is the key determinants of employee's compensation. Descriptive survey research design was used on a population which included all the 4000 employees of the bank. Findings revealed that Workforce diversity affect employee performance at varying degrees considering both managers and non-managerial employees of the Bank. The managers registered a greater impact while the impact was less among the non-managerial employees. The various tests of hypotheses showed a significant level of association between employee performance and the mean productivity levels of the bank workforce when categorized by gender, age and level of education.



Alca'zar, Ferna'ndez and Gardey (2013) investigated workforce diversity in strategic human resource management models: A critical review of the literature and implications for future research in Spain. Using diversity in universalistic models, diversity in contingent models and diversity in configurationally models on strategic human resource management models. The study was content analyses of extant literature. Findings revealed that heterogeneous workforce influences holistic transformation of human resource strategies.

### **Methodology**

The study adopted descriptive survey design. The population of the study stood at 1284 selected from Nigerian Breweries and the SABMiller Breweries in Onitsha, Anambra State. A sample size of 305 was arrived at using Taro Yamane Formula. Data were collected via structured questionnaire, and was analyzed using descriptive statistics of frequency table and percentages. In order to ensure that the instrument measure what it was designed for, content and construct validity was used to validate the instrument. Cronbach alpha was used to test for the reliability of the instrument at 5% level of significance. The Cronbach's Alpha reliability statistics of 0.876 is considered sufficiently high and above the cut-off point of 0.6 suggested by Hair, Bush, and Ortinua (2006). Hypotheses were tested using Pearson Product Moment Correlation Coefficient.

### **Results and Discussions**

#### **Test of Hypotheses**

##### **Interpreting the Pearson Result**

A positive correlation means that as the independent variable increases in value, the dependent variable also increases in value. Similarly, as the independent variable decreases in value, the dependent variable also decreases in value.

**Decision Rule:** Reject the null hypothesis and accept the alternate hypothesis if P-value < 0.5; if otherwise accept the Null Hypothesis.

#### **Test of Hypothesis One**

**Ho:** There is no significant relationship between gender diversity and job position of workers in brewing firms in Anambra State.

**Ha:** There is a significant relationship between gender diversity and job position of workers in brewing firms in Anambra State.

**Table 4.1 Correlation between gender diversity and job position of workers in brewing firms in Anambra State.**

| Correlations     |                     | Gender Diversity | Job Position |
|------------------|---------------------|------------------|--------------|
| Gender Diversity | Pearson Correlation | 1                | .754         |
|                  | Sig. (2-tailed)     |                  | .023         |
|                  | N                   | 294              | 294          |
| Job Position     | Pearson Correlation | .754             | 1            |
|                  | Sig. (2-tailed)     | .023             |              |
|                  | N                   | 294              | 294          |

Source: SPSS version 23 Output

**Result Summary**

Table 4.1 shows that there is a positive significant relationship between gender diversity and job position of workers in brewing firms in Anambra state with  $r = 0.754$ ,  $n = 294$  and  $p$ -value of  $0.023$  ( $p < 0.05$ ). Since the  $p$ -value is less than the given level of significance, therefore, we accept the alternate hypothesis and conclude that there is a significant positive relationship between gender diversity and job position of workers in brewing firms in Anambra State. This implies that increase in gender diversity leads to a commensurate increase in job position.

**Test of Hypothesis Two**

Ho: There is no significant relationship between age diversity and employee commitment in brewing firms in Anambra state.

Ha: There is a significant relationship between age diversity and employee commitment in brewing firms in Anambra State.

| Correlations        |                     | Age Diversity | Employee Commitment |
|---------------------|---------------------|---------------|---------------------|
| Age Diversity       | Pearson Correlation | 1             | .821                |
|                     | Sig. (2-tailed)     |               | .020                |
|                     | N                   | 294           | 294                 |
| Employee Commitment | Pearson Correlation | .821          | 1                   |
|                     | Sig. (2-tailed)     | .020          |                     |
|                     | N                   | 294           | 294                 |

Source: SPSS version 23 Output

**Result Summary**

Table 4.1.2 shows that there is a significant positive relationship between age diversity and employee commitment in brewing firms in Anambra state with  $r = 0.821$ ,  $n = 294$  and  $p$ -value of  $0.020$  ( $p < 0.05$ ). Judging from the results, the positive

relationship is depicted by  $r=0.821$  and  $p$ -value less than 0.05 implies that the alternate hypothesis is accepted while the null hypothesis is rejected. We, therefore, conclude that there is a significant positive relationship between age diversity and employee commitment in brewing firms in Anambra state. The import is that an increase in age diversity creates room for an equal increase in employee commitment.

**Test of Hypothesis Three**

Ho: There is no significant relationship between cultural diversity and employee satisfaction in brewing firms in Anambra state.

Ha: There is a significant relationship between cultural diversity and employee satisfaction in brewing firms in Anambra State.

**Table 1.0: Correlation between cultural diversity and employee satisfaction in brewing firms in Anambra state.**

**Correlations**

|                       |                     | <b>Cultural Diversity</b> | <b>Employee Satisfaction</b> |
|-----------------------|---------------------|---------------------------|------------------------------|
| Cultural Diversity    | Pearson Correlation | 1                         | .674                         |
|                       | Sig. (2-tailed)     |                           | .008                         |
|                       | N                   | 294                       | 294                          |
| Employee Satisfaction | Pearson Correlation | .674                      | 1                            |
|                       | Sig. (2-tailed)     | .008                      |                              |
|                       | N                   | 294                       | 294                          |

Source: SPSS version 23 Output

**Result Summary**

Table 4.11 shows that there is significant positive relationship between cultural diversity and employee satisfaction in brewing firms in Anambra state with  $r = 0.674$ ,  $n = 294$  and  $p$  value of 0.008 ( $p < 0.5$ ). Therefore, we accept the alternate hypothesis and conclude that there is a significant positive relationship between cultural diversity and employee satisfaction in brewing firms in Anambra state.

**Discussion of Findings**

**Hypothesis One**

Hypothesis one revealed that there is a significant positive relationship between gender diversity and job position of workers in brewing firms in Anambra state with  $r = 0.754$ ,  $n = 294$  and  $p$  value of 0.023 ( $p < 0.05$ ). Therefore, we accepted the alternate Hypothesis and concluded that there is significant positive relationship between gender diversity and job position of workers in brewing firms in Anambra state. This finding is in agreement with Obamiro, Kumolu-Johnson and Ngwamaj (2019) result

that gender diversity correlate with job position at a value of  $r = 0.891$  in their study of Workforce Diversity and Employees' Performance: Evidence from a Nigerian Bank in Nigerian.

### **Hypothesis Two**

It indicated that there is a significant positive relationship between Age diversity and employee commitment in brewing firms in Anambra state with  $r = 0.821$   $n = 294$  and  $p$  value of  $0.020$  ( $p < 0.05$ ). Therefore, we accepted the alternate Hypothesis and concluded that there is a significant positive relationship between Age diversity and employee commitment in brewing firms in Anambra state. This finding is in tandem with Osibanjo, Adeniji, Falola, Salau, Ogueyungbo, and Odion (2020) finding that a significant positive relationship exists between age diversity and employee commitment in deposit money banks in Nigeria. Also, Gaunya (2015) disagreed to this finding through the investigation of workforce diversity management on employee performance in the public sector in Kenya using educational diversity and age diversity on the performance of employees in the public sector in Kenya, result indicated that age diversity had a statistically weak relationship with employee commitment. Olajide-Arise, Oluseyi, Olalekan, and Adekunle (2019) concurred that age diversity has positive and significant effect on employee affective commitment in the study of workforce diversity and employee affective commitment of selected deposit money banks in Lagos State in Nigeria.

### **Hypothesis Three**

The result revealed that there is a significant positive relationship between cultural diversity and employee satisfaction in brewing firms in Anambra state with  $r = 0.674$   $n = 294$  and  $p$  value of  $0.008$  ( $p < 0.5$ ). Therefore, we accepted the alternate hypothesis and concluded that there is a significant positive relationship between cultural diversity and employee satisfaction in brewing firms in Anambra state. This finding is in agreement with Ma Qiaoxin (2018) study of the Analysis of Cultural Diversity Factors Influencing Employees Satisfaction which revealed that cultural diversity has significant influence on employee satisfaction in the company.

### **Summary of Findings**

- 1) There is a significant positive relationship between gender diversity and job position of workers in brewing firms in Anambra state.
- 2) There is a significant relationship between Age diversity and employee commitment in brewing firms in Anambra state.
- 3) There is a significant relationship between cultural diversity and employee satisfaction in brewing firms in Anambra state.

## Conclusion

Diversity management had a significant relationship with employee performance of brewing firms in Anambra State. The results proved a significant between gender diversity and job position of workers; age diversity and employee commitment; cultural diversity and employee satisfaction in brewing firms in Anambra state. The study concluded that all the proxies (gender diversity, job position, age diversity, employee commitment, cultural diversity and employee satisfaction) indicated significant positive relationships..

## Recommendations

Based on the findings of this study, the following recommendations were made:

- ❖ Organizations need to be gender sensitive during recruitment to ensure that job position of workers are skewed appropriately.
- ❖ Organizations need to design diversity management programme that will ensure that job descriptions and roles are factors in age of the employees.
- ❖ Organizations need to design diversity management programme that will ensure that cultural differences are tolerated among the employees to ensure employee satisfaction in brewing

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# IMPACT OF BANKING SECTOR CREDITS ON ECONOMIC GROWTH IN NIGERIA (1991-2022)

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## **Abstract**

*This study investigated the impact of Banking Sector Credits on Economic Growth in Nigeria. This study employed the ex-post fact research design. Secondary data was obtained from Central Bank of Nigeria Statistical Bulletin between 1991 to 2022. The data obtained were Credit to Private sector, Credit to Public Sector, Total Credit to the Economy, Broad Money Supply and Prime Lending Rate as well as the Real Gross Domestic Product. Series of statistical tests such pre-estimation test (descriptive test, normality test and stationarity test), standard econometric tests (Long-Run and Short-Run regression tests, correlation test as well as granger causality test) and post-estimation tests (such as Multicollinearity test, Serial Correlation LM Test and Heteroskedasticity Test) were performed on the data. The results of the inferential tests were used to validate the formulated hypotheses. Thus, four empirical results emerged; first, it was found-out that Private Sector Credits and Public Sector Credits have positive but insignificant impact on the economic growth. Secondly, there is a strong positive correlation between private and public sector credits and lastly, there is bi-directional causality between bank credits and economic growth. Thus, this study concluded that bank credits have not significantly impacted on the Nigerian economic growth. Thus, it recommended among others that the government should minimize its borrowings from banks so as to allow the private individuals with productive objectives access credits. It is also recommended that the monetary authorities should endeavour to increase the credits in the economy, so as to allow improved provision of loanable funds available and accessible to the investing public.*

**Keywords:** *Banking Sector, Credit, GDP, Development, Nigeria.*

## **Introduction**

According to Anyanwu et al. (2017), bank credit is a vital macroeconomic tool; as an important component of the financial system, they channel scarce resources from the surplus economic units to the deficit economic units in an economy. The loan resources (Bank Credit) can be in the form of short-term credit, medium term credit, long term credit and contingent fund (Okon et al, 2020). The extent of bank lending has a significant impact on the pattern and trajectory of economic growth. Economic growth, on the other hand, is the endless improvement in the capacity to satisfy the demand for goods and services, resulting from increased production scale, and improve productivity (innovations in products and processes) which is usually measured over a certain period of time (Adoms, 2022). There are different conceptions of economic growth and ways of measuring it, but the primary definition is in terms of growth in the long-run productive capacity of the economy, typically measured by real growth in Gross Domestic Product (Adoms, 2022).

The pursuit of sustained and enhanced economic growth in Nigeria has ostensibly prompted successive governments to further develop the financial sector, particularly the banking industry, in order to augment their capacity to create credit for the private sector of the economy. Furthermore, according to Ihenetu and Isoboye (2020), the provision of credit with sufficient consideration for the sector's volume and price system is a way of achieving economic growth through self-employment opportunities. Oyebowale (2020) noted that while highlighting the role of lending to the growth of any economy, he further explained that lending can be used to prevent an economic activity from total collapse in the event of unforeseen circumstances. Although it is generally accepted that credit promotes growth, there is still a lack of knowledge regarding the causal link between banking industry lending and economic growth in developing countries, particularly in Nigeria. However, the relationship between the direction of causality and the direction of economic growth in the banking system has been overlooked. This empirical study on the Nigerian case was required to close this information gap.

Despite measures targeted at improving the lending ability of commercial banks, a trend analysis of the CBN time-series data on banking sector credits exposes its instability; for instance, Private Sector Credits that stood at 20.55% in 2009 declined drastically to 19.67% in 2013, 17.63% and 17.28% in 2018 and 2019 respectively and is expected to further contract in 2020 due to the ongoing global pandemic. The impact of bank credits to the public and commercial sectors on Nigeria's economic development is also still poorly understood. This is because both sectors approach the same banks for credits for economic purposes but how lending to these sectors impact the economic growth remains largely unanswered to the knowledge of the researcher. Considering the foregoing, it becomes exigently research-worthy to empirically investigate the varying impacts of banks' credits on the economic growth in Nigeria which since year 2015 has been experiencing its worst of growth in recent decade. The objectives of this study are: to examine whether commercial bank lending to the private (real) sector has significant impact on economic growth in Nigeria; to determine the significant impact of commercial bank lending to the public sector on economic growth in Nigeria and to investigate the significance of the relationship between commercial bank lending to the private and public sector in Nigeria.

## **Review of Relevant Literature**

### **Concept of Bank Credits**

Bank credit was described by Ita et al. (2020) as money loaned by banks to debtors. A loan, credit card, or credit line is a form of credit where the issuing bank accepts the borrower's promise to repay the amount, plus interest, at a later date. It is the funds that financial institutions make available to, or have made available to, borrowers for some period of time. John and Lawal (2019) opined that bank credit is the total borrowing capacity bank provides to borrowers. It gives the establishment

or organization, borrowers or the sector that requires the credit for the ability to use the credit as capital to start a business or to invest in an already growing business (Adom, 2022). The debt is repaid by the borrower plus interest at a predetermined rate. Bank credit involves contractual agreement between a bank and customer in which financial resources are made available to the customer in terms of credit with a promise to repay the credit at a future period with interest (Oyelade, 2019). According to Abina (2020), bank credit is the process of making money available to a customer based on some agreed terms with regards to repayment with interest. Idachaba et al. (2019) noted that credit is a promise by one party to pay another for money borrowed or goods and services received. Banks are therefore debtors to the funds' depositors and creditors to the borrowers (Ogunmuyiwa, et al., 2017).

### **Theory of Financial Intermediation**

Financial intermediation theory was first formalized in the works of McKinnon (1973) and Shaw (1973) that see financial markets as playing a pivotal role in economic development, attributing the differences in economic growth across countries to the quantity and quality of services provided by financial institutions (Araoye et al., 2020). In contrast, Robinson (1952) maintained that financial markets are merely subservient to domestic industry, reacting passively to the underlying forces that generate economic disparities between nations. The availability of financial resources typically shifts in tandem with changes in the level of demand. It appears that capital flows to where business is most active. When a strong drive to invest is stifled by a lack of finance, gadgets are designed to unleash it... and habits and institutions are developed. These are the same impulses within an economy that set firms afloat.

### **Neoclassical Model of Growth**

According to Ray (1998), a consistent rate of economic growth may be achieved by the effective allocation of labour, capital, and technology, which is the central tenet of Neoclassical Growth Theory. The theorist argued that equilibrium may be reached according to the theory's predictions by adjusting the ratio of labour to capital in the production function. Businesses need to make rapid adjustments to their labour and investment strategies in response to the introduction of new technologies in order to keep a growth-friendly equilibrium. This hypothesis, according to Huang et al. (2020), demonstrates the profound impact that technological innovation has on economic growth. Maintaining economic growth, it is said, is dependent on technological advancements.

### **Endogenous Growth Theory**

Endogenous growth theory or new growth theory was developed in the 1980s by Romer (1986), Lucas (1988), and Rebelo (1991), among other economists as a response to criticism of the neo-classical growth model. Jhingan (2006) explains that the endogenous growth model emphasizes technical progress resulting from the state

of investment, the size of the capital stock and the stock of human capital. Endogenous growth theory holds that policy measures can have an impact on the long-run growth rate of an economy (Odufuye, 2017). The growth model is one in which long-run growth rate is determined by variables within the model, not an “exogenous” rate of technological progress as in the neo-classical growth model (Liu & Zhang, 2018). Huang et al. (2018) explain that endogenous growth economists believe that improvements in productivity can be linked directly to a faster pace of innovation and extra investment in human capital. Government and corporate institutions that foster innovation and offer the correct incentives for individuals and businesses are emphasised.

### **Empirical Review**

Empirical studies have shown that bank credits directly contribute to GDP expansion. Ebi and Emmanuel (2014) analysed the results of commercial bank loan on Nigeria's industrial subsectors from 1972 to 2012. The output response was determined using an econometric error correction model. Commercial bank credits to mining and quarrying are equally hopeful and predictive of the future year, and the anticipated effects of commercial bank loans on Nigeria's manufacturing sector are positive and statistically significant. A positive indicator of this year's mining and quarry output in Nigeria is the volume of bank credits to real estate and construction in the previous year. Aliyu and Yusuf (2014) examined the link between bank lending in Nigeria and GDP growth. This study is based on secondary data gathered between 1987 and 2012 and examined using a multiple regression model. The data show that bank lending accounts for about 82.6% of the variance in economic growth in Nigeria throughout the research period. The increase of Nigeria's gross domestic product was found to be heavily impacted by bank lending. This suggests that bank lending has a major impact on economic expansion in Nigeria.

Adenuga (2015) examined the function of bank loans in the growth of the Nigerian economy. Time series data from the CBN Statistical Bulletin (1983–2012) were utilised to regress the model using the Ordinary Least Squares technique. The findings proved that bank loans played a role in the growth of the Nigerian economy. The author finds that increased personal savings will increase the availability of credit and loans to the private, public, and non-profit sectors, hence promoting economic growth. In 2015, Iwedi et al. examined how domestic bank credits influenced Nigeria's GDP growth. Using time series data from Nigeria for the period of thirty-three (33) years (1980-2013), the estimated model shows a positive and substantial link between credit granted to the private sector and credit extended to the government sector, as measured by GDP. Analysis of the relationship between domestic bank credit measures and GDP in Nigeria indicated just a minimal long-term correlation.

Bakare et al. (2015) examined how bank loans affected GDP growth in Nigeria. We used information from the CBN statistical report, which spans the years 1990-2013. Inflation, private sector credit, and public sector credit were used as stand-ins for commercial bank lending, while GDP was used to represent economic growth. The data shows a positive and statistically significant correlation between the lagged value of credit to the private sector and GDP growth in Nigeria, but a positive but statistically insignificant relationship between the lagged value of credit to the public sector and GDP growth. Ihemeje and Chinedu (2016) analysed data from 1985 to 2014 to determine the effect of credit from deposit money banks on different sectors of the Nigerian economy. The CBN annual statistical bulletin served as the repository for this information. The authors conducted an extensive empirical investigation of the data using a variety of techniques, including the Unit root test, Co-integration, Ordinary Least Squares, and an Error Correction Model. Deposit money banks' lending to the agricultural and manufacturing sectors was shown to have a positive correlation with GDP, whereas lending to the commercial and trading sectors had a negative correlation with GDP.

Kalu et al. (2017) investigated the impact of bank loans on Nigeria's manufacturing output between 1986 and 2013. The authors employed Autoregressive Distributed Lag, Bound Cointegration Testing, and Error Correcting Representations. The authors conclude that the variables are cointegrated, whether or not they are stationary, because the observed test statistic is bigger than the upper crucial band, as suggested by the bound test after Autoregressive Distributed Lag. Their results imply the presence of co-integrating vectors, which are long-term equilibrium relationships among the relevant variables. It is obvious that many literature point to a positive relationship between Credits and Economic Growth. However, there is a need for further research on banking sector credits and economic between 1999-2022.

### **Methodology**

The ex-post facto methodology was used for this investigation. The study used secondary data. The data used in this analysis comes from the Statistical Bulletins and Annual Reports published by the CBN and the Nigeria Bureau of Statistics for the years 2001 through 2021, which is in line with previous studies in the fields of finance and economics. Essentially, extensive use of journals was made, while other published works and online materials relevant to the study were also consulted. The data obtained were Commercial Bank Lending to Private sector (CBLPRS), Commercial Bank Lending to Public Sector (CBLPS), Total Credit to the Economy (TOTCRED), Broad Money Supply (BMS) and Prime Lending Rate as well as the Real Gross Domestic Product (RGDP).

Following a detailed review of previous studies (Eburajolo & Aisien, 2019; Adeola, 2020; Okon et al., 2020; Adom, 2022), economic development was expressed as a

function of bank credit, and a set of control variable and this is expressed by the functional equation below as;

$$Y_t = f(\text{BKC}_t) \tag{i}$$

Where:  $Y_t$  = Economic Growth at time t,  $\text{BKC}_t$  = Bank Credits at time t, Expanding Equation (i) to accommodate indicators of bank credits and economic growth, we have:

$$\text{RGDP}_t = f(\text{CBLPRS}, \text{CBLPS}, \text{TOTCRED}, \text{BMS}, \text{PLR}) \tag{ii}$$

The structural model above is re-specified in its econometric form:

$$\text{RGDP}_t = \lambda_0 + \lambda_1\text{CBLPRS}_t + \lambda_2\text{CBLPS}_t + \lambda_3\text{TOTCRED}_t + \lambda_4\text{BMS}_t + \lambda_5\text{PLR}_t + U_t \tag{iii}$$

To avoid the problem of autocorrelation equation, Equation (iii) was re-specified in Econometric semi-log linear form thus:

$$\begin{aligned} \text{LN}\text{RGDP}_t = \lambda_0 + \lambda_1\text{LN}\text{CBLPRS}_t + \lambda_2\text{LN}\text{CBLPS}_t + \lambda_3\text{LN}\text{TOTCRED}_t &+ \lambda_4\text{LN}\text{BMS}_t \\ &+ \lambda_5\text{PLR}_t + U_t \tag{iii} \end{aligned}$$

Building an error correction model, the model becomes:

$$\begin{aligned} \Delta\text{LN}\text{RGDP}_t = \lambda_0 + \Delta\lambda_1\text{LN}\text{CREDPR}_t + \Delta\lambda_2\text{LN}\text{CREDPU}_t + \Delta\lambda_3\text{LN}\text{TOTCRED}_t + \\ \Delta\lambda_4\text{BMS}_t + \Delta\lambda_5\text{PLR}_t + U_t + \alpha\text{ECT}_{t-1} \tag{iv} \end{aligned}$$

Where;

$\text{RGDP}$  = real Gross Domestic Product;  $\text{CBLPRS}$  = Commercial Bank Lending to private sector;

$\text{CBLPS}$  = Commercial Bank Lending to public sector;  $\text{TOTCRED}$  =DMBs’ total credit to the economy;  $\text{BMS}$  = Broad Money Supply,  $\text{PLR}$  = Prime Lending Rate,  $F$ = Mapping rule which expresses functional relationship;  $\text{LN}$  = Natural logarithm (usually read as ‘ln’);  $\Delta$  = is the difference operator,  $\alpha$  = (estimate of  $\text{ECT}$ ).  $\alpha$  is the coefficient of error correction term measuring the speed of adjustment from one period to another.  $\text{ECT}$  = Error Correction Term. It captures the short-run dynamics.  $U$  = is a pure white noise error term,  $\lambda_0$  = Constant terms,  $\lambda_1, \lambda_2, \dots, \lambda_6$  = the coefficients of explanatory variables. All variables show positive apriori expectations.

## Results and Discussion

### Data Presentation and Analyses

#### Descriptive Analysis



**Table 4.1: Descriptive Statistics Result Summary**

|              | <b>RGDP</b> | <b>CBLPRS</b> | <b>CBLPS</b> | <b>TCRT</b> | <b>BMS</b> | <b>PLR</b> |
|--------------|-------------|---------------|--------------|-------------|------------|------------|
| Mean         | 13.31781    | 12.40000      | 10.80935     | 12.41188    | 12.53188   | 3.250938   |
| Maximum      | 14.32000    | 13.56000      | 12.18000     | 13.58000    | 13.67000   | 3.470000   |
| Minimum      | 11.78000    | 10.62000      | 8.920000     | 10.62000    | 10.88000   | 3.060000   |
| Std. Dev.    | 0.741201    | 0.922136      | 1.111473     | 0.927443    | 0.864685   | 0.078262   |
| Skewness     | -0.466548   | -0.340618     | -0.357720    | -0.341195   | -0.342398  | 0.116300   |
| Kurtosis     | 2.030187    | 1.737418      | 1.586379     | 1.735215    | 1.770354   | 4.585116   |
| Observations | 32          | 32            | 32           | 32          | 32         | 32         |

*Source: Researcher's Computation using E-Views, v. 9.1*

The descriptive results above show the performance of the research variables over the studied period. First, the RGDP has a mean and std. dev. values of 13.31 and 0.74. This means that there has low variation, as evidenced by the low range between the max. and min. 14.32 and 11.78. The RGDP has a negative skewness of -0.46 and a platykurtic value of 2.03. which suggests that there is less major fluctuation experienced within the 32 periods of observations.

Also, the CBLPRS has with an average of 12.40 and a std. dev. of 0.92 implies that there has been a monumental rise in the bank credits to the private sector has shown by the min and max values of 13.56 and 10.62. The CBLPRS has a negative skewness of -0.34 and a platykurtic value of 1.73 which suggests that there has been a less major fluctuation experienced within the 32 periods of observations. Furthermore, the CBLPS has a mean of 10.80 and a std. dev. of 1.11. The implication of this is that, there is a wide variation in the CBLPS within the years of observation, from its min value of 8.92 and to its max value of 12.18. The CBLPS has a negative skewness of -0.34 and a platykurtic value of 1.73 which suggests that there has been a less major fluctuation experienced within the 32 periods of observations.

Another descriptive statistical evidence from the table 4.1 above is that the TCRT has an average of 12.41 and a std. dev. value of 0.92. This indicates that there is a noteworthy deviation in the TCRT series distribution as supported by its min value of 10.62 and recorded and its max. value of 13.58. The TCRT negative skewness of -0.34 and a platykurtic value of 1.73 which suggests that there has been a less major fluctuation experienced within the 32 periods of observations. The BMS has a mean and std dev. values of 12.53 and 0.86. The implication of this is that there has been a drastic variation in the BMS as shown its min. and max. values of 10.88 and 13.67. The BMS has a negative skewness of -0.34 and a platykurtic value of 1.77 which suggests that there has been a less major fluctuation experienced within the periods of observations.

Lastly, the PLR with an average of 3.25 and a std. dev. of 0.07 depicts clearly that there has been very little variation in the PLR as evidenced by its min. and ax. values

of 3.47 and 3.06. The PLR has a positive skewness of 0.11 and a leptokurtic value of 4.58 which suggests that there has been a major fluctuation experienced within the periods of observations.

The jarque-bera statistic's probability is used to test for the normalcy of each variable. In a normality test, the alternative hypothesis is that the data are not normally distributed, whereas the null hypothesis is that they are. If the p-value is less than 0.05, we reject the null hypothesis; else, we accept it.

**Table 4.2: Time-Series Normality Test**

|             | RGDP     | CBLPRS   | CBLPS    | TCRT     | BMS      | PLR      |
|-------------|----------|----------|----------|----------|----------|----------|
| Jarque-Bera | 2.414942 | 2.744261 | 3.242314 | 2.753785 | 2.641298 | 3.422260 |
| Probability | 0.298952 | 0.253566 | 0.197670 | 0.252362 | 0.266962 | 0.180662 |

**Source: Researcher’s Computation using E-Views, v. 9.**

From the Normality Test result above, it is conspicuous that virtually not all the variables [Real Gross Domestic Product (p-value=0.29), Commercial Bank Lending to Private Sector (p-value=0.25), Commercial Bank Lending to Public Sector (p-value=0.19), Total Credits (p-value= 0.25), Broad Money Supply (p-value=0.26) and Prime Lending Rate (p-value=0.18)] have a p-value lower than 0.05 (5%), and for presence of abnormality in the variables’ data distribution, econometricians agreed that the probability value (simply known as the p-value) should be less than 5%. Thus, it is evident from the above that the variables (Real Gross Domestic Product, Commercial Bank Lending to Private Sector, Commercial Bank Lending to Public Sector, Total Credits and Broad Money Supply) have their p-values lower than 5% which means that they are abnormally distributed while the Prime Lending Rate has its p-value higher than 5% which suggested that it is normally distributed. This lends credence to the null hypothesis that the variables are regularly distributed. Therefore, logarithmic conversion is used to standardise the variables. An Excel spread sheet was used to accomplish the log change.

**Econometric Analysis**

**Regression Analysis**

The long-run Ordinary Least Square result above shows that Commercial Bank Lending to Private Sector, Commercial Bank Lending to Public Sector, Total Credits and Broad Money Supply, all have positive coefficient values suggesting their increase by 1%, holding other variables constant will lead to increase in the real gross domestic product by 110.20%, 26.06%, 98.96% and 130.81%. However, the Prime Lending Rate has a negative coefficient value which means that its increase by 1%, holding other variables at constant, will lead to 5.36% decrease in the real gross domestic product. Evidence from the p-values reveals that virtually all the

variables are significant, having less than 5% except the Commercial Bank Lending to Private Sector and Commercial Bank Lending to Public Sector.

**Table 4.3: Long-Run OLS Test Estimates**

| Dependent Variable: LNRGDP |             |                       |             |           |
|----------------------------|-------------|-----------------------|-------------|-----------|
| Method: Least Squares      |             |                       |             |           |
| Date: 05/17/23 Time: 08:36 |             |                       |             |           |
| Sample: 1991 2021          |             |                       |             |           |
| Included observations: 32  |             |                       |             |           |
|                            |             |                       |             |           |
|                            |             |                       |             |           |
| Variable                   | Coefficient | Std. Error            | t-Statistic | Prob.     |
|                            |             |                       |             |           |
|                            |             |                       |             |           |
| C                          | 0.670326    | 0.370772              | 1.807917    | 0.0822    |
| LNCBLPR                    | 1.101981    | 0.950854              | 0.158938    | 0.2370    |
| LNCBLPS                    | 0.260603    | 0.289298              | 1.900811    | 0.0760    |
| LNTCRT                     | 0.989633    | 1.294288              | 5.764615    | 0.0014    |
| LNBMS                      | 1.308068    | 0.238258              | 5.490132    | 0.0000    |
| LNPLR                      | -0.053613   | 0.144117              | -3.372010   | 0.0129    |
|                            |             |                       |             |           |
|                            |             |                       |             |           |
| R-squared                  | 0.995682    | Mean dependent var    |             | 3.808998  |
| Adjusted R-squared         | 0.994851    | S.D. dependent var    |             | 0.895880  |
| S.E. of regression         | 0.064285    | Akaike info criterion |             | -2.483636 |
| Sum squared resid          | 0.107445    | Schwarz criterion     |             | -2.208810 |
| Log likelihood             | 45.73817    | Hannan-Quinn criter.  |             | -2.392539 |
| F-statistic                | 1198.944    | Durbin-Watson stat    |             | 1.783854  |
| Prob(F-statistic)          | 0.000000    |                       |             |           |
|                            |             |                       |             |           |
|                            |             |                       |             |           |

Source: Author's Computation using E-Views, 9.1

R<sup>2</sup> = 0.996 indicates that 99.6% of the variance in real GDP can be accounted for by the independent variables. After correcting for degrees of freedom, the model still captures about 99.5% of the total systematic variations in real GDP, as measured by the Adjusted R-square. The remaining 5% of the systematic variation in real GDP is captured by the stochastic disturbance term in the model. This suggests that the model failed to account for some of the potential causes of the observed variation in bank credit variables. Durbin Watson values of 1.78 demonstrate that the residuals are uncorrelated, demonstrating the absence of autocorrelation in the regression result. Finally, the F-value is 1198.94, and it's noteworthy because the significance level is so low (=0.000000) that it's well below the conventional threshold of 5%. The total regression model is significant, valid, and well-fit based on these statistics.

By implication, this means that the connection between the dependent and independent variables is both positive and negligible.

**Correlation Analysis**

The correlation result in the table above depicts the relationship between the variables. First, it shows that all the exogenous variables (Commercial Bank Lending to Private Sector, Commercial Bank Lending to Public Sector, Total Credits and Broad Money Supply) exhibit a direct relationship with the endogenous variable (Real Gross Domestic Product). Specifically, the Commercial Bank Lending to Private Sector has a positive correlation value of .994 (p-value=.000), the Commercial Bank Lending to Public Sector has a direct correlation value of .979 (p-value=.000), the Total Credits has a positive correlation value of .993 (p-value=.000) and the Broad Money Supply shows a positive correlation value of .997 (p-value=.000). value, although the result is insignificant.

**Table 4.4: Correlations Results**

|        |                     | RGDP   | CBLPRS | CBLPS  | TCRT   | BMS    | PLR   |
|--------|---------------------|--------|--------|--------|--------|--------|-------|
| RGDP   | Pearson Correlation | 1      | .994** | .979** | .993** | .997** | -.014 |
|        | Sig. (2-tailed)     |        | .000   | .000   | .000   | .000   | .938  |
|        | N                   | 32     | 32     | 32     | 32     | 32     | 32    |
| CBLPRS | Pearson Correlation | .994** | 1      | .983** | .999** | .998** | -.052 |
|        | Sig. (2-tailed)     | .000   |        | .000   | .000   | .000   | .778  |
|        | N                   | 32     | 32     | 32     | 32     | 32     | 32    |
| CBLPS  | Pearson Correlation | .979** | .983** | 1      | .990** | .984** | -.115 |
|        | Sig. (2-tailed)     | .000   | .000   |        | .000   | .000   | .532  |
|        | N                   | 32     | 32     | 32     | 32     | 32     | 32    |
| TCRT   | Pearson Correlation | .993** | .999** | .990** | 1      | .998** | -.068 |
|        | Sig. (2-tailed)     | .000   | .000   | .000   |        | .000   | .714  |
|        | N                   | 32     | 32     | 32     | 32     | 32     | 32    |
| BMS    | Pearson Correlation | .997** | .998** | .984** | .998** | 1      | -.031 |
|        | Sig. (2-tailed)     | .000   | .000   | .000   | .000   |        | .865  |
|        | N                   | 32     | 32     | 32     | 32     | 32     | 32    |
| PLR    | Pearson Correlation | -.014  | -.052  | -.115  | -.068  | -.031  | 1     |
|        | Sig. (2-tailed)     | .938   | .778   | .532   | .714   | .865   |       |
|        | N                   | 32     | 32     | 32     | 32     | 32     | 32    |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

This implies that 99.4%, 97.9%, 99.3% and 99.7% increase in the value of these variables will lead to decrease in the real gross domestic product by the same values. All variables have significant results. However, only the Prime Lending Rate has an inverse correlation value of  $-0.014$  ( $p$ -value=  $.938$ ) which implies that its increase by 1.4% will lead to decrease in the real gross domestic product by similar value.

### Causality

| Table 4.5: Pairwise Granger Causality Tests |     |             |        |
|---|-----|-------------|--------|
| Date: 05/17/23 Time: 10:24                  |     |             |        |
| Sample: 1991 2022                           |     |             |        |
| Lags: 2                                     |     |             |        |
| Null Hypothesis:                            |     |             |        |
|   | Obs | F-Statistic | Prob.  |
| LNCBLPRS does not Granger Cause LNRGDP      | 32  | 0.22585     | 0.7994 |
| LNRGDP does not Granger Cause LNCBLPRS      |     | 4.03354     | 0.0361 |
| LNCBLPS does not Granger Cause LNRGDP       | 32  | 0.50864     | 0.6074 |
| LNRGDP does not Granger Cause LNCBLPS       |     | 4.67813     | 0.0188 |
| LNTCRT does not Granger Cause LNRGDP        | 32  | 4.14518     | 0.0056 |
| LNRGDP does not Granger Cause LNTCRT        |     | 4.22899     | 0.0066 |
| LNBMS does not Granger Cause LNRGDP         | 32  | 3.50542     | 0.0455 |
| LNRGDP does not Granger Cause LNBMS         |     | 4.40905     | 0.0131 |
| LNPLR does not Granger Cause LNRGDP         | 32  | 0.62034     | 0.5458 |
| LNRGDP does not Granger Cause LNPLR         |     | 5.09997     | 0.0139 |

**Please Note:** The granger causality results presented above is design only to show the causality results between the explanatory and endogenous variables.

**Source:** Researcher's Computation using E-Views, v.9.1

To determine the direction of causality between the variables, the Engle and Granger causality test was performed on the variables. The results of Granger causality test in table 4.9 above show that there exists a unidirectional relationship between real gross domestic product and Commercial Bank Lending to Private Sector, real gross domestic product and Commercial Bank Lending to Public Sector, real gross domestic product and prime lending rate. This means that they provide only feedback to their Granger caused variables. Apparently, bi-causality was recorded between total credits and real gross domestic product, broad money supply and real gross domestic product.

This means that they both provide feedback to their Granger caused variables. However, no causality was recorded between Commercial Bank Lending to Private Sector and Real Gross Domestic Product, Commercial Bank Lending to Public Sector and Real Gross Domestic Product, Prime Lending Rate and Real Gross Domestic Product. By and large, the Granger Causality results suggest that a directional relationship existed among the bank credits and economic growth variables. It is therefore inferentially pertinent to posit that for Nigeria to extricate from its present economic quagmire; concerted and frantic efforts should be made to ensure effective and efficient bank credits.

**Post Estimation Diagnostic Tests**

**Multicollinearity Test**

**Table 4.6: VIF Test Results**

| Variance Inflation Factors |             |            |          |
|----------------------------|-------------|------------|----------|
| Date: 05/17/23 Time: 10:03 |             |            |          |
| Sample: 1991 2021          |             |            |          |
| Included observations: 32  |             |            |          |
|                            |             |            |          |
|                            | Coefficient | Uncentered | Centered |
| Variable                   | Variance    | VIF        | VIF      |
|                            |             |            |          |
|                            |             |            |          |
| C                          | 0.137472    | 1064.516   | NA       |
| CBLPRS                     | 0.904124    | 628.2738   | 7.430876 |
| CBLPS                      | 0.083694    | 405.2535   | 7.487580 |
| TCRT                       | 1.675182    | 125.0152   | 1.383792 |
| BMS                        | 0.056767    | 424.5401   | 4.131825 |
| PLR                        | 0.020770    | 255.7149   | 1.562686 |
|                            |             |            |          |
|                            |             |            |          |

*Source: Author’s Computation using E-Views, 9.1*

From our results above, the Variance Inflation Factor for Commercial Bank Lending to Private Sector, Commercial Bank Lending to Public Sector, Total Credits, Broad Money Supply and Prime Lending Rate with values of 7.43, 7.49, 1.38, 4.13 and 1.56 confirms the absence of high collinearity between the explanatory variables.

### **Conclusion and Recommendations**

This study investigated the impact of Banking Sector Credits on Economic Growth in Nigeria.. Consequently, this study utilized an ex-post fact research design to generate historic economic cum financial data from the publications (Statistical Bulletins and Annual Reports) of the CBN from 1991 to 2022. The data obtained were commercial bank lending to private sector, commercial bank lending to public sector, Total Credit to the Economy, Broad Money Supply and Prime Lending Rate as well as the Real Gross Domestic Product. Statistically, descriptive and inferential statistics were employed to interpret the data.

The empirical study found that Private Sector Credits and Public Sector Credits have positive but insignificant impact on the economic growth. Secondly, there is a strong positive correlation between private and public sector credits and lastly, there is bi-directional causality between bank credits and economic growth. Thus, this study concluded that bank credits have not significant impacted on the Nigerian economic growth. In view of the outcomes of this study, the following recommendations are put forward for better/improved economic performance through the banking sector:

1. To better meet the needs of the expanding private sector, which is more likely to borrow on the basis of the efficiency of investment decisions, the Nigerian government should borrow as little as possible from commercial banks.
2. To further improve the economy's total credits, it is suggested that the Central Bank of Nigeria take action to regulate the lending rate by keeping the monetary policy rate low enough to reduce the rate at which deposit money banks lend to their customers.
3. The Nigerian government might do more to encourage saving and lay the groundwork for the generation of loanable funds (i.e., credits) for investment in the country's economy if it raised the interest rate on deposits and lowered the Marginal Rediscount Rate (MRR).

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# EFFECT OF FEDERAL GOVERNMENT EXPENDITURE ON SMALL AND MEDIUM ENTERPRISES DEVELOPMENT IN NIGERIA

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## **Abstract**

*This study appraised the effect of federal government expenditure on small and medium enterprises development in Nigeria from 1999-2022 using Ordinary Least Square (OLS) technique method.*

*The objectives of the study are to examine impact of government expenditure on small and medium enterprises development in Nigeria, to examine the effect of gross domestic product, government expenditure, unemployment rate, commercial banks credit to SMEs subsector and interest rate on small and medium enterprises output. Secondary data used were obtained from the Statistical Bulletin of Central Bank of Nigeria. OLS techniques was applied after determining stationarity of our variables using the ADF Statistic, as well as the cointegration of variables using the Johansen approach. It was discovered that the variables are stationary and have a long term relationship among the variables in the model. From the result of the OLS, gross domestic product, commercial banks credit to the SMEs and interest rate significantly contribute to SMEs development. It is also observed that gross domestic product, government expenditure and commercial banks credit to SMEs have a positive relationship with SMEs growth and development in Nigeria. On the other hand, unemployment and interest rate have a negative relationship with SMEs. The study recommends that the government should improve all the components part of the real GDP. This will help develop the SMEs subsector. The government should invest more on infrastructure that will enhance the development of SMEs. This is because critical infrastructure like electricity, roads and technology improve business performance and create employment. The government through the apex bank should ensure that adequate credit at reduced interest rate is extended to the SMEs subsector to enable businesses thrive as done in advance countries.*

**Keywords:** GDP, expenditure, unemployment Rate, SMEs, Interest Rate

## **Introduction**

It has been acknowledged in the literature that the industrial development of any modern economy lies in the development of Small and Medium Scale Enterprises (SMEs) which make up a sub-sector of the industrial sector (Eniola & Ektebang, 2014)). Nigeria's journey to develop this sub-sector began in the early 80's when economic reforms were initiated to shift from large scale manufacturing companies to Small and Medium Scale Enterprises. These large scale manufacturing enterprises

though few according to international requirements were contributing unequal large share of the nation's Gross Domestic Product (GDP). The sectors inability to effectively link other sectors of the economy became a challenge that weakened their expected impact on the national economy. There was thus the need to move the economy to a sub-sector that had proven to be a veritable vehicle for rapid socio-economic development of the so called advanced economies of the world, and one that could provide linkages with bigger industries and other subsectors within the industrial sector in Nigeria. The obvious challenge for Nigeria's national economic development requires a holistic approach that incorporates all subsectors of the real sector for national integrated development (Onwukwe, & Ifeanacho, 2011; Nsorah, Mintah & AbuduK. 2022).

Again, extant literature posits that Small and Medium Scale Enterprises (SMEs) have proven to be the engine of growth; to deal with mass unemployment by creating new jobs, impart new skills through technological transfers, improved technical skills and technological innovativeness, nurture and build entrepreneurial capacities and managerial competence, encourage the sourcing of local raw materials and application of local content in the productive processes, encourage domestic savings and by extension capital formation for continuous investments, maintain and sustain the economy and reposition the economy for growth and development (Taiwo et al 2012; Adegbite et al, 2007). The benefits of a well-structured and well developed SMEs subsector is therefore not in doubt.

The acceptance of this fact by governments in Nigeria has led to deliberate policies to reposition the sector. Government skill acquisition centers have been set up to encourage skill development, technological transfers and generally, entrepreneurial development. The government renewed policy was thus geared towards harnessing the abundant human resources evidently untapped to arrest the nation's dwindling fortunes and redirect her on the part of economic prosperity (Essien & Udofia, 2006). Government has also undertaken bank reforms to strengthen the abilities of money deposit banks and micro finance banks to effectively and efficiently provide credit facilities to the SMEs sector for business growth and expansion (Ebitu, Basil & Ufot, 2016; Wahab & Ijaiya, 2006; Abbasi, Wang, & Abbasi, 2017). In undertaking such reforms, government is of the belief that financial institutions can readily mobilize and deploy financial credits and facilities to the SMEs' sub-sector (Mihaiu, 2014).). The ability of financial institutions especially commercial banks, micro finance banks etc. to assemble and deploy some ranges of financial assistance to this sector will make it competitive, thus stimulating the economy (Wahab & Ijaiya, 2006; Ebiringa, 2011). It has also been argued in the literature that government intervention in the sector has further opened up the sector and repositioned it to achieve its desired potentials. Despite all these, the SMEs subsector in Nigeria is struggling and their impact to national economic recovery is yet to be

felt, warranting an empirical probe into the impact of government policy on small and medium enterprises in Nigeria.

This study was informed by the fact that despite the touted benefits of SMEs to reengineer economies and the increasing support of government to the sector, SMEs in Nigeria have not impacted the economy positively enough and so have not been able to lift the citizens out of poverty. The parlous state of the SMEs subsector means government's continuous funding and seeking of better ways of funding the sector. The government renewed policy towards the sector has led to reforms in the banking sector to allow money deposit banks to play critical roles in revamping the sector through the provision of bank credits and loans. Government has also through the Central Bank of Nigeria tried to intervene directly by providing grants, tax holidays, restructuring the economy for greater absorptive capacities and setting up of training centers to unlock the entrepreneurial skills in the SME operator (Nnanna, 2001). Government support agencies have been set up and skill acquisition programmes launched to bring to fore latest technological innovations in the sector. In the light of these initiatives by government towards the growth and sustainability of the sector for national economic benefits, the continuous failure of the sector to make appreciable input on national economy has become a source of worry not only to government but also to researchers, stakeholders and the citizens when their performance is juxtaposed with the successes recorded by SMEs in other countries.

Some researchers are of the view that most government policies are misplaced due to the fact that their implementations are not well thought out. Others are of the view that corrupt officials and lack of political will to see through the policies have aggravated their failures. Thus, the Nigerian nation suffers from the collapse of almost all sectors of the economy. This has led to series of socio-economic problems especially unemployment and biting poverty which have wiped out domestic savings. Inflation and interest rates are on the increase and inability to access bank credits and other financial instruments by SMEs operators have further compounded their financial and operational woes. Government finances according to reports are also thinning down as revenue from her monolithic business (oil) has continued to dwindle, thus leaving her with scarce resources to attend to the multifaceted problems facing the country. In the light of these, there is the need to examine the impact of government policy on small and medium enterprises in Nigeria with a view to unravelling the remote reasons behind the unimpressive showing of SMEs despite government's continued intervention.

The objectives of the study are to examine impact of government expenditure on small and medium enterprises development in Nigeria, to examine the effect of gross domestic product, government expenditure, unemployment rate, commercial banks credit to SMEs subsector and interest rate on small and medium enterprises output

### ***Hypotheses***

**Ho:** Gross domestic products, government expenditure, unemployment rate, commercial banks credit to SMEs subsector and interest rate have no significant effect on small and medium enterprises output.

### **Theoretical Framework – System Theory**

Systems theory was first introduced in the 1940s by biologist Ludwig Von Bertalanffy. Systems theory is the trans-disciplinary study of systems, i.e. cohesive groups of interrelated, interdependent components that can be natural or human-made. Every system has causal boundaries, is influenced by its context, defined by its structure, function and role, and expressed through its relations with other systems. A system is "more than the sum of its parts" by expressing synergy or emergent behavior. Systems theory is an interdisciplinary theory about the nature of complex systems in nature, society, and science. It is a framework by which one can use to study, investigate and describe any group of objects that work in collaboration towards a common purpose/goal.

Changing one component of a system may affect other components or the whole system. It may be possible to predict these changes in patterns of behavior. For systems that learn and adapt, the growth and the degree of adaptation depend upon how well the system is engaged with its environment and other contexts influencing its organization. Some systems support other systems, maintaining the other system to prevent failure. The goals of systems theory are to model a system's dynamics, constraints, conditions, and relations; and to elucidate principles (such as purpose, measure, methods, tools) that can be discerned and applied to other systems at every level of nesting, and in a wide range of fields for achieving optimized equifinality.

Additionally, an essential assumption of systems theory is that it needs to be understood as a whole system, rather than only the mechanical portions mentioned above, as someone should reflect on how the system connects itself to its' environment.

### **Relevance of the Theory**

System theory says that a change in one component of a system may affect other components or the whole system. It may be possible to predict these changes in patterns of behavior. This is relevant to the work because a reduction in budgetary allocation to small and medium enterprises will automatically affect the performance of the sector whether positively or negatively.

## Methodology

### Model Specification

The model equation for this study is stated as follow:

*The structural form of the model is:*

$$SME = f(GDP, GEXP, UMPL, CBC, INTR) \quad \dots \quad \dots \quad \dots \quad (1)$$

*The mathematical form of the model is:*

$$SME = \beta_0 + \beta_1 GDP + \beta_2 GEXP + \beta_3 UMPL + \beta_4 CBC + \beta_5 INTR \quad \dots \quad \dots \quad (2)$$

*The econometric form of the model is:*

$$SME = \beta_0 + \beta_1 GDP + \beta_2 GEXP + \beta_3 UMPL + \beta_4 CBC + \beta_5 INTR + \mu_i \quad \dots \quad (3)$$

Where; SME = Small and Medium enterprise captured by small and medium industry output

GDP = Gross Domestic Product

GEXP = Government policy proxied by government expenditure

UMPL = Unemployment rate

CBC = Commercial Banks Credit to SMEs subsector

INTR = Interest rate

$\beta_0$  = Intercept of the model

$\beta_1 - \beta_5$  = Parameters of the regression coefficients

$\mu_i$  = Stochastic error term

### Method of Data Analysis

The economic technique employed in the study is the ordinary least square (OLS). This is because the OLS computational procedure is fairly simple a best linear estimator among all unbiased estimation, efficient and shown to have the smallest (minimum variance) thus, it become the best linear unbiased estimator (BLUE) in the classical linear regression (CLR) model. Basic assumptions of the OLS are related to the forms of the relationship among the distribution of the random variance ( $\mu_i$ ).

OLS is a very popular method and in fact, one of the most powerful methods of regression analysis. It is used exclusively to estimate the unknown parameters of a linear regression model. The Economic views (E-views) software will be adopted for regression analysis.

**Stationarity (unit root) test:** The importance of this test cannot be overemphasized since the data to be used in the estimation are time-series data. In order not to run a spurious regression, it is worthwhile to carry out a stationary test to make sure that all the variables are mean reverting that is, they have constant mean, constant variance and constant covariance. In other words, that they are stationary. The Augmented Dickey-Fuller (ADF) test would be used for this analysis since it adjusts for serial correlation.

**Decision rule:** If the ADF test statistic is greater than the MacKinnon critical value at 5% (all in absolute term), the variable is said to be stationary. Otherwise it is non stationary.

**Cointegration test:** Econometrically speaking, two variables will be cointegrated if they have a long-term, or equilibrium relationship between them. Cointegration can be thought of as a pre-test to avoid spurious regressions situations (Granger, 1986:226). As recommended by Gujarati (2004), the ADF test statistic will be employed on the residual.

#### **Evaluation of Parameter Estimates**

The estimates obtained from the model shall be evaluated using three (3) criteria. The three (3) criteria include:

- i. The economic a priori criteria.
- ii. The statistical criteria: First Order Test.
- iii. The econometric criteria: Second Order Test

#### **Evaluation based on economic a priori criteria**

This could be carried out to show whether each regressor in the model is comparable with the postulations of economic theory; i.e., if the sign and size of the parameters of the economic relationships follow with the expectation of the economic theory. The a priori expectations, in tandem with the manufacturing sector growth and its determinants are presented in Table 1 below, thus:

**Table 1: Economic a priori expectation**

| Parameters | Variables  |           | Expected Relationships |
|------------|------------|-----------|------------------------|
|            | Regressand | Regressor |                        |
| $\beta_1$  | SME        | GDP       | +                      |
| $\beta_2$  | SME        | GEXP      | +                      |
| $\beta_3$  | SME        | UMPL      | -                      |
| $\beta_4$  | SME        | CBC       | +                      |
| $\beta_5$  | SME        | INTR      | -                      |

Source: Researchers compilation

A positive '+' sign indicate that the relationship between the regressor and regressand is direct and move in the same direction i.e. increase or decrease together. On the other hand, a '-' shows that there is an indirect (inverse) relationship between the regressor and regressand i.e. they move in opposite or different direction.

#### **Evaluation based on statistical criteria: First Order Test**

This aims at the evaluation of the statistical reliability of the estimated parameters of the model. In this case, the F-statistic, standard error, t-statistic, Co-efficient of determination ( $R^2$ ) and the Adjusted  $R^2$  are used.

### ***The Coefficient of Determination ( $R^2$ )/Adjusted $R^2$***

The square of the coefficient of determination  $R^2$  or the measure of goodness of fit is used to judge the explanatory power of the explanatory variables on the dependent variables. The  $R^2$  denotes the percentage of variations in the dependent variable accounted for by the variations in the independent variables. Thus, the higher the  $R^2$ , the more the model is able to explain the changes in the dependent variable. Hence, the better the regression based on OLS technique, and this is why the  $R^2$  is called the co-efficient of determination as it shows the amount of variation in the dependent variable explained by explanatory variables.

However, if  $R^2$  equals one, it implies that there is 100% explanation of the variation in the dependent variable by the independent variable and this indicates a perfect fit of regression line. While where  $R^2$  equals zero. It indicates that the explanatory variables could not explain any of the changes in the dependent variable. Therefore, the higher and closer the  $R^2$  is to 1, the better the model fits the data. Note, the above explanation goes for the adjusted  $R^2$ .

***Standard Error test (S.E):***The standard error test is used to test if the regression coefficients of the explanatory variables are statistically significant, individually (different from zero). The precision or reliability of estimates (i.e., the intercepts and slopes) would also be measured by the Standard Error.

***The F-test:*** The F-statistics is used to test whether or not, there is a significant impact between the dependent and the independent variables. In the regression equation, if calculated F is greater than the table F table value, then there is a significant impact between the dependent and the independent variables in the regression equation. While if the calculated F is smaller or less than the table F, there is no significant impact between the dependent and the independent variable.

***The t-statistic:*** This is used to determine the reliability/statistical significance of each variable coefficient. Here, the absolute t-value of each coefficient is compared with a tabular t-value and if greater than a tabular t-value, such variable possessing the coefficient is accepted as statistically significant and fit to be used for inferences and possibly for forecasting.

### ***Evaluation based on econometric criteria: Second Order Test***

This aims at investigating whether the assumption of the econometric method employed are satisfied or not. It determines the reliability of the statistical criteria and establishes whether the estimates have the desirable properties of unbiasedness and consistency. It also tests the validity of non-autocorrelation disturbances. In the model, Durbin-Watson (DW), unit root test, co-integration test are used to test for: autocorrelation, multicollinearity and heteroskedasticity.

***Decision Rule:*** if the ADF test statistic is greater than the critical value at 5%, then the variables are cointegrated (values are checked in absolute term).



**Test for Autocorrelation:** The Durbin-Watson (DW) test is appropriate for the test of First-order autocorrelation and it has the following criteria.

1. If  $d^*$  is approximately equal to 2 ( $d^* \approx 2$ ), we accept that there is no autocorrelation in the function.
2. If  $d^* = 0$ , there exist perfect positive auto-correlation. In this case, if  $0 < d^* < 2$ , that is, if  $d^*$  is less than two but greater than zero, it denotes that there is some degree of positive autocorrelation, which is stronger the closer  $d^*$  is to zero.
3. If  $d^*$  is equal to 4 ( $d^* = 4$ ), there exist a perfect negative autocorrelation, while if  $d^*$  is less than four but greater than two ( $2 < d^* < 4$ ), it means that there exist some degree of negative autocorrelation, which is stronger the higher the value of  $d^*$ .

**Test for multicollinearity:** This means the existence of an exact linear relationship among the explanatory variable of a regression model. It is use to determine whether there is a correlation among variables.

**Decision Rule:** From the rule of Thumb, if correlation coefficient is greater than 0.8, we conclude that there is multicollinearity but if the coefficient is less than 0.8 there is no multicollinearity.

**Test for heteroscedasticity:** The essence of this test is to see whether the error variance of each observation is constant or not. Non-constant variance can cause the estimated model to yield a biased result. White's General Heteroscedasticity test would be adopted for this purpose.

**Decision Rule:** We reject  $H_0$  if  $F_{cal} > F_{tab}$  at 5% critical value. Or alternatively, we reject  $H_0$  if  $n.R^2 > x^2_{tab}$  at 5% critical value.

## Empirical Results and Analyses

### Stationary Unit Root Test

The Augmented Dickey-Fuller (ADF) test for unit roots was conducted for all the time series employed for the study. The ADF results in Table 4.1 show that all the variables are non-stationary in levels, that is,  $I(0)$ . However, they are all stationary at their first differences, that is, they are  $I(1)$ . Since the ADF absolute value of each of these variables is greater than the 5% critical value, they are all stationary at their first differences. The result of the regression (stationary unit root test) is presented in table 2 below.

**Table 2: Summary of ADF test**

| Variables | ADF Statistics | Lagged difference | 5% Critical Value | Order of Integration               |
|-----------|----------------|-------------------|-------------------|------------------------------------|
| SME       | -4.834036      | 1                 | -2.960411         | Statistically stationary at $I(1)$ |
| GDP       | -5.489200      | 1                 | -2.960411         | Statistically stationary at $I(1)$ |
| GEXP      | -5.396728      | 1                 | -2.960411         | Statistically stationary at $I(1)$ |
| UMPL      | -6.404135      | 1                 | -2.960411         | Statistically stationary at $I(1)$ |
| CBC       | -4.626230      | 1                 | -2.960411         | Statistically stationary at $I(1)$ |
| INTR      | -9.992178      | 1                 | -2.960411         | Statistically stationary at $I(1)$ |

Source: Researchers computation

These results from table 2 show that at 5% critical value, small and medium enterprises development (SME), gross domestic product (GDP), government expenditure (GEXP), unemployment rate (UMPL), Commercial Banks credit (CBC) and interest rate (INTR) are not stationary at level form (i.e. they are not integrated at order zero;  $I(0)$ ). The variables are only stationary at first difference. That is, they are integrated at order one;  $I(1)$ . This result is expected, since most macro-economic time-series data are known to exhibit non-stationary at level form.

Since our variables are non-stationary (i.e. at level form), we go further to carry out the cointegration test. The essence is to show that although all the variables are non-stationary, the variables have a long term relationship or equilibrium between them. That is, the variables are cointegrated and will not produce a spurious regression.

**Summary Johansen Cointegration Test**

Cointegration means that there is a correlation among the variables. Cointegration test is done on the residual of the model. Since the unit root test shows that all the variables are stationary at first difference  $I(1)$ , we therefore test for cointegration among these variables. The result is presented in the tables 3 below for Trace and Maximum Eigenvalue cointegration rank test respectively.

**Table 3: Summary of Johansen Co-integration Test**

Unrestricted Cointegration Rank Test (Trace)

| Hypothesized<br>No. of CE(s) | Eigenvalue | Trace<br>Statistic | 0.05<br>Critical Value | Prob.** |
|------------------------------|------------|--------------------|------------------------|---------|
| None *                       | 0.908385   | 163.0760           | 95.75366               | 0.0000  |
| At most 1 *                  | 0.676509   | 88.98110           | 69.81889               | 0.0007  |
| At most 2 *                  | 0.617768   | 53.99496           | 47.85613               | 0.0119  |
| At most 3                    | 0.454930   | 24.18141           | 29.79707               | 0.1929  |
| At most 4                    | 0.143556   | 5.369352           | 15.49471               | 0.7684  |
| At most 5                    | 0.018073   | 0.565382           | 3.841466               | 0.4521  |

Unrestricted Cointegration Rank Test (Maximum Eigenvalue)

| Hypothesized<br>No. of CE(s) | Eigenvalue | Max-Eigen<br>Statistic | 0.05<br>Critical Value | Prob.** |
|------------------------------|------------|------------------------|------------------------|---------|
| None *                       | 0.908385   | 74.09490               | 40.07757               | 0.0000  |
| At most 1 *                  | 0.676509   | 34.98614               | 33.87687               | 0.0367  |
| At most 2 *                  | 0.617768   | 29.81356               | 27.58434               | 0.0254  |
| At most 3                    | 0.454930   | 18.81205               | 21.13162               | 0.1024  |
| At most 4                    | 0.143556   | 4.803970               | 14.26460               | 0.7664  |
| At most 5                    | 0.018073   | 0.565382               | 3.841466               | 0.4521  |

Source: Researchers computation

Table 3 indicates that trace have only 3 cointegrating variables in the model while Maximum Eigenvalue indicated only 3 cointegrating variables. Both the trace statistics and Eigen value statistics reveal that there is a long run relationship between the variables. That is, the linear combination of these variables cancels out the stochastic trend in the series. This will prevent the generation of spurious regression results. Hence, the implication of this result is a long run relationship between Small and Medium enterprise captured by small and medium industry output and other macroeconomic variables used in the model.

**Regression Results**

The result of the regression test is presented in table 4below.

**Table 4: Summary of regression results**

Dependent Variable: SME  
Included observations: 4

| Variable           | Coefficient | Std. Error         | t-Statistic | Prob.  |
|--------------------|-------------|--------------------|-------------|--------|
| C                  | 23.03838    | 0.623185           | 36.96876    | 0.0000 |
| GDP                | 1.42E-05    | 2.16E-06           | 6.575930    | 0.0000 |
| GEXP               | 2.81E-07    | 2.58E-07           | 1.090821    | 0.2850 |
| UMPL               | -1.701385   | 0.043563           | -0.231782   | 0.9749 |
| CBC                | 5.38E-07    | 2.30E-07           | 2.335443    | 0.0272 |
| INTR               | -3.096451   | 0.032486           | -2.968984   | 0.0062 |
| R-squared          | 0.909937    | F-statistic        | 54.55809    |        |
| Adjusted R-squared | 0.893259    | Prob(F-statistic)  | 0.000000    |        |
| S.E. of regression | 0.775086    | Durbin-Watson stat | 1.408038    |        |

Source: Researchers computation

**Evaluation of the Estimated Model**

To analyze the regression results as presented in table 4.3 (see also appendix 4), we employ economic a priori criteria, statistical criteria and econometric criteria.

**Evaluation based on economic a priori criteria**

This subsection is concerned with evaluating the regression results based on a priori (i.e., theoretical) expectations. The sign and magnitude of each variable coefficient is evaluated against theoretical expectations.

From table 4, it is observed that the regression line have a positive intercept as presented by the constant (c) = 23.04. This means that if all the variables are held constant (zero), SME will be valued at 23.04. Thus, the a-priori expectation is that the intercept could be positive or negative, so it conforms to the theoretical expectation.

From table 4, it is observed that gross domestic product, government expenditure and commercial bank credits to small and medium enterprises have a positive relationship with small and medium enterprises development. This means that when gross domestic product, government expenditure and commercial bank credits to small and medium enterprises increases, there will be increase and improvement in small and medium enterprises development. On the other hand, unemployment and interest rate have a negative relationship with small and medium enterprises development. From the regression analysis, it is observed that all the variables conform to the a priori expectation of the study. Thus, table 5 summarises the a priori test of this study.

**Table 5: Summary of economic a priori test**

| Parameters | Variables  |           | Expected Relationships | Observed Relationships | Conclusion |
|------------|------------|-----------|------------------------|------------------------|------------|
|            | Regressand | Regressor |                        |                        |            |
| $\beta_0$  | SME        | Intercept | +/-                    | +                      | Conform    |
| $\beta_1$  | SME        | GDP       | +                      | +                      | Conform    |
| $\beta_2$  | SME        | GEXP      | +                      | -                      | Conform    |
| $\beta_3$  | SME        | UMPL      | -                      | +                      | Conform    |
| $\beta_4$  | SME        | CBC       | +                      | +                      | Conform    |
| $\beta_5$  | SME        | INTR      | -                      | -                      | Conform    |

*Source: Researchers compilation*

***Evaluation based on statistical criteria***

This subsection applies the  $R^2$ , adjusted  $R^2$ , the S.E, the t–test and the f–test to determine the statistical reliability of the estimated parameters. These tests are performed as follows:

From our regression result, the **coefficient of determination ( $R^2$ )** is given as 0.909937, which shows that the explanatory power of the variables is very high and/or strong. This implies that 90.99% of the variations in the growth of the GDP, GEXP, UMPL, CBC and INTR are being accounted for or explained by the variations in SME. While other determinants of small and medium enterprises development as proxied by small and medium industry output not captured in the model explain just 9.01% of the variation in the growth of SME in Nigeria.

The **adjusted  $R^2$**  supports the claim of the  $R^2$  with a value of 0.893259 indicating that 89.33% of the total variation in the dependent variable (small and medium enterprise development as proxied by small and medium industry output is explained by the independent variables (the regressors)). Thus, this supports the statement that the explanatory power of the variables is very high and strong.

The **standard errors** as presented in table 4.3 show that all the explanatory variables were all low. The low values of the standard errors in the result show that some level of confidence can be placed on the estimates (*see* table 4.3 and appendix 4).

The **F-statistic**: The F-test is applied to check the overall significance of the model. The F-statistic is instrumental in verifying the overall significance of an estimated model. The F-statistic of our estimated model is 54.55809 and the probability of the F-statistic is 0.0000. Since the probability of the F-statistic is less than 0.05, we conclude that the explanatory variables have significant impacts on small and medium enterprise development via small and medium industry output growth in Nigeria.

Alternatively, F-statistic can be calculated as:

$V_1 / V_2$  Degree of freedom (d.f)

$V_1 = n - k, V_2 = k - 1$ :

Where; n (number of observation); k (number of parameters)

Where  $k - 1 = 6 - 1 = 5$

Thus,  $df = 33 - 6 = 27$

Therefore,  $F_{0.05(5,27)} = 2.21$  (From the F table) ... F-table

F-statistic = 54.55809 (From regression result) ... F-calculated

Since the F-calculated > F-table, we reject  $H_0$  and accept  $H_1$  that the model has goodness of fit and is statistically different from zero. In other words, there is significant impact between the dependent and independent variables in the model.

**T-statistic**: Here, we compare the estimated or calculated t-statistic with the tabulated t-statistic at  $t_{\alpha/2} = t_{0.05} = t_{0.025}$  (two-tailed test).

Degree of freedom (d.f) =  $n - k = 33 - 6 = 27$

So, we have:

$T_{0.025(27)} = 2.052$  ... Tabulated t-statistic

Here, we are interested in determining the statistical reliability and significance of the individual parameters used in our model. We shall do this by comparing the absolute t-value of each coefficient with the critical t-value of 2.052 and if the absolute t-value is greater than 2.052, such variable possessing the coefficient is accepted as statistically significant and fit to be used for statistical inference and possibly for forecasting. This exercise is shown in the table below:

**Table 6: Summary of t-test**

| Variable | t-tabulated ( $t_{\alpha/2}$ ) | t-calculated ( $t_{cal}$ ) | Conclusion                   |
|----------|--------------------------------|----------------------------|------------------------------|
| Constant | ±2.052                         | 36.96876                   | Statistically Significance   |
| GDP      | ±2.052                         | 6.575930                   | Statistically Significance   |
| GEXP     | ±2.052                         | 1.090821                   | Statistically Insignificance |
| UMPL     | ±2.052                         | -0.231782                  | Statistically Insignificance |
| CBC      | ±2.052                         | 2.335443                   | Statistically Significance   |
| INTR     | ±2.052                         | -2.968984                  | Statistically Significance   |

Source: Researchers computation

From table 6, the *t-test* result is shown and the individual hypothesis consider below;  
For GDP,  $t_{\alpha/2} < t_{cal}$ , therefore we reject the null hypothesis and accept the alternative hypothesis. This means that GDP have a significant impact on SME.  
For GEXP,  $t_{\alpha/2} > t_{cal}$ , therefore we accept the null hypothesis and reject the alternative hypothesis. Thus, GEXP do not have significant impact on SME.  
For UMPL,  $t_{\alpha/2} > t_{cal}$ , therefore we accept the null hypothesis and reject the alternative hypothesis. Thus, UMPL do not have significant impact on SME.  
For CBC,  $t_{\alpha/2} < t_{cal}$ , therefore we reject the null hypothesis and accept the alternative hypothesis. This means that CBC do has a significant effect on SME.  
For INTR,  $t_{\alpha/2} < t_{cal}$ , therefore we reject the null hypothesis and accept the alternative hypothesis. This means that INTR have a significant impact on SME.

***Evaluation based on econometric criteria***

In this subsection, the following econometric tests are used to evaluate the result obtained from our model: autocorrelation, multicollinearity and heteroscedasticity.

**Test for Autocorrelation**

Using Durbin-Watson (DW) statistics which we obtain from our regression result in table 4, it is observed that DW statistic is 1.408038 or 1.41%, which indicate the absence of autocorrelation in the series so that the model is reliable for predications.

***Test for Multicollinearity***

This means the existence of an exact linear relationship among the explanatory variable of a regression model. This means the existence of an exact linear relationship among the explanatory variable of a regression model. This will be used to check if collinearity exists among the explanatory variables. The basis for this test is the correlation matrix obtained using the series. The result is presented in table 7.

**Table 7: Summary of Multicollinearity test (correlation matrix).**

| Variables     | Correlation Coefficients | Conclusion           |
|---------------|--------------------------|----------------------|
| GDP and GEXP  | 0.754268                 | No multicollinearity |
| GDP and UMPL  | 0.779254                 | No multicollinearity |
| GDP and CBC   | 0.708923                 | No multicollinearity |
| GDP and INTR  | 0.487781                 | No multicollinearity |
| GEXP and UMPL | 0.754466                 | No multicollinearity |
| GEXP and CBC  | 0.750712                 | No multicollinearity |
| GEXP and INTR | 0.387130                 | No multicollinearity |
| UMPL and CBC  | 0.712877                 | No multicollinearity |
| UMPL and INTR | 0.290740                 | No multicollinearity |
| CBC and INTR  | 0.323172                 | No multicollinearity |

Source: Researchers computation

**Decision Rule:** From the rule of Thumb, if correlation coefficient is greater than 0.8, we conclude that there is multicollinearity but if the coefficient is less than 0.8 there is no multicollinearity. We therefore, conclude that the explanatory variables are not perfectly linearly correlated.

### ***Test for Heteroscedasticity***

This test is conducted using the white's general heteroscedascity test.

Hypothesis testing:  $H_0: \beta_0 = \beta_1 = \beta_2 = \beta_3 = 0$  (homoscedastic)

$H_1: \beta_0 = \beta_1 = \beta_2 = \beta_3 \neq 0$  (heteroscedastic)

We observe that the probability of F- statistic of the white test is 0.0015. Since the probability of F- test is less than the 0.05 significance level, we accept the null hypothesis that there is heteroscedasticity in the residuals. This goes to say that the residuals of our estimated model do have a constant variance (homoscedastic). This finding has some adverse implications. Amongst these is the bias that heteroscedasticity may create in the standard errors and t-values, hence leading to erroneous inferential decisions. To circumvent this, we employed the Newey-West method. This crucial technique produces Heteroscedasticity and Autocorrelation Consistent (HAC) standard errors. Therefore, notwithstanding the presence of heteroscedasticity in the residuals of our estimated model, our inferences remain untainted, since the Newey-West method has neutralized the consequences of heteroscedasticity on the standard errors.

### **Conclusion and Recommendations**

The study appraised the effect of government expenditure on small and medium enterprises development in Nigeria from 1999 -2022 using Ordinary least Square (OLS) technique method. All data used are secondary data obtained from the Statistical Bulletin of Central Bank of Nigeria. In executing the study, the OLS techniques was applied after determining stationarity of our variables using the ADF Statistic, as well as the cointegration of variables using the Johansen approach and was discovered that the variables are stationary and have a long term relationship among the variables in the model. From the result of the OLS, it is observed that gross domestic product, government expenditure and commercial banks credit to SMEs have a positive relationship with SMEs growth and development in Nigeria. On the other hand, unemployment and interest rate have a negative relationship with SMEs. This means that when SMEs is increasing, unemployment will be reducing. Following the findings, it can be infer that commercial bank loans to small and medium scale industries in Nigeria have come to a point where it will stimulate investment in small and medium scale industries of economic growth. This may be due to the use of collaterals and other requirement by commercial banks for small scale investors to borrow.

A small and medium scale industry has significantly contributed to the real gross domestic product (GDP) of Nigeria, within the period under study. This has supported the idea that if given adequate support, small scale industries will enhance economic development faster than any other sector of the economy. We also observe that most of the investors in small and medium scale industries rely on borrowing commercial banks and little of their personal savings. Finally, the study shows that there is a long run relationship exists among the variables. Both  $R^2$  and adjusted  $R^2$  show that the explanatory power of the variables is very high or strong. The standard errors show that all the explanatory variables were all low. The low values of the standard errors in the result show that some level of confidence can be placed on the estimates. The study recommends that the government should improve all the components part of the real GDP. This will help develop the SMEs subsector. The government should invest more on infrastructure that will enhance the development of SMEs. This is because critical infrastructure like electricity, roads and technology improve business performance and create employment. The government through the apex bank should ensure that adequate credit at reduced interest rate is extended to the SMEs subsector to enable businesses thrive like it is done in the advance countries.

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## **ORGANIZATIONAL REWARD POLICY AND EMPLOYEE PRODUCTIVITY IN ANAMBRA STATE CIVIL SERVICE (2014 - 2020)**

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### ***Abstract***

*A significant population of employees of Anambra state Government are demoralized which partly accounts for high absenteeism, lateness to work, low commitment which thereby dwindle their productivity due to fact that they are unfairly rewarded. This prompted the study to investigate the organizational reward policy and employee productivity: A study of Anambra state civil service (2014-2020). The study was guided by three objectives, three research questions and three hypotheses which were tested at 0.05 level of significance. Survey research design was employed for the study. The population of the study comprises 6,955 employees in Anambra State Civil Service. Morgan's sample size determination table was adopted to draw 361 civil servants for the study. The sources of data collection were mainly through primary and secondary sources. Data collected were analyzed using frequency, percentages, mean, standard deviation and t-test. The study anchored on 'Expectancy Theory' as a framework for analysis. The findings of the study revealed among others that performance recognition has positive impact on the quality of employee output in Anambra State Civil Service. It was also found out that welfare scheme has significant impact on employee job satisfaction in Anambra State Civil Service. Based on the findings, it was recommended among others that the State Government should organize annual workshop and seminars for employees of Anambra state civil service to enrich them with knowledge and skills for improving their job performance.*

**Keywords:** *Organizational reward, policy, employee, productivity, civil service, Anambra State.*

### **Introduction**

In general terms, public sector consists of governments and all publicly controlled or publicly funded agencies, enterprises and other entities that deliver public programmes, goods or services. They are the machinery for the operation of government activities. According to Dike and Onyekwelu (2018), public sector is the means in which the development and execution of government programmes and policies rests. They however asserted that it is the agency saddled with the duty of effectively sustaining the machinery of governance at all times. The implication of the above is that public sector is the main instrument for the attainment of objectives, targets and programmes of the government. Public sector consists of civil service, public enterprises and other governmental agencies. According to Obasa (2018), the public sector is one of the governmental agencies that render services to the

populace. The primary purpose of government is to provide quality public services to improve quality of life of citizens. The government uses public sector made up of ministries, departments and agencies to deliver public services to the populace.

Shine, Swati, Jasmine and Veer (2015) defined organizational reward policy as programme that contains implementation strategies for fairly, equitably and consistently recognition of personnel in accordance to their job performance. Onuegbu and Chigbo (2018) identified the elements of organizational reward policy include welfare scheme, job security, pension/retirement benefits, recognition, advancement opportunities, good salary, skills development and bonuses. Mbah, Mgbemena and Ejike (2015) highlighted some components of reward policy of Anambra State Civil service that could improve productivity to include pay reward, employee performance recognition, bonus, conducive work environment, staff professional development. On the other hand, job productivity could be measured by efficiency, performance, resource utilization, task accomplishment, job satisfaction and service culture (Abah & Nwokwu, 2016). Poor implementation of organizational reward policy could adversely affect job productivity of civil service across the globe. Anazodo, Okoye and Chukwuemeka (2012) noted that civil service in Nigeria is characterized by low morale of employees, embezzlement and corruption which ultimately resulted in ineffectiveness and poor productivity in the service. The employees are the crucial component in public sector. They are saddled with the responsibilities of implementing government policies of producing essential goods and rendering services to members of the public. The overall performance of public sector depends upon their employees, which is influenced by their level of motivation, job satisfaction and productivity. One of the ways to improve employees' motivation and job satisfaction is through reward. Every organization formulate reward policy to act as guideline in compensating, appreciating, recognizing, promoting, issuing of long service awards and certificates, end of the year bonus, training, giving of other fringe and retirement benefits to employees. The essence of reward policy is to satisfy the needs of employees for them to work effectively to achieve organizational goals. It is against this background, the present study examined the impact of organizational reward policy on employees' productivity: study of Anambra State Civil Service.

Civil servants seem demoralized which has contributed to high absenteeism, poor dedication and faithfulness, conflicts, lateness to work, low commitment, employees turnover, inefficiency and ineffectiveness in Anambra State. To buttress this, Emejulu (2020) observed that the consequences of poor reward system in Anambra state civil service and entire south east, Nigeria is strike actions, indiscipline, work to rule, poor productive efforts and general poor performance on both the employees and the organization. The difficulties faced in Anambra State Civil service are low and irregular pay, poor reward, unconducive work environment and conditions (Ezenwegbu, Shehu & Akubue, 2020).

Idemobi, Ngige and Ofili (2017) noted that most organizations in Nigeria have witnessed under-performance because failure of their reward policy to motivate employees towards putting their best efforts into performing their job. In the same vein, Nwamuo (2019) stressed that the existence of poorly structured reward system in Nigeria demoralize employees in putting in their best at work. In spite of the implementation of these reform programmes, the services received by members of the public tend to be unsatisfactory. Idigo (2023) noted that poor remuneration and low salaries of public servants in Anambra State tend to have demoralized them to effectively improve their job productivity.

Some retired civil servants find it difficult to access their retirement benefits. Olanipekun and Agboola (2021) reported that some pensioners often stay in harsh weather for long hours and occasionally for days, before collecting their stipends. The authors also stressed that some pensioners slump and pass away while standing and waiting in a queue to receive pension money. Most employees offices in Anambra State public service are ill-equipped and some staff are not promoted as at when due probably as a result of corruption, insufficient funding, political interference and poor monitoring of the implementation of the reward policy. These unsatisfactorily state of affairs spell doom for the public organization in Anambra State. It appears to have resulted to low productivity, encourage corruption, breeds dissatisfaction, intermittent strike and industrial actions by employees. Incessant campaign for improved salary and form of reward is engineered by various interest group and Nigeria Labour Congress and protest within Nigeria. The psychological and financial needs of the civil servants in Anambra State are not adequately met; hence, there is general laxity in productivity of employees in the State. Many organizations have continued to seek better ways of improving the reward system through adequate funding, sanctions and monitoring of implementation process of the reward policy. Many researchers have also attempted to respond to the problem by conducting studies on organizational reward policy and employee productivity in different geographical location and varying years. Therefore, the findings of some of these studies must have been overtaken by the changes in the society. Thus, there is a paucity of empirical investigations on organizational reward policy and employee productivity. In view of this, this study examined organizational reward policy and employee productivity: A study of Anambra State Civil Service.

## **Review of Related Literature**

### **Conceptual Review**

#### **Reward**

The concept of reward is common in every human organization probably due to the fact that it is human nature to be appreciated and recognized for outstanding performance. Reward is simply anything or means of encouraging or drives human being to perform in desirable ways. Hussain, Khaliq, Nisar, Kamboh and Ali (2019)

defined reward as anything a person receives for executing tasks which is valuable to an organization. This definition is in consonance with the position of Emejulu (2020) who defined reward as what people get for their carrying out the routine duties assigned to them. Reward is the financial and non-financial benefits received by employees for effectively performing their duties.

Reward arouses and sustains goal-directed behavior among employees of an organization. Kreitner cited in Nwokocha (2016) defined reward as psychological payoffs and benefits given to an employee as gratitude for effectively performing tasks and their good inputs in the work place. Reward is sometimes administered to employees who positively contributed to the attainment of organizational objectives. Abbas and Lawal (2019) conceptualized reward as material benefits one receives from executing in a specific task. These tangible benefits stimulate employees' work behaviour toward the attainment of predetermined objectives. According to Nwamuo (2019), reward is the entire group of monetary benefits, substantial services and benefits that a worker receives for working in business enterprise.

According to Okoli, Okoli and Nuel-Okoli, (2020), reward is anything such as of salaries, incentives, complementary settlement, recognition and other forms of emoluments employees get from performing their duties in an organization. Reward makes employees have perception that they are valuable and the management acknowledges the role they play in the progress of the organization. Improving employees' dedication to the profession and commitment is enhanced through rewards that satisfy their psychological and physical needs. The importance of rewards in organization has been amplified by Isaack and Kipkebut (2016) who pointed out that organizations make use of rewards to meet and satisfy the needs of their employees to ensure optimal performance. Thus, reward creates synergy between employees' needs, goals and expectations with that of the organization. Reward is way to boost the morale of the workforce.

### **Employee Productivity**

Employee productivity has been conceptualized by several scholars in different ways. Employees' productivity is a concept which is directly related to output. Productivity is the ability of workforce to produce maximum outputs with optimal inputs. According to Osioma and Audu (2022), employee productivity is an improvement in the quality and quantity of outputs produced relative to inputs employed in the process. Productivity is the outputs of organization as compared to the inputs utilized in the production. Okeoghene and Chima (2021) defined employee productivity as the appraisal of organizational efficiency which is assessed in terms of input and output over a specific time. According to Akintoye and Ofobruku (2022), employee productivity is the relationship between input and output produced through the effort and time utilized by an employee. Subandowo

and Winardi (2022) defined employee productivity as the actions of employees to produce a product or render service specified time.

Employee productivity is one of the major determinants of the level of attainment of organizational objectives. Employee productivity denotes attainment of optimal results with minimal cost and wastage of resources. According to Ravi and Anulakshmi (2021), employee productivity is the comparison of output per input. It is the ratio between the outputs and resources input utilized in the process. In the same vein, Oloke, Oni, Babalola and Ojelabi (2017) defined employee productivity as the proportion of inputs to the outputs. In evaluating employees' productivity, the inputs and outputs are usually compared. It is the indicator of staff efficiency in an organization. Hanaysha (2016) argued that providing sufficient resources such as physical, financial or materials are necessary to strengthen employee productivity. Other measures to improve employees productivity could include; supervision, prompt communication, mentoring, discipline, guidance and counseling among others.

### **Performance Recognition and Employee Output**

Recognition is an act of the appreciating and according certain status on employees within an organization. It is also a gratitude and prestige accorded to employees for meeting a job expectation. Recognition is stimulus to greater action to improve the quality of employee output. Hussain, Khaliq, Nisar, Kamboh and Ali (2019) averred that organizations recognize their employees to sustain their high self-esteem and remain dedicated in the workplace. They added that the employees who are recognized are well motivated to attain high quality output. Daniel (2019) noted that employee who is adequately and fairly recognized are to be motivated to increase the quality of output in any public or private organization.

Performance recognition is the acknowledgement and appreciation of employees' efforts, contributions and achievement in an organization. Hussain, Khaliq, Nisar, Kamboh and Ali (2019) maintained employee recognition involves writing their names in the organization's newsletter, issuance of commendation letter and expressing verbal appreciation. Performance recognition helps in inspiring civil servants for high quality outputs. Meena, Girija and Visagamoorthi (2019) noted that employee's management can use recognition like appreciation and awards to encourage employee to increase outputs in the workplace. Recognition for a job done may induce civil servants to work harder to attain higher quality outputs.

Employee recognition is the general appreciation and acknowledgement of a given performance. According to Harrison cited Atambo, Kabare, Munene and Nyamwamu (2012), employee recognition is a timely, informal or formal appreciation of a person's behaviour, effort or that supports the organization's goals. Atambo, Kabare, Munene and Nyamwamu (2012) noted that employee recognition

is the acknowledgement of an employee's for effort toward accomplishing organizational goals. Furthermore, Atambo et al (2012) stressed that it includes the act of paying unique attention to employee actions and encouraging behaviour for excellent performance. Aruna (2018) noted that employee recognition involves appraising and acknowledging the results of this work. The author added that by creating a culture of recognition, employees become more happy, loyal, engaged and productive.

Recognition takes the forms of money, praises, thank you and letter of commendation. Salman and Olawale (2021) pointed out that not all recognition programmes could involve financial payout and a simple symbolic gesture from the line manager or colleagues. Kanwal and Syed (2017) stressed that recognition is a kind of intrinsic reward such verbal appreciation that increase the morale and confidence of employees while executing their duties. The recognition of employees' can boost morale and dedication to producing high quality of outputs for attainment of the goals and objectives of the organization. Payam, Akram, Majid and Seyed (2013) pointed out that recognition by cash or intangible things will improve productivity and output of employees. The recognition of employees' performance can make them to continue to work hard for the improvement of their outputs quality in the organization.

### **Performance Bonus and Employee Commitment to Task Accomplishment**

Performance bonuses could be given to employees who worked dedicatedly and effectively discharge their duties in an organization. The employees who receive bonuses for working beyond their limitations and attaining exceptional performance are bound to increase their commitment to task accomplishment. Public organizations can perform optimally, when employees are well-rewarded to enhance their commitment to task accomplishment and attain organizational objectives. Mattson, Torbiörn and Hellgren (2014) stressed that performance bonus is a common means of motivating employees to perform well and remain commitment to task accomplishment. Performance bonus could induce positive attitude toward task accomplishment in an organization.

Performance bonuses are issued to employees according to the level of achievement or contributions in the organization. Purowenang, Yulianto and Ikatrinasari (2018) noted that performance bonus can be issued according to the employee's contribution to the success of the organization. The authors added that every employee could strive toward attaining a good performance to get the maximum bonus. It can motivate employees and enhance their commitment to enable them properly carry out their duties and responsibilities.

An employee who perform outstandingly and work beyond expectations receive performance bonus. The bonus serves as a motivation for higher performance. End-

of-year bonuses are issued to employees who worked dedicatedly and perform exceptionally throughout the year. Bonus is basically based on employee performance. Kanwal and Syed (2017) stressed that organization gives annual bonus based on the employees' performance. Daniel (2019) opined that bonus is reward received by individual for success and are frequently applied to stimulate extra efforts for additional performance. Ndungu (2017) asserted that the main aims of the reward schemes and performance bonus is to attract and retain employees to specific institution, elicit good work performance and to maintain commitment to task accomplishment in the organization. Agbaeze and Ebirim (2020) maintained that the reward system of an organization has repercussions on motivating work accomplishment because when the employees receive performance bonus they demonstrated behaviours that are considered to be desirable for the organization.

### **Theoretical Framework**

This study anchors on Vroom's Expectancy theory as a framework for analysis. This theory is hinged on four key assumptions, namely: salary, job security, advancement and challenge. The theory posits that individuals are motivated to perform better when they believe that their efforts will lead to desirable outcomes or rewards. The theory maintained that people will choose among alternatives so as to optimize outcomes.

### **Methodology**

#### **Research Design**

The researcher adopted the survey design. This is because survey design enables the researcher to collect and analyzed data from a sample of the population of the study to describe the issues of research interest.

#### **Area of the Study**

The study was carried out in Anambra State Civil Service. The Structure of Anambra State Civil Service is composed of ministries and non-ministries departments. There are 18 ministries and 11 non-ministries departments in Anambra State. The ethnic group of most of the civil servants in Anambra State Civil Service is Igbo which is one of the three major ethnic groups in Nigeria. The employees of Anambra State Civil Service are mostly Christians of different denominations.

Anambra State Civil Service is managed by Commission which sets guidelines for appointment, promotion, reward and discipline of all staff. The Commission sets guidelines for reward such as performance recognition, bonus, retirement benefits, welfare scheme and staff skill development. Employees of Anambra State Civil Service are protected against discrimination and victimization by the commission.

#### **Population of the Study**

The population of the study comprises 6,955 employees. They were the staff strength of Anambra State Civil Service.



### Sample Size and Sampling Technique

In determining the sample size, Krejcie and Morgan's sample size determination table was adopted. The sample size determination Table is derived from the calculation which is expressed below;

$$\text{Which is, } s = \frac{X^2NP}{d^2} + (N-1) + \frac{X^2P(1-P)}{d^2}$$

Where  $s$  = required sample size

$X^2$  = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841)

$N$  = the population size

$P$  = the population proportion (assumed to be .50 since this would provide the maximum sample size)

$d$  = the degree of accuracy expressed as a proportion (.05)

The civil servants were drawn from the ministries using purposive sampling technique. This enabled the researcher to select only staff with the requisite knowledge on the subject of study.

### Source of Data Collection

The sources of data collection were mainly through primary and secondary sources. The primary sources involve the use of questionnaire. Secondary Source of data collection is the concentration on published and unpublished materials that are relevant to the study. This includes textbooks, journals, unpublished thesis, internet materials and some manuscripts which the researcher found very useful to the study. A total of 349 copies of the questionnaire were completed, retrieved and used for data analysis.

### Method of Data Analysis

The data collected were presented in tabular forms. The response in the table was converted to frequencies, percentages, mean, standard deviation and t-test. Interpretations were based on the questions in the questionnaire which was used to answer research question and test the hypothesis. For decision on the research questions, mean item rating that fell below 3.00 was taken as disagreement and any mean rating of 3.00 or above was taken to indicate agreement. The cut off mean score of 2.50 was obtained from the four points rating scale and presented below as follows

$$\frac{5+4+3+2+1}{5} = \frac{15}{5} = 3.00$$

The t-test statistic was used in testing the null hypotheses. For decision on the hypotheses, if p-value is equal to or less than level of significant value of 0.05, the

null hypothesis was rejected, but if p-value is greater than level of significant value of 0.05, the null hypotheses was not rejected. The SPSS package version 23 was used in data analysis.

## Results

**Research Question One:** What is the impact of performance recognition on the quality of employee output in Anambra State Civil Service?

Table 1: Impact of Performance Recognition on the Quality of Employee Output

| S/<br>N           | ITEMS  | N   | SA  | A   | N  | D   | SD  | $\bar{x}$   | SD          | Decision        |
|-------------------|--|-----|-----|-----|----|-----|-----|-------------|-------------|-----------------|
| 1                 | Recognition motivate employees to produce output that meet the needs of the populace   | 349 | 102 | 91  | 86 | 20  | 50  | 3.50        | 1.35        | Accepted        |
| 2                 | The issuance of Certificate of appreciation to outstanding employees stimulate them to provide accurate output                         | 349 | 99  | 97  | 75 | 37  | 41  | 3.50        | 1.32        | Accepted        |
| 3                 | Sponsoring of vacation of employees a ways of recognizing their excellent performance ensures that output is produced in timely manner | 349 | 48  | 53  | 60 | 89  | 99  | 2.60        | 1.39        | Rejected        |
| 4                 | Celebrating employees achievements boost their morale to produce consistent quality output   | 349 | 85  | 75  | 68 | 43  | 78  | 3.13        | 1.48        | Accepted        |
| 5                 | Recognition ensures standard output is delivered to members of the public  | 349 | 104 | 81  | 72 | 35  | 57  | 3.40        | 1.42        | Accepted        |
| 6                 | Issue an award of excellence as means of recognizing employees performance become them more productive                                 | 349 | 108 | 100 | 71 | 42  | 28  | 3.62        | 1.26        | Accepted        |
| 7                 | Recognition of employees induce them to work harder for quality outputs  | 349 | 40  | 60  | 30 | 105 | 114 | 2.45        | 1.39        | Rejected        |
| 8                 | Recognizing employees performance through monthly award for outstanding performance make them more engaged in executing their duties   | 349 | 116 | 94  | 77 | 32  | 30  | 3.67        | 1.26        | Accepted        |
| 9                 | Recognizing employees performance through letter of commendation inspire them to attain quality output                                 | 349 | 102 | 97  | 83 | 43  | 24  | 3.60        | 1.22        | Accepted        |
| 10                | Sponsoring of employees launch as a way of recognizing their excellent performance make them devote their time to produce quality out  | 349 | 112 | 67  | 80 | 30  | 60  | 3.40        | 1.45        | Accepted        |
| <b>Grand Mean</b> |  |     |     |     |    |     |     | <b>3.29</b> | <b>1.35</b> | <b>Accepted</b> |

Source: Field Survey, 2020

As shown in Table 1, all the variables with exception of 3 met the theoretical mean threshold of 3.0 which is the established mean cut-off. Thus, performance recognition has positive impact on the quality of employee output in Anambra State Civil Service with grand mean of 3.29 and standard deviation of 1.35.

**Research Question Two:** To what extent has performance bonuses enhanced employee commitment to task accomplishment in Anambra State Civil Service?

Table 2: Extent to which performance bonuses has effect on employee commitment to task accomplishment

| S/N               | ITEMS  |     |     |     |    |    |    |
|-------------------|--|-----|-----|-----|----|----|----|
|                   |  | N   | SA  | A   | N  | D  | SD |
| 11                | Annual performance bonus improve their commitment to task accomplishment   | 349 | 110 | 97  | 58 | 27 | 40 |
| 12                | Bonuses receive by employees for extra performance motivate them to work harder for task accomplishment              | 349 | 85  | 79  | 80 | 51 | 54 |
| 13                | Exceptional achievement qualified employees for bonuses that make them put more energy for timely task execution     | 349 | 94  | 83  | 70 | 64 | 38 |
| 14                | Employees work harder when they receive performance bonuses for exceeding work demand                                | 349 | 102 | 90  | 78 | 30 | 49 |
| 15                | Performance target bonus serves as incentive for employees to meet target of task accomplishment                     | 349 | 83  | 72  | 62 | 51 | 81 |
| 16                | Performance bonus scheme that recognize the achievement of team enhance their commitment to task completion          | 349 | 90  | 105 | 53 | 44 | 57 |
| 17                | End-of-year bonuses to employee who perform outstandingly make them more committed in accomplishing tasks            | 349 | 72  | 99  | 7  | 60 | 46 |
| 18                | The spot bonus awarded to employee for exceptional performance serves as a motivation for higher task accomplishment | 349 | 83  | 70  | 54 | 72 | 70 |
| 19                | Employees who receive milestone bonus for meeting deadline are motivated to accomplish more tasks                    | 349 | 94  | 101 | 66 | 43 | 45 |
| 20                | Longevity bonus awarded to employees for their long time service inspire them to higher task accomplishment          | 349 | 104 | 79  | 58 | 63 | 45 |
| <b>Grand Mean</b> |  |     |     |     |    |    |    |

Source: Field Survey, 2020

From Table 2, it was observed that all the variables construct that examine the extent to which performance bonuses have positive effect on employee commitment to task accomplishment in Anambra State Civil Service met the theoretical mean threshold of 3.00. Thus, the descriptive statistics with grand mean of 3.35 and standard deviation of 1.39 suggests that performance bonuses to great extent have effect on employee commitment to task accomplishment in Anambra State Civil Service.

**Research Question Three:** What is the relationship between retirement benefits and employee service culture in Anambra State Civil Service?

**Table 3: Relationship between retirement benefits and service culture**

| S/N               | ITEMS   |     |     |    |    |     | SD  | $\bar{x}$   | SD          | Decision        |
|-------------------|---|-----|-----|----|----|-----|-----|-------------|-------------|-----------------|
|                   |   | N   | SA  | A  | N  | D   |     |             |             |                 |
| 21                | Pension scheme designed for employees motivate them to delivery high services to the populace   | 349 | 94  | 84 | 62 | 39  | 70  | 3.27        | 1.47        | Accepted        |
| 22                | The gratuity that employees are entitled upon retirement stimulate them to go extra mile to satisfy customer  | 349 | 108 | 71 | 83 | 51  | 36  | 3.47        | 1.34        | Accepted        |
| 23                | Retirement benefits support the employees ability to render strong customer-focus services  | 349 | 120 | 94 | 66 | 33  | 36  | 3.66        | 1.31        | Accepted        |
| 24                | Health insurance for retirees helps employees to ensures consistency in service deliver   | 349 | 40  | 49 | 30 | 110 | 120 | 2.37        | 1.38        | Rejected        |
| 25                | Retirement benefits motivate employee to make effort to understand customers needs  | 349 | 50  | 37 | 53 | 118 | 91  | 2.53        | 1.36        | Rejected        |
| 26                | Pension scheme designed for employees makes employees to responsive to customer complaints  | 349 | 125 | 80 | 74 | 40  | 30  | 3.66        | 1.30        | Accepted        |
| 27                | Offering retirement benefits to employee for meeting their basic financial needs inspire them to put their best efforts to satisfy the needs of customers | 349 | 111 | 74 | 64 | 43  | 57  | 3.40        | 1.45        | Accepted        |
| 28                | Retirement benefits designed for employee lead to their substantial well-being at inactive service boost their morale to render customer-oriented service | 349 | 64  | 41 | 51 | 86  | 107 | 2.62        | 1.48        | Rejected        |
| 29                | Retirement benefits increase job retention of employees to strive toward positive service culture   | 349 | 114 | 88 | 68 | 42  | 37  | 3.57        | 1.33        | Accepted        |
| 30                | Offering retirement benefits to employee for meeting their basic financial needs inspire them to put their best efforts to satisfy the needs of customers | 349 | 77  | 64 | 82 | 59  | 67  | 3.07        | 1.42        | Accepted        |
| <b>Grand Mean</b> |   |     |     |    |    |     |     | <b>3.16</b> | <b>1.38</b> | <b>Accepted</b> |

**Source: Field Survey, 2020**

Data presented in Table 3 shows that items 21, 22, 23, 26, 27, 29 and 30 met the theoretical mean threshold of 3.0 which is the established mean cut-off, while only two items were rejected. The grand mean of 3.16 and standard deviation of 1.38 indicated that retirement benefits enhance employee service culture to great extent in Anambra State Civil Service.

**Hypothesis 1:** Performance recognition has no impact on the quality of employee output in Anambra State Civil Service.

Table 4: The t-test of Summary of no Impact of Performance Recognition on the Quality of Employee Output

| Variables                                   | N   | $\bar{x}$ | SD   | P.value | Df  | $\infty$ | Remark      |
|---|-----|-----------|------|---------|-----|----------|-------------|
| Recognition has no impact on quality output | 121 | 2.33      | 1.36 | 0.00    | 347 | 0.05     | Significant |
| Recognition has impact on quality output    | 228 | 3.53      | 1.30 |         |     |          |             |

**Source: Field Survey, 2020**

Data presented on Table 4 revealed that the  $p$ -value of 0.00 is less than the stipulated.05 level of significance, the null hypothesis was rejected. Thus, performance recognition has impact on the quality of employee output in Anambra State Civil Service.

**Hypothesis 2:** Performance bonuses have no effect on employee commitment to task accomplishment in Anambra State Civil Service.

Table 5: The t-test of Summary of no Effect of Performance Bonuses on Employee Commitment to Task Accomplishment

| Variables                                    | N   | $\bar{x}$ | SD   | P.value | Df  | $\infty$ | Remark      |
|--|-----|-----------|------|---------|-----|----------|-------------|
| Bonuses has no Effect on Employee Commitment | 110 | 2.56      | 1.36 | 0.01    | 347 | 0.05     | Significant |
| Bonuses has Effect on Employee Commitment    | 239 | 3.43      | 1.25 |         |     |          |             |

**Source: Field Survey, 2020**

Data presented on Table 5 revealed that the  $p$ -value of 0.01 is less than the stipulated.05 level of significance, the null hypothesis was rejected. Thus, performance bonuses to great extent have effect on employee commitment to task accomplishment in Anambra State Civil Service.

**Hypothesis 3:** Retirement benefits have no relationship with employee service culture in Anambra State Civil Service.

**Table 6: The t-test of Summary of no Relationship between Retirement Benefits and Service Culture**

| Variables   | N   | $\bar{x}$ | SD   | P.value | Df  | $\alpha$ | Remark      |
|---|-----|-----------|------|---------|-----|----------|-------------|
| Retirement benefits has not enhance Service Culture | 117 | 2.34      | 1.25 | 0.01    | 347 | 0.05     | Significant |
| Retirement benefits has enhance Service Culture     | 232 | 3.68      | 1.18 |         |     |          |             |

**Source: Field Survey, 2020**

Data presented on Table 6 revealed that the *p*-value of 0.01 is less than the stipulated.05 level of significance, the null hypothesis was rejected. Thus, award of there is positive relationship between retirement benefits and service culture in Anambra State Civil Service.

### **Discussion of Findings**

The finding of this study as shown in Table 1 reveals that performance recognition has positive impact on the quality of employee output in Anambra State Civil Service. This is in line with the finding of Meena, Girija and Visagamoorthi (2019) who reported that there is a positive influence of recognition on employees' motivation for quality output. The employees may reciprocate the recognition by management of organization through producing quality outputs. Recognition of employees provides the needed motivation that propels employee to produce quality outputs. It was also reported that performance recognition has impact on the quality of employee output in Anambra State Civil Service. This is in agreement with the finding of Ondhowe, Kadima and Juma (2021) who reported that recognition has an influence on employee outputs. This supported the finding of Hussain, Khaliq, Nisar, Kamboh and Ali (2019) who reported that recognition has a positive effect on employee performance in terms of quality of output. The recognition of employees can spur them to attain significant greater quality of output than previously produced.

Table 2 indicates that performance bonuses to great extent have effect on employee commitment to task accomplishment in Anambra State Civil Service. This agreed with the finding of Purowenang, Yulianto and Ikatrinasari (2018) who reported that performance bonuses greatly affect employees commitment to accomplishment of tasks. This is also in consonance with the finding of Calvin and Bongani (2018) who revealed that there was positive correlation between organizational reward and employee commitment. Performance bonuses boost morale of employees which consequently, increase their task accomplishment. The result of the study shows that performance bonuses have effect on employee commitment to task accomplishment in Anambra State Civil Service. This finding also agreed with that of Calvin and

Bongani (2018) who revealed that there was correlation between organizational reward and employee commitment. The organizational reward makes employees to be more committed and willing to accomplish tasks in an organization.

The result show in Table 3 indicates that retirement benefits enhance employee service culture to great extent in Anambra State Civil Service. The retirement benefits compel employee to develop good service culture. It was also found out that retirement benefits enhances employee service culture in Anambra State Civil Service. This is in conformity with the finding of Kongnyuy and Yuyun (2020) who reported that retirement benefits improve the service culture behaviour of employees. This also supported finding of Kongnyuy and Yuyun (2020) who revealed that retirement benefits significantly predicted workers' behaviour toward service culture. The management of organization who designs good retirement plan for employees could motivate them to develop positive service culture in the workplace.

### **Conclusion**

Based on the findings, it is concluded that organizational reward policy has significant impact on employee productivity. The organizational reward policy is a form of positive reinforcement and motivation that makes employees work harder for high quality of outputs. Rewards such as performance bonuses and retirement benefits contribute to employee commitment to task accomplishment, job satisfaction and good service culture. A well-administered reward can boost morale of employees, make them develop good service culture and put in their best to produce quality outputs.

### **Recommendations**

Based on the findings, it was recommended that:

1. Anambra State Civil Service Commission should organize annual programmes for recognition of outstanding employee in the public sector.
2. Management of State Ministries should utilize monetary reward in form of performance bonuses to encourage employees to develop positive service culture.
- 3.
4. The State Government should ensure timely payment of pension and gratuity of retired civil servants.

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# ORGANIZATIONAL FRIENDSHIP AND WORK PASSION IN BROADCASTING CORPORATION OF BAYELSA STATE, NIGERIA.

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## **Abstract**

*The study investigated organizational friendship and work passion in broadcasting corporation Bayelsa State, Nigeria. The researcher recognized three measures of organizational friendship and two indicators of work passion. Three fundamental objectives were designed namely to: examine the relationship between informational peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria, investigate the relationship between collegial peer and obsessive passion in the broadcasting corporation Bayelsa State, Nigeria, and determine the relationship between special peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria. Indeed, three research questions and three hypotheses were developed for the study. The researcher employed a survey design and the accessible population of the study comprised of 172 selected employees carefully chosen from six broadcasting corporations in Bayelsa State, Nigeria. A random sampling method was applied and the sample size was 120 employees selected through Taro Yamane's formula. Instrument for data collection was harnessed through primary and secondary sources. Absence of workplace friendship has made most employees to see their jobs as boring and stressful which affect innovations in management of radio stations. Spearman's rank correlation coefficient was used for the data analysis. The findings specified that organizational friendship has a positive effect on work passion. The researcher concluded that organizational friendship determines employees work passion. It was recommended that organizations should provide work- related information to enhance employee work passion and performance.*

**Keywords:** *organizational friendship, informational peer, collegial peer, harmonious passion, work passion*

## **Introduction**

Organization is a social system comprising different categories of persons that operate in competitive environment. Employees are hired to work in an environment with social relationship network by rendering quality and satisfactory service to their customers for the purpose of achieving set goals. Friendship at work appears to be critical; it flows naturally which enables the employees to have passion about their job in order to deliver the quality and satisfactory service expected by the customers. Workplace friendship could as well instigate work passion in broadcasting corporation particularly when the friendship protects personal interests, encourages sympathy, motivation, and share work-related problems. Ordinarily, a major part of man's life is spent on work as informal relationships among workers within

organizations portray a potential source of influence for job performance, organization success, and work passion. Dotan (2009) described organizational friendship as a voluntary mutual relationship that exists among employees at the workplace. Organizational friendship refers to co-worker friendship or workplace friendship where employees have mutual trust, share their feelings, cooperate, and work as a team to accomplish a goal. Most organizations including broadcasting corporation may flourish in their business activities if employees could be invigorated to be passionate about their jobs by establishing organizational culture that supports workplace friendship. The level of performance exhibited by employees depends on the ability to effectively interact with their superior, subordinates, customers, suppliers, and co-workers within the organization.

Workplace friendship progresses from existing formal line of operations in the workplace environment which is essential to facilitate the growth of the organization. Friendships are one of the essential human values that influence individual attitudes and behaviors (Song 2006). Positive interpersonal relationships at work have significant impact on both organizations and the workforce (Ferrell, 2003). Nevertheless, most organizations are battling with defective interpersonal relations that hinder the realization of organizational goal. Dachner (2011) proclaimed that encouraging interpersonal relations among employees creates cooperation, high institutional participation, and innovation in the phase of disruption which influence organizational outcomes. Indeed, every successful business precisely broadcasting corporation is obliged to maintain high level of customer satisfaction by providing quality services that comes with constructive customer interaction. Organizational friendship affords the employees the opportunities to have information, knowledge, support to relieve work stress, and skills to achieve their missions and goals (Hwang et al., 2012). Co-worker friendship is formed and maintained beyond the formal assigned organizational roles hence it concerns shared interest and interdependence. Valler and et al. (2010) pronounced that work passion signifies a strong feeling toward an activity that an individual love in which he devotes a significant amount of time and energy. Work passion is created through employees personal love and basic interest in doing a particular job. It is driven by workers engagement and friendship. This paper examines organizational friendship and work passion in broadcasting corporation Bayelsa State, Nigeria.

### **Statement of the problem**

The accomplishment of predetermined goal in the organization may be threaten if workers do not have interest in their job and develop friendship that helps staff create atmosphere of love, sympathy, awareness to be their brother's keepers while performing assigned responsibilities. When employees demonstrate co-worker friendship it minimizes gossip, bitterness, and petitions, at the workplace. Apparently, place of work friendship provides support and sociability which could enrich the organization. The consequence of employees being dissatisfied could be

managed by employers encouraging interpersonal relationship at workplaces. Most organizations likewise broadcasting corporation that neglected the shared vision advantages or organizational friendship are likely to be destabilize with untold conflict of interest, distorting of organizational objectives, partiality, low productivity, which are detrimental to work passion and the organizational success. Although, in developed countries most organizations enforce workplace friendship by accommodating informational peer and collegial peer which are lacking in radio stations in Bayelsa state. Even when all these responsiveness factors are available most employees especially in broadcasting corporation display behaviours that are inconsistent with organizational friendship that affect their work passion. Employees inability to embrace friendship at the work may be as a result of job dissatisfaction emanating from insufficient salary and poor working conditions which could lead to low productivity and poor information coverage. Furthermore, it is important to mention that the inadequate work passion among the employees in broadcasting corporation is caused by workplace friendship which has not been completely established in the media industry. Irrespective of the fact that the few studies on workplace friendship did not actually relate to broadcasting corporation, this paper tends to examine the relationship between organizational friendship and work passion in broadcasting corporation Bayelsa State, Nigeria.

### **Aim and objectives of the study**

The aim of this study is to examine organizational friendship and work passion in broadcasting corporation Bayelsa State, Nigeria. The specific objectives are to:

- i. Examine the relationship between informational peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria.
- ii. Investigate the relationship between collegial peer and obsessive passion in the broadcasting corporation Bayelsa State, Nigeria.
- iii. Determine the relationship between special peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria.

### **Research Questions**

- i. What is the relationship between informational peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria?
- ii. To what extent is the relationship between collegial peer and obsessive passion in the broadcasting corporation Bayelsa State, Nigeria?
- iii. What is the relationship between special peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria?

### **Hypotheses**

**H<sub>01</sub>:** There is no significant relationship between informational peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria.

**H02:** There is no significant relationship between collegial peer and obsessive passion in the broadcasting corporation Bayelsa State, Nigeria.

**H03:** There is no significant relationship between special peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria.

### **Literature Review**

#### **Concept of Organizational Friendship**

Berscheid and Peplau (1983) claim that friendship entails when two or more persons are in a relationship with one another if their interactions have an impact on each other, they are interdependent in the sense that a change in one person brings a change in the other. This assertion means that friendship is not when an individual is in a long time relationship but the relationship must be beneficial for it to be interpersonal and durable. Moreover, friendship in a simple term signifies a close relationship among colleagues, peers, individuals, and subordinates. Organizational friendship connotes individuals' alliance with their peers, subordinates, superiors, that are created through emotion and behaviour (Mao et al., 2012). In complementing this argument, Song (2006) declares that workplace friendship has a positive influence on organizational productivity and employees' passion towards their jobs. Organizational friendship refers to social connection that comes from the interpersonal relationship, conversation among individuals, subordinates, and superiors at the workplace. Indeed, employees who engage in eloquent friendship are happier than those who work in isolation (Snow, 2013). Happy workers appear to be those who are sociable and have more friends. The existence of place of work friendship is paramount for employees to have good relations both outside and within the organization which give workers the opportunity to share their work related problems with their colleagues.

Liu (2013) defined workplace friendship as the distinctive interpersonal relationships that employees have. In affirmation, numerous scholars have advocated that organizational friendship denotes non-exclusive workplace relations that involve mutual trust, commitment, reciprocal liking, and shared interests or values (Blieszner & Adams, 1992; Dobel, 2001). However, organizational friendship contains threats to the self-concept of friends where the exchange of resources is incompatible and they represent conflicting standards of reciprocity. Corporate challenges may be aggravated by the friendships that are rival or debtor and organizational friendships bring benefits with some social costs (Ingram and Zhou, 2008). Consequently, friends at work willingly devote more time to each other, share information, and provide support beyond what is prescribed by formal organizational roles. Work relationships are open, informal, and exhibit a level of inclusiveness. Peer relationships at work are considered to be a principal means by which organizational socialization come to light. The information transferred from peers helps in learning the organizational environment which accelerates learning

task and social information (Kramer, 2010). Indeed, work friends relationship are prejudiced by individual and contextual factors like socializing, shared tasks, slack time, physical work nearness, and work-related problems (Dotan 2009). Friendship and social relations in the organization serve as the foundation for a good working atmosphere, which inspire staff to work in a more undisturbed manner considerably reduces stress.

Kram and Isabella (1985) revealed three measures of organizational friendship, which include informational peer, collegial peer, and special peer.

### **The Information Peer**

Sias (2005) narrated that informational peer at the workplace exchanges work-related information necessary in promoting successful job performance. In aligning with this assertion, Fritz (1994) added that communication in this peer relationship is pointed to work-related contents and responsibilities rather than personal information. Kram and Isabella (1985) declared that information-based peer relationships are essential demand communication in which two persons benefit from the sharing of information. Indeed, information peer relates to workplace socialization that relies on individuals to provide information about work tasks, networking, maintenance of company assets, and knowledge management. This relationship is branded with low levels of emotional support, trust, feedback, and little revelation. Peer relationship is very common in workplace shares information among colleagues. Basically, this information involves onboarding which enables organization to assist new employees to be familiar with the staff, organization, customers, learn rules, and policies. Furthermore, information peer may help employees in other firms and the broadcasting corporations to disseminate information within and outside the company. If information peer is utilized in broadcasting corporations it could allow the employees to find previous written reports, minimize noise, gain new knowledge, and update existing knowledge.

### **Collegial Peer**

Collegial peers comprise of co-worker and friend roles in their relationship which are established between in-groups and out-groups in the organization (Odden & Sias, 1997). Collegial peers or colleagues exchange feedback as well as task-related and personal information (Sias & Cahill, 1998). Moreover, collegial peers are persons who like conversation, friendship, enjoy working together, and give attention to competence or performance. The behaviour of collegial peers appears to have moderate levels of trust and self-disclosure, additional individual roles, and inclusive information boundaries. This type of work friendship provides emotional support, career strategy, work passion, and job-related feedback (Burbach, 2012). They create action plans for career path and embrace change that could enhance job performance. Collegial colleagues provide essential feedback to organizations. Availability of

crucial feedback in broadcasting corporations guides employees to perform their jobs effectively to ensure that accurate information is shared for the benefit of the people. Sias (2005) proclaims that employees who have more collegial peers observe higher quality of information than those who have more information peers. Consequently, collegial peers engage in daily interactions with workers which give them the opportunity to recognize workers competency in the workplace and tremendous performance. In collegial peer relationship, employees tend to know the kind of persons to trust or like. It makes friendship to be admirable and enjoyable particularly for those who are willing to learn or dedicated to work.

### **Special Peer**

Kram and Isabella (1985) highlighted that this system of friendship has the highest level of trust, personal commitment, intensity, and self-disclosure. Special peers identify vital uncertainties and personal predicaments in the scope of work and family. This is the most intimate of peer relationships where deceptions and formal workplace roles are replaced with high level of self-disclosure and self-expression. Special peers refer to deeper, meaningful and best friend in the workplace. A special colleague or peer is a person's brother or helper in the organization. This form of friendship promotes personal feedback and truth among workforce. Apparently, Sias and Cahill (1998) noted that special peers have basic features such as stability, intimacy, ratification, continuity, openness, and co-worker support. It takes longer period to develop special peer relationships than collegial peer or information peer relationships (Fritz, 1997). Employees perceive this type of friendship as a genuine friendship with ultimate priority on personal friendship relationship over the work aspect of the relationship (Burbach, 2012). Furthermore, Straugh (2006) maintained that special peer or co-worker friendships are existing means of progress and support in the organization. The support from special peers arises from employees willingness to listen, supervise, offer helpful advice, and encouragement. Having close social contact and special peers in the broadcasting corporations or related organizations increase employee work passion which persuades workers to increase their happiness about their respective jobs as well as preventing work pressure (Evans, 2014).

### **Work Passion**

Work passion is the visible expression of individual purpose in connection with organizational needs (Moses 2001). In line with the explanation of passion, employee work passion symbolizes a strong feeling toward a self-defining activity in a work setting that people love, feel devoted in which they invest significant time and energy (Vallerand & Houliort, 2003). Indeed, work passion signifies robust feelings of love that employees have on their jobs that require enough time and strength to perform the job effectively. Employee work passion influences employees job performance including the fulfillment and accomplishment of organizational goals. Passion creates excitement for workers especially when they

are indirectly connected with individual initiatives with a sense of personal achievement. When an employee takes his duty as a personal and important obligation it represents employee passion for work. Ordinarily, passionate employees are assets for organizations they invest increased efforts, more persistent, and deploy high levels of eagerness. Passion for work is regarded as a motivational force that leads salary earners to devote a significant amount of time and effort in their job and to achieve essential results from such undertaking. The levels of passion for which workers devote on their job influence the degree and quality of individual job commitment or performance which eventually influence interpersonal and organizational outcomes.

Employees with work passion intention are guided with the famous principles of internalization of activity influenced by the interaction of their characteristic, psychological needs of autonomy, competence and relatedness, (Williams & Deci, 1996). Job passion consists of affective and cognitive elements of job attitude. Moreover, job passion is affective in nature when employees develop liking or love their jobs and perceive enjoyment in the job. Cognitive element entails the perceived importance or significance of the job to the worker as the job becomes internalized to the employee and defines who he is (Cardon et al., 2009). However, Tucker (2002) asserted that most organizations and broadcasting corporations observed that their workers are increasingly dispassionate and uninterested at work but if they try to have passion for their jobs such passion drives work success. Amiot et al. (2006) disclosed two basic forms of work passion namely harmonious, and obsessive passion. These two types of passion represent a force where the employees drive their activities to bring out the individual purpose for the job.

### **Harmonious Passion**

Amiot et al. (2006) explained harmonious passion as a voluntary or autonomous internalization of the job which individuals freely and voluntarily see the jobs as important because of characteristics of the job itself like the job challenges. In supplementing this proclamation, harmonious passion occurs from autonomous internalization process where individuals are at liberty to choose their passionate activity which they love, find it essential, and it represents their personal judgment. Individuals with harmonious passion are not under pressure to perform duty, are not also compelled to engage in an activity but invest a significant flexible amount of time and energy in their job. Furthermore, if employees in broadcasting corporations are harmoniously passionate about their jobs they may have the opportunity to choose the places and persons to interview with no pressure from feelings of social approval or recognition coming from the job. Workers who have harmonious passion may engage in the activity freely without feeling any contingencies attached to the job and when they experience sufferings or negative factors that are inimical they may withdraw their service or seek for transfer. Associates of harmonious passion view the job as important to them and may not allow their job to conflict with other



aspects of their lives, hence they have control over their jobs especially when to or not to engage in the job (Vallerand & Houliort, 2003). Similarly, persons with harmonious passion love their job by moving around their work schedules to ensure that it does not affect other non-work activities and family obligations. The employee's investment is flexible and plans their work to be in harmony with other sources of their livelihood.

### **Obsessive Passion**

Obsessive passion refers to apprehensive internalization of the job which the individuals view the job as important because of definite pressures or outcomes attached to the job (Amiot et al., 2006). Consequently, obsessive passion entails external or internal pressures that controlled work behaviour of the individual such that the activity becomes ego contingent. Employees with an obsessive passion love their job, attach prominence to it, put substantial amount of time and effort in it, but they may feel guilty because the activity did not allow them to spend time with their loved ones. For example, such pressures could emanate from feelings of superiority, self-esteem, recognition or social acceptance deriving from the job, which induces the worker to continue with the activity so as to sustain these outcomes (Bayraktar & Jiménez, 2022). Besides, it is the pressures or outcomes that control the individual who feels intimidated to pursue the activity necessary to maintain the sense of prestige and self-worth. Workers job becomes obsessive when it controls them and conflicts with other aspects of their lives. Persons with obsessive passion have an apparent feeling to engage in target activities and behaviors which compelled them to engage in the passionate activity. The higher the obsessive passion for an activity, the more an employee may not resist the internal instinct to participate in the activity.

Nevertheless, obsessive passion brings about negative emotions in the organization hence the job passion makes people to express feeling of shame, to be distracted, confused, sad, and feel guilty as employees expect that other responsibilities should be fulfilled (Valler and & Houliort 2003). Moreover, the rigid perseverance that exist in obsessive passion also leads to burnout, mental, and emotional exhaustion which eventually distract employees from concentrating on the job (Marques 2007).

### **Theoretical Framework**

Social exchange theory is propounded by George Casper Homans. This theory was applied to ascertain friendship that may attract reward and pains or punishment at the workplace. Social exchange theory relates to when individual receive a favour or support, reward, from persons, the beneficiary becomes satisfied and indebted to exchange or reciprocate the received benefits in order to restore the equilibrium of the interpersonal relationship (Homans, 1958; Lin, 2004). Similarly, social exchange theory (SET) signifies a social behaviour that leads to exchange process where individuals compare the friendship at work that generates potential benefits with the one that has risks or punishment in their social relationship. This theory states that

when the risks or negative outcome from exchange of social relationship and friendship is greater than the rewards, the parties could terminate or abandon the relationship. If the reward is higher than the risks or dissatisfaction the employees are obliged to maintain the friendship. Ordinarily, the purpose of having friends at work is to maximize benefits and minimize costs. Most relationships are established with give-and-take trajectory but this does not mean that they are always equal. Social exchange advocates that the value of the benefits and costs of each relationship determine the continuity of friendship and social association.

The rewards consist of praise, satisfaction, recognition, gifts, money, teamwork, smile, and promotion. Risks in this manner, involve sabotage, gossip, query, termination, suspension, dissatisfaction, frown, petition, sleeping with wife of a colleague, and public humiliation. Social exchange theory provides for individual to receive support from his friends and the receiver owes a duty to reciprocate by assisting his friends with his own support. This theory suggests that if employees in broadcasting corporations are treated fairly by their friends they may reciprocate by fortifying their interpersonal relationship to increase their passion for the job (Chiaburn & Harrison, 2008). In order to justify this assumption, Schaufeli & Bakker (2004) stipulated that co-workers relationship have an effect on employee passion and engagement in the organizations. However, *Emerson (1976) expressed dismay over this theory by insisting that social exchange theory assumes individuals constantly make rational decisions and disregarded the power that emotions play in our daily lives and in our conversations with others. This theory also weakens the power of social structures and forces which automatically affect human experience as well as their perception of the society.*

### **Empirical Review**

Markiewicz et al. (2000) conducted a study on friendships of women and men at work: job satisfaction and resource implications. The researcher discovered that the quality of close friendships at the workplace was associated with career success, work passion, and job satisfaction of employees. The findings from the study also revealed that organizational friendship increases workers' happiness as it offers employees the opportunity to cooperate with their co-workers, communicate, and proffer solution to their work-related challenges. The researcher concluded that workplace friendship has significant positive relationship with work passion and job satisfaction. However, the study only focused on managers and used few sample size that are not sufficient to be applied in other sectors. Furthermore, the previous study in Markiewicz et al. (2000) is consistent with the current study in the aspect of research design and statistical instrument.

Song (2006) studied the impact of workplace friendship on employees' productivity in Seoul City Government, South Korea. Four departments from the Seoul City were selected which include department of Personnel, department of human service,

department of treasury, and the department of environment and protection. The employees were regularized staff. A survey design was employed and random sampling method was used to increase the degree of representativeness and to cut sampling errors. The findings specified that workplace friendships may influence employees to have positive work passion and attitude. The researcher concluded that workplace friendship has a stronger influence on positive work passion of employees. However, the study concentrated on the friendship between subordinate and immediate superior but did not consider the friendship that exist among peers in the organizations. Indeed, the literature in Song (2006) is connected to this current research because it tries to find out the effect of work friendship on employees work passion in organizations.

Dotan (2007) examined friendship ties at work: origins, evolution, and consequences for managerial effectiveness. The population of the study comprised of 20,000 adult employees chosen from a very diverse set of United State of America business organizations ranging from department stores, chemical organizations, and financial firms. A survey design was exploited to distribute an online survey to participants that were randomly selected. The results clearly demonstrated that organizational friendship predicts the work passion of employees. Nevertheless, this study only focused on adult workers without involving young employees. The existing study is therefore related to the contributions in previous study on the part of sampling method and research design.

## **Methodology**

### **Research Design**

Research design in a simple term means the type of study that the researcher tends to undertake which helps in providing answers to research questions. Research design refers to systematic approach and strategy used in collecting and analyzing data. The researcher adopted survey design for the purpose of knowing and achieving what is unknown. The choice of this research design is to enhance collection of data accuracy.

### **Population and sample of the Study**

The population of this study consists of selected six registered broadcasting corporations in Bayelsa State and 172 carefully chosen employees within the six broadcasting corporations. The six broadcasting corporations were chosen from the seven registered broadcasting corporations in Bayelsa State. The information about the registered broadcasting corporations in Bayelsa State was made available through the Bayelsa State ministry of information, orientation, and strategy report 2023. Moreover, the researcher relied on the random sampling method in selecting the participants, which was necessary for giving the participants equal opportunities and to minimize research errors. Basically, the researcher interacted with two

categories of staff namely editors and newscasters in the listed broadcasting corporations by virtue of questionnaire. A sample size of 120 employees was selected through Taro Yamane’s formula. The researcher also applied Bowley’s proportional allocation formula to distribute the questionnaire to the employees in selected media companies. The target population of the study is clarified in Table 1 below.

**Table 1**

***Participant Population***

|   | <b>Names of Broadcasting Corporations</b>     | <b>Editors</b> | <b>Newscasters</b> | <b>Number of Employees</b> |
|---|---|----------------|--------------------|----------------------------|
| 1 | <u>Rhythm 94.7 FM</u>                         | 12             | 10                 | 22                         |
| 2 | <u>Bayelsa State Broadcasting Corporation</u> | 25             | 20                 | 45                         |
| 3 | Radio Nigeria, Creek 106.5FM                  | 17             | 11                 | 28                         |
| 4 | <u>Bayelsa New Media</u>                      | 22             | 18                 | 40                         |
| 5 | <u>95.5 Royal FM</u>                          | 10             | 8                  | 18                         |
| 6 | <u>Raypower 102.5 Fm</u>                      | 11             | 8                  | 19                         |
|   | <b>TOTAL</b>                                  | <b>97</b>      | <b>75</b>          | <b>172</b>                 |

**Source:** Bayelsa State Ministry of Information, Orientation, and Strategy, Statistics 2023.

**Sample Size Determination**

Taro Yamen’s formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

$n$ = Sample size

$N$ = Population size

$e$ = level of significant (0.05)

$$n = \frac{172}{1 + 172(0.05)^2}$$

$$= \frac{172}{1+0.43}$$

$$= \frac{172}{1.43}$$

$$n = 120$$

The sample size for the study was 120 employees. Although, copies of questionnaire were distributed to the selected employees in six broadcasting corporations using Bowley's proportional allocation formula stated as:

$$Nh = \frac{nNh}{N}$$

Where:

$n$  = sample size

$Nh$  = Number of units allocated to each level of employees in organization.

$N$  = Population size

**Table 2**  
**Sample Distribution**

| Status of Employees | No of Employees | Number of Units Allocated | Sample Size |
|---------------------|-----------------|---------------------------|-------------|
| Editors             | 97              | 67.7                      | 68          |
| Newscasters         | 75              | 52.3                      | 52          |
| <b>Total</b>        | <b>172</b>      |                           | <b>120</b>  |

**Source:** Field Survey, 2023.

The Table 2 disclosed the number of editors and newscasters selected from the six broadcasting corporations. This confirmed that the population the researcher used in conducting this study was 172, which 97 employees represented the editors and 75 workers were the newscasters working in the six broadcasting corporations in Bayelsa State. Furthermore, the results indicated that 68 editors participated for the study and validly responded to the questionnaire including 52 newscasters who also responded to the questionnaire from a total sample size of 120 employees.

**Instrument for Data Collection**

Research instrument used for collection of data was designed as a questionnaire focused on organizational friendship and work passion (Bayraktar & Jiménez, 2022). Data used in this study was generated from both primary and secondary sources. The information from primary data was received through copies of questionnaire distributed to employees in broadcasting corporations. Secondary data were collected from annual reports of Bayelsa State ministry of information, orientation, and strategy, records from human resources department of the selected broadcasting corporations, and existing literatures. Participants complied with the requirements stated in the 120 valid copies of questionnaire. Scientific inquiry was conducted on the three measures of organizational friendship which include informational peer, collegial peer, and special peer. The researcher applied ordinal and 5-point Likert scale clarified as: 5 = strongly agree (SA), 4 = agree (A), 3 = undecided (U), 2 = disagree (D), 1 = strongly disagree (SD). The structured

questionnaire assisted in collecting relevant data used in answering research questions. In this study, the questionnaire was categorized into three sections namely part A, B, and C. Thus, Section A covered demographic profile of the participants. The section B epitomized independent variable and section C represented the dependent variable respectively.

### Validity and Reliability of Research Instrument

To ensure adequacy of the information obtained during the scientific inquiry and the validity of the survey instrument, copies of the questionnaire were transmitted to famous scholars in the field of management who made suggestions and acknowledged that sampling validity is adequately achieved in the organizations under study. The internal reliability of the survey instrument was realized by means of Cronbach alpha coefficients where the alpha value of 0.7 and above was considered as reliable and acceptable.

**Table 3**  
**Cronbach Test**

|                              | <b>Variable</b>    | <b>Reliability</b> | <b>Number of Items</b> |
|------------------------------|--------------------|--------------------|------------------------|
| organizational<br>friendship | informational peer | .973               | 5                      |
|                              | collegial peer     | .989               | 5                      |
|                              | special peer       | .986               | 5                      |
| work passion                 | harmonious passion | .985               | 5                      |
|                              | obsessive passion  | .985               | 5                      |

*Source: Field Survey, 2023*

### Method of Data Analysis

The researcher practically implemented spearman rank correlation and descriptive statistics through the aid of statistical package for social sciences (SPSS) in this study. Ethical considerations regarding this study include a formal letter of request to provide the required data was presented to each respondent to help them understand the aim of the study. The researcher officially obtained the consent of the selected broadcasting corporations before questionnaire was distributed and ensured the privacy of participant's information.

### Results and Discussion

#### Analysis of Research Questions

**Research question one:** What is the relationship between informational peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria?

**Table 4**  
**Mean Score of Respondents on Informational Peer**  
**Descriptive Statistics**

|   | N   | Minimum | Maximum | Mean | Std. Deviation |
|---|-----|---------|---------|------|----------------|
| Workers like to have an informational peer in our organization.   | 120 | 1       | 5       | 4.37 | 1.077          |
| We have employees who have the desire to work with persons that provide information about their job.                | 120 | 1       | 5       | 4.36 | .915           |
| This company has employees who cooperate to share information that creates high job performance.                    | 120 | 1       | 5       | 4.50 | .778           |
| Informational peer encourages workers to be passionate and committed in the organization.                           | 120 | 1       | 5       | 4.54 | .709           |
| Informational peer relationship is centered on work-related matters and responsibilities than personal information. | 120 | 1       | 5       | 4.62 | .688           |
| Valid N (listwise)  | 120 |         |         |      |                |

The Table 4 disclosed the mean score of respondents on informational peer as a measure of organizational friendship. The grand mean score of the five questions established in informational peer indicated 4.5. This means that majority of the employees in broadcasting corporations agreed that the company has employees who cooperate to share information that creates high job performance and informational peer influences harmonious passion among the workers.

**Research questions two:** To what extent is the relationship between collegial peer and obsessive passion in the broadcasting corporation Bayelsa State, Nigeria?

**Table 5**  
**Mean Score of Respondents on Collegial Peer**

**Descriptive Statistics**

|   | N   | Minimum | Maximum | Mean | Std. Deviation |
|---|-----|---------|---------|------|----------------|
| In this organization, collegial peer plays friend roles and exchanges task-related and personal information.  | 120 | 1       | 5       | 4.44 | .828           |
| Our organization has collegial colleagues that engage in friendship, teamwork, and recognize workers competency.  | 120 | 1       | 5       | 4.28 | 1.039          |
| Collegial peer relationship enables employee to know the kind of persons to trust.  | 120 | 1       | 5       | 4.21 | 1.036          |
| This organization has a collegial peer that offers emotional support, career strategy, and job related feedback that persuade workers to be passionate towards their job. | 120 | 1       | 5       | 4.21 | 1.076          |
| Members of collegial peer have moderate levels of trust and self-disclosure.  | 120 | 1       | 5       | 4.28 | .997           |
| Valid N (listwise)  | 120 |         |         |      |                |

The results in Table 5 showed the mean score analysis of respondents on collegial peer as a measure of organizational friendship. The findings demonstrated a grand mean score of 4.3 which indicated that most of the employees in broadcasting corporations accepted that collegial colleague engaged in friendship, teamwork, and recognize workers competency that led to employee obsessive passion.

**Research questions three:** What is the relationship between special peer and harmonious passion in the broadcasting corporation Bayelsa State?



**Table 6**  
**Mean Score of Respondents on Special Peer**

**Descriptive Statistics**

|  | N   | Minimum | Maximum | Mean | Std. Deviation |
|--|-----|---------|---------|------|----------------|
| The special peer in this organization has the highest level of trust and acts as best friend to assist workers.  | 120 | 1       | 5       | 4.52 | .722           |
| Workers in this organization engage in special peer to enjoy their job, feel happy, and increase work passion.   | 120 | 1       | 5       | 4.52 | .686           |
| Employees in the organization become more zealous when there is a special peer who encourages workers to make progress.  | 120 | 1       | 5       | 4.42 | .827           |
| A special peer generally protects his co-worker as a genuine friendship with ultimate priority on personal needs that induce employees to perform job effectively. | 120 | 1       | 5       | 4.37 | .859           |
| This organization has special peer relationship that detects personal predicaments affecting work and family.  | 120 | 1       | 5       | 4.52 | .722           |
| Valid N (listwise)   | 120 |         |         |      |                |

The results in Table 6 showed the mean score analysis of participants on special peer as a measure of organizational friendship. The findings from the study demonstrated a grand mean score of 4.5 which explained that majority of the employees in broadcasting corporations accepted that special peer generally protects co-worker as a genuine friendship with ultimate priority on personal needs inducing employees to perform job effectively. This result also proved that employees agreed on items representing special peer to have predicted harmonious passion in the broadcasting corporation.

**Test of Hypotheses**

**H<sub>01</sub>:** There is no significant relationship between informational peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria

**HA<sub>1</sub>:** There is significant relationship between informational peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria.

**Table 7**  
*Spearman Rank Correlation of Informational Peer and Harmonious Passion Correlations*

|                |                    |                         | Informational peer | Harmonious passion |
|----------------|--------------------|-------------------------|--------------------|--------------------|
| Spearman's rho | Informational peer | Correlation Coefficient | 1.000              | .988**             |
|                |                    | Sig. (2-tailed)         | .                  | .000               |
|                |                    | N                       | 120                | 120                |
|                | Harmonious passion | Correlation Coefficient | .988**             | 1.000              |
|                |                    | Sig. (2-tailed)         | .000               | .                  |
|                |                    | N                       | 120                | 120                |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The results in Table 7 revealed that informational peer and harmonious passion have a high correlation of .988, when the *p*-value proved .000 which was less than .005. This implied that null hypothesis should be rejected and alternative hypothesis accepted. This result also indicated that informational peer has significant positive relationship with harmonious passion.

**H<sub>02</sub>:** There is no significant relationship between collegial peer and obsessive passion in the broadcasting corporation Bayelsa State, Nigeria.

**HA<sub>2</sub>:** There is significant relationship between collegial peer and obsessive passion in the broadcasting corporation Bayelsa State, Nigeria.

**Table 8**  
*Spearman Rank Correlation of Collegial Peer and Obsessive Passion Correlations*

|                |                   |                         | Collegial peer | Obsessive passion |
|----------------|-------------------|-------------------------|----------------|-------------------|
| Spearman's rho | Collegial peer    | Correlation Coefficient | 1.000          | .942**            |
|                |                   | Sig. (2-tailed)         | .              | .000              |
|                |                   | N                       | 120            | 120               |
|                | Obsessive passion | Correlation Coefficient | .942**         | 1.000             |
|                |                   | Sig. (2-tailed)         | .000           | .                 |
|                |                   | N                       | 120            | 120               |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

In Table 8, the results showed that correlation or relationship coefficient (*r*-value) was .942 and the *p*-value proved .000 which was less .005. This revealed that the null hypothesis should be rejected and alternative hypothesis accepted. This result also attested that there was significant positive relationship between collegial peer and obsessive passion.

**H03:** There is no significant relationship between special peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria.

**HA3:** There is significant relationship between special peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria.

**Table 8**  
***Spearman Rank Correlation of Special Peer and Harmonious Passion***  
**Correlations**

|                |                    |                         | Special peer | Harmonious passion |
|----------------|--------------------|-------------------------|--------------|--------------------|
| Spearman's rho | Special peer       | Correlation Coefficient | 1.000        | .962**             |
|                |                    | Sig. (2-tailed)         | .            | .000               |
|                |                    | N                       | 120          | 120                |
|                | Harmonious passion | Correlation Coefficient | .962**       | 1.000              |
|                |                    | Sig. (2-tailed)         | .000         | .                  |
|                |                    | N                       | 120          | 120                |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The Table 8 illustrated the relationship between special peer and harmonious passion which have a correlation coefficient *r*-value of .962 and *p*-value of .000 less than .005. This signified a high positive significant relationship between special peer and harmonious passion. Thus, the null hypothesis should be rejected and the alternative hypothesis accepted.

### Discussion of Findings

In hypothesis one, the findings demonstrate that there is significant relationship between informational peer and harmonious passion in the broadcasting corporation Bayelsa State, Nigeria. This provides that employees have the desire to work with persons that disclose information about their job. This finding is consistent with Sias (2005) who insists that informational peer at the workplace exchanges work-related information necessary in promoting successful job performance. Hypothesis two findings reveal a positive significant relationship between collegial peer and

obsessive passion in the broadcasting corporation. This clarifies that organization with a collegial peer offers emotional support, career strategy, and job related feedback that persuade workers to be passionate towards their job. This finding is in line with Burbach (2012) who stipulates that this type of work friendship provides emotional support, career strategy, work passion, and job-related feedback. The findings in hypotheses three indicate that there is a significant positive relationship between special peer and harmonious passion in the broadcasting corporation. This suggests that most employees in organizations engage in special peer to enjoy their job, feel happy, and increase work passion. Indeed, this finding concurs with the opinions of Evans (2014) who upholds that special peers in related organizations increase employee work passion which persuades workers to increase their happiness about their respective jobs as well as preventing work pressure.

### **Conclusions**

Cordial relationship existing among employees increases their work passion. Employees appear to be insensitive and stressful when they are deprived of the opportunity to relate with one another. From the findings illustrated, organizational friendship helps employees to discuss their work-related problems, provide solutions to the problems, and work comfortably to reduce the stress associated with their jobs. The researcher concludes that information peer has a positive influence over harmonious passion, collegial peer has a significant positive relationship with obsessive passion, and special peer predicts the workers harmonious passion in the broadcasting corporation Bayelsa State. Nigeria.

### **Recommendations**

1. Management of broadcasting corporation should encourage information peer relationship among employees in order to increase their harmonious passion toward their jobs
2. Employers of labour in broadcasting corporation should encourage their employees to embrace collegial peer relationship among them so as to increase the obsessive passion they have for their jobs.
3. Managers of broadcasting corporation should support the employees to form and maintain a special peer relationship that identifies personal predicaments affecting work and family. This type of relationship assists workers to see their jobs as part of their responsibilities which brings happiness and inclusive progress to the organization.
4. Management of broadcasting corporation should promote organizational friendship where all employees will have the freedom to associate with their colleagues and have conversations on how to improve their job performance and welfare.

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## HUMAN CAPITAL DEVELOPMENT AND ECONOMIC GROWTH NEXUS IN NIGERIA

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### **Abstract**

*This study examines human capital development and economic growth nexus in Nigerian using a secondary time series data. The study applied an econometric regression technique of the Ordinary Least Square (OLS) to ascertain the effect of macroeconomic growth induced variables on human capital development in Nigeria. Our findings from the cointegrating regression result test suggest that there is a strong evidence of cointegration between dependent variable (HCD) and the independent Variables. Also the study revealed a long-run causal relationship between dependent variable (HCD) and the independent Variables. It could be observed from our findings that the relationship between some of the variables like TGE, TEE, THE, and FDI and human capital development is positive while that of LEI is negative. This means that TGE, TEE, THE, and FDI have direct relationships with human capital development. In other words, an increase in TGE, TEE, THE, and FDI will results to a rise in human capital development whereas an increase in LEI will probably result in a fall in human capital development. In addition, the results show that TGE, TEE, THE, and FDI have statistical significance on human capital development in Nigeria while LEI is statistically insignificance on human capital development. This study therefore recommends that the government should give educational grants, provide vocational training, provide basic health facilities; enhance the competitiveness of the economy. This will avail the country the enhanced entrepreneurial creativity, a suitable, competent, healthy and educated labor force to contribute meaningfully to national development. The government should make adequate budget for education in line with the UNESCO recommendation. This will help facilitate proper administration of financial revenues and other school resources. There is the need for increased government funding for health care. The will help reduce the challenges in healthcare and the increasing medical tourism outside the country and consequently enhance the countries life expectancy. The government should create a secured and business friendly environment to help attract FDI in the country.*

**Key Words:** Total Government Expenditure, Recurrent and Capital Expenditure, Education Expenditure, Health Expenditure, Life Expectancy Index, Foreign Direct Investment

### **Introduction**

The role of human capital in the productive processes of any nation cannot be overstated. It is seen as the most vital component in the socio-economic development of modern nations and so Nigeria and other developing nations seeking rapid advancement and economic growth cannot afford to toil with it (Adelakun, 2011). The developed nations are so because they boast of a robust human capital formation

that is highly educated, skillful, technology driven and healthy. Attesting to this, studies have proven that the differences observed in the levels of socio-economic development across nations is largely due to the caliber of human capital possessed by nations rather than the natural endowments of land, mineral resources, capital e.t.c possessed by them (Adeyemi, & Ogunsola, 2016; Afridi, 2016; Akaakohol & Ijirshar, 2018). Human resources are critical to produce economic value for driving sustainable national development, therefore, investment in human capital is a vital means of increasing and sustaining a nation's competitiveness, improving the quality of life of the citizens and boosting economic growth (Raymond, & Ekponaanuadum, 2021; Tiganasu, Pascariu & Lupu, 2022).

To commit to human capital formation requires good educational system, training and well-funded health care system. What this means is that government must be ready to spend a substantial amount of its earnings on education to derive the quality of education to impart the needed skills, knowledge and abilities on her citizens (Adewumi & Enebe, 2019; Ndiyo, 2008); encourage all stakeholders to adequately train their workforces to keep them abreast of latest technologies; upgrade and maintain a sound health sector to improve and sustain welfare and health of workers and citizens alike as only healthy workers can be highly productive, and maintain an economic structure that enables her citizen to be hardworking and productive. To revitalize Nigeria's ailing economy, government must deploy the nation's abundant natural and human resources to be the driving force behind economic progress. Policy makers should at this time be preoccupied with how to create knowledge-based sectors that will lead to a multiplicity of knowledge-based workers fit for the 21<sup>st</sup> century. Bachama, Hassan, and Ibrahim (2021) cited in Awogbemi (2023) stated that the major concerns of stakeholders and policy formulators is how investing in education can ostensibly impact per capital income. It is also stated in the literature that knowledge has inverse relationship with poverty as it increases productivity of human capital (Adawo, 2011). Thus, it is essential for growing any economy. Likewise, spending to provide health care service to the people leads to a healthy society and a healthy society is a factor for high productivity. Nigeria's expenditures on education and health have reportedly been low, and a far cry from what the UN proposed (Saidu & Ibrahim, 2019). This is evident in the poor healthcare system to the poor educational establishments in every part of the country. This is despite the fact that in today's world, there is a huge reliance on the human capital component of the production system and the need to continuously develop this component to bring about skilled, effective and knowledge driven individuals to contribute effectively to nation building which impacts on economic growth.

### **Statement of the Problem**

Nigeria's drive to economic growth has faced a lot of challenges. Inability to develop the right human resource capital may be a significant contributor. The rate of illiteracy is high in the country and most of her workers are unskilled and bereft of



sophisticated technology needed for today's modern world. World Bank in 2004 recorded that Nigerian government expenditure on education was only 0.9% of the GNP in 2002 (World Bank, 2004). The United Nations Development Programme (UNDP, 2010) record of Human Development Index (HDI) for Nigeria rated her among countries with the lowest human development. Studies have equally revealed that the socio-economic development of a country is associated with the preservation and enhancement of human capital through the provision of public health services to ensure the development of the country's full potentials. Health they say is wealth and so leaders of many countries understand that investing in health will lead to return on investment in the long run. Inability of Nigeria to achieve economic growth is often linked to her inability to fund critical sectors of the economy such as education and health to develop her human capital. Her weak funding of infrastructural development with regards to these two vital sectors have often led to incessant strikes amid decay in the systems, shortages of qualified and skilled personnel and spread of poverty. As observed in the developed economies, these sectors have largely been responsible for the impressive economies of these countries, thus necessitating that Nigeria needs to undertake a critical assessment of her sectorial allocations to various sectors if any meaning growth is to be achieved with the economy. This is important because she is unable to fully exploit the abilities and skills of human capital after training due to lack of jobs to accommodate them leading to mass unemployment and brain drain and ultimately poverty. These issues beget the mind and so this study aims to investigate impact of human capital development on the growth of Nigerian economy.

#### ***Objective of the Study***

The general objective of the study is to examine human capital development and economic growth nexus in Nigerian. Specifically, the study intends to:

- i. Examine the effect of total government expenditure on human capital development in Nigeria.
- ii. Assess the effect of total education expenditure on human capital development in Nigeria.
- iii. Determine the effect of total health expenditure on human capital development in Nigeria.
- iv. Ascertain the effect of life expectancy index on human capital development in Nigeria.
- v. Examine the effect of foreign direct investment on human capital development in Nigeria.

#### ***Statement of Hypotheses***

**H<sub>01</sub>:** Total government expenditure has no significant effect on human capital development in Nigeria.

- H02:** Total education expenditure has no significant effect on human capital development in Nigeria.
- H03:** Total health expenditure has no significant effect on human capital development in Nigeria.
- H04:** Life expectancy index has no significant effect on human capital development in Nigeria.
- H05:** Foreign direct investment has no significant effect on human capital development in Nigeria.

**Methodology**

***Model Specification***

To achieve a robust result in the context of the Nigerian environment, the augmented Solow human-capital-growth model would be modified to take an additional variable. This is, total government expenditure (TGE) comprising both the recurrent and capital expenditure, total education expenditure (TEE), total health expenditure (THE), life expectancy index (LEI) and foreign direct investment (FDI). This additional variable is necessary because the development and growth of the economic sector is one major way of achieving the human capital development. Hence, human capital development (HCD) will be measured and used as a proxy to Education Index (EDI) in this model.

Thus, the model for research study is stated as follows:

*The functional form of the model is:*

$$EDI = f(TGE, TEE, THE, LEI, FDI) \dots\dots\dots (4)$$

*The mathematical form of the model is:*

$$EDI = \alpha_0 + \beta_1 TGE + \beta_2 TEE + \beta_3 THE + \beta_4 LEI + \beta_5 FDI \dots\dots\dots (5)$$

*The econometric form of the model is:*

$$EDI = \alpha_0 + \beta_1 TGE + \beta_2 TEE + \beta_3 THE + \beta_4 LEI + \beta_5 FDI + \mu_i \dots\dots\dots (6)$$

***Explanation of Variables***

***1. Education Index (EI):***

Education Index (EI) is employed to measure the education capital, used as a proxy of human capital development.

It is measured by the adult literacy rate (with two-weighting) and the combined primary, secondary and tertiary gross enrollment ratio (GER) (with one-third weighting). The adult literacy rate gives an indication of the ability to read and write, while the GER gives an indication of the level of education from kindergarten to postgraduate education.

Education is a major component of well-being and is used in the measure of economic development and quality of life which is a key factor determining whether a country is a developed, developing or underdeveloped country.

**2. Total Government Expenditure (TGE):**

Total Government Expenditure or spending includes all government consumption, investment and transfer payments. It is spending by the government sector including both the purchase of final goods and services, or gross domestic product, and transfer payments.

Government expenditures are used by the government sector to undertake key functions, such as national defense and education. These expenditures are financed with a combination of taxes and borrowing.

**3. Total Education Expenditure (TEE):**

Government expenditure on education refer to expenditure on all levels of education, such as pre-school, primary, secondary, university and technical and further education (TAFE), by the general government sector. It excludes expenditure on courses provided by non-educational institutions, such as the vocational training programs of private businesses.

Public education expenditure includes government spending on educational institutions (both public private), education administration, and subsidies for private entities (students/households and other private's entities).

**4. Total Health Expenditure (THE):**

Government health expenditure consists of recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from International agencies and non-governmental organisations), and social (compulsory) health insurance funds.

General government (excluding social security) expenditure on health refers to expenditures incurred by central, state or regional and local government authorities, excluding social security schemes. Included is non-market, non-profit institutions that are controlled and mainly financed by government units.

**5. Life Expectancy Index (LEI):**

It is the most commonly used measure to describe population health. Life expectancy measures how long, on average, a person is expected to live base on current age and sex-specific death rate. It is often expressed as the number of years of life a person born today is expected to live.

It summarises the mortality pattern that prevails across all age groups in a given year – children and adolescents, adults and the elderly.

**6. Foreign Direct Investment (FDI):**

Primarily FDI involves a multinational firm investing directly outside its home country, in other words when a multinational firm leaves its country of origin and invests in another country probably for the reasons of market expansion or market exploitation is seen as FDI.

This is the inflow of foreign income into a particular economy through investment which involves Multinational Corporation. The variables were chosen based on assumption that it is the direct indicator of growth in the economy.

**7. Stochastic Error Term ( $\mu$ ):**

The disturbance term or white noise, as sometimes called, captures all those determinants of economic growth/ human capital development that are not explicitly taken into account in the model. It is random variable that has well defined probabilistic properties.

**Technique for Data Estimation**

The economic technique employed in the study is the ordinary least square (OLS). This is because the OLS computational procedure is fairly simple a best linear estimator among all unbiased estimation, efficient and shown to have the smallest (minimum variance) thus, it become the best linear unbiased estimator (BLUE) in the classical linear regression (CLR) model. Basic assumptions of the OLS are related to the forms of the relationship among the distribution of the random variance ( $\mu_i$ ). It is used exclusively to estimate the unknown parameters of a linear regression model. The Economic views (E-views) software will also be adopted for regression analysis.

**Evaluation of Estimates**

The estimates obtained from the model shall be evaluated using three (3) criteria. The three (3) criteria include:

1. The Economic a priori criteria.
2. The Statistical Criteria: First Order Test
3. The Econometric Criteria: Second Order Test

**Evaluation Based on Economic A Priori Criteria**

This could be carried out to show whether each regressor in the model is comparable with the postulations of economic theory; i.e., if the sign and size of the parameters of the economic relationships follow with the expectation of the economic theory.

**Table 1: A priori expectation**

| Parameters | Variables  |           | Expected Relationships | Expected Coefficients |
|------------|------------|-----------|------------------------|-----------------------|
|            | Regressand | Regressor |                        |                       |
| $\beta_1$  | EDI        | TGE       | +                      | $\beta_1 > 0$         |
| $\beta_2$  | EDI        | TEE       | +                      | $\beta_2 > 0$         |
| $\beta_3$  | EDI        | THE       | +                      | $\beta_3 > 0$         |
| $\beta_4$  | EDI        | LEI       | +                      | $\beta_4 > 0$         |
| $\beta_5$  | EDI        | FDI       | +                      | $\beta_5 > 0$         |

*Source: Authors compilation*

***Evaluation Based on Statistical Criteria: First Order Test***

This is otherwise known as first order test, is carried out to show the statistical reliability of the estimated parameters of the model. In the model, the tools of t-statistic, F- statistic, Standard Error (SE), as well as the Coefficient of Determination ( $R^2$ ) are used.

***Student t-statistic (T-test)***

The *t-statistic* is used to determine the reliability and statistical significance of each variables coefficient. The calculated t is compared with the table t-value and if the calculated t- value is greater than the table t-value, the coefficient is statistically significant; otherwise, it is not statistically significant.

***F-statistic test (F-test)***

The *F-statistic test* if there is significant impact between the dependent and independent variables. If the calculated F value is greater than the tabulated F value, there is significant impact between the dependent and independent variables; otherwise, there is no significant impact.

***Standard Error Test (S.E)***

The *Standard Error Test* is used to test if the regression coefficients of the explanatory variables are statistically significant, individually (different from zero). The precision or reliability of estimates (i.e., the intercepts and slopes) would also be measured by the Standard Error.

***Coefficient of Determination ( $R^2$ )***

The  $R^2$  is a measure of goodness of fit and is used to judge the explanatory power of the explanatory variables i.e. the independent variables on the dependent variable. It denotes the percentage of variations in the independent variables. The higher the  $R^2$  the more the model is able to explain the changes in the dependent variable.

***Evaluation based on Econometric Criteria: Second Order Test***

This aims at investigating whether the assumption of the econometric method employed are satisfied or not. It determines the reliability of the statistical criteria and establishes whether the estimates have the desirable properties of unbiasedness and consistency. It also tests the validity of non-autocorrelation disturbances. In the model, Durbin-Watson (DW), unit root test, co-integration test are used to test for:

- i. Autocorrelation
- ii. Multicollinearity
- iii. Heteroscedasticity.

***Stationarity (Unit Root) Test:***

The importance of this test cannot be overemphasized since the data to be used in the estimation are time-series data. In order not to run a spurious regression, it is worthwhile to carry out a stationary test to make sure that all the variables are mean

reverting that is, they have constant mean, constant variance and constant covariance. In other words, that they are stationary. The Augmented Dickey-Fuller (ADF) test would be used for this analysis since it adjusts for serial correlation.

**Decision Rule:** If the ADF test statistic is greater than the MacKinnon critical value at 5% (all in absolute term), the variable is said to be stationary. Otherwise it is non stationary.

***Cointegration test:***

Econometrically speaking, two variables will be cointegrated if they have a long-term, or equilibrium relationship between them. Cointegration can be thought of as a pre-test to avoid spurious regressions situations (Granger, 1986:226). As recommended by Gujarati (2004), the ADF test statistic will be employed on the residual.

**Decision Rule:** if the ADF test statistic is greater than the critical value at 5%, then the variables are cointegrated (values are checked in absolute term)

***Test for Autocorrelation***

The Durbin-Watson (DW) test is appropriate for the test of First-order autocorrelation and it has the following criteria.

1. If  $d^* = 2$ , we accept that there is no autocorrelation in the function.
2. If  $d^* = 0$ , there exist perfect positive auto-correlation. In this case, if  $0 < d^* < 2$ , that is, if  $d^*$  is less than two but greater than zero, it denotes that there is some degree of positive autocorrelation, which is stronger the closer  $d^*$  is to zero.
3. If  $d^* = 4$ , there exist a perfect negative autocorrelation, while if  $d^*$  is less than four but greater than two ( $2 < d^* < 4$ ), it means that there exist some degree of negative autocorrelation, which is stronger the higher the value of  $d^*$ .

Hence, we employ the Heteroscedasticity Autocorrelation Correction (HAC) to remove its influence in the model

***Test for multicollinearity:***

This means the existence of an exact linear relationship among the explanatory variable of a regression model. It is use to determine whether there is a correlation among variables.

**Decision Rule:** From the rule of Thumb, if correlation coefficient is greater than 0.8, we conclude that there is multicollinearity but if the coefficient is less than 0.8 there is no multicollinearity.

***Test for heteroscedasticity:***

The essence of this test is to see whether the error variance of each observation is constant or not. Non-constant variance can cause the estimated model to yield a biased result. White's General Heteroscedasticity test would be adopted for this purpose.

**Decision Rule:** We reject  $H_0$  if  $F_{cal} > F_{tab}$  at 5% critical value. Or alternatively, we reject  $H_0$  if  $n.R^2 > \chi^2_{tab}$  at 5% critical value.

**Decision Rule for Testing of Hypothesis**

The above stated hypothesis will be tested at 0.05 levels

The probability at which the t-value is significant will be the chosen level of significance (0.05).

- If the probability (Sig) > 0.05, the null hypothesis will be accepted and the alternate hypothesis, rejected.
- If the probability (Sig) < 0.05, the null hypothesis and the alternate hypothesis, accepted.

**Empirical Results and Analysis**

**Unit Root Test**

The Augmented Dickey-Fuller (ADF) test for unit roots was conducted for all the time series employed for the study. The ADF results in Table 2 show that TGE and LEI are stationary in their levels, that is,  $I(0)$ . However, EDI, TEE, THE and FDI are stationary at their first differences, that is, they are  $I(1)$ . Since the ADF value of each of these variables are greater than the 5% critical value, they are all stationary at levels (TGE and LEI) and at first differences (EDI, TEE, THE, and FDI).

The result of the regression is presented in appendix A and the summary in table 2 below.

**Table 2: Summary of ADF Test**

| Variables | ADF Statistics | Lagged difference | 5% Critical Value | Order of Integration |
|-----------|----------------|-------------------|-------------------|----------------------|
| EDI       | -5.734749      | 1                 | -2.960411         | $I(1)$               |
| TGE       | 5.615625       | 1                 | -2.957110         | $I(0)$               |
| TEE       | -5.494965      | 1                 | -2.963972         | $I(1)$               |
| THE       | -4.559649      | 1                 | -2.960411         | $I(1)$               |
| LEI       | -5.191800      | 1                 | -2.957110         | $I(0)$               |
| FDI       | -4.093346      | 1                 | -2.960411         | $I(1)$               |

Source: Authors computation

**Cointegration Test**

Having substantiated that all the variables in our model are stationary from ADF tests, we proceed to present the result of the Johansen co-integration test. The co-integration tests for our model are based on the assumption of a linear deterministic trend in the data; also the assumption which allows for intercept but no trend in co-integration equation is used. The results of our co-integration test are presented in appendix B and the summary shown in the table 3 below.

**Table 3: Summary of Johansen Co-integration Test**

| Hypothesized<br>No. of CE(s) | Eigenvalue | Trace<br>Statistic | 0.05<br>Critical Value | Prob.** |
|------------------------------|------------|--------------------|------------------------|---------|
| None *                       | 0.844741   | 144.5089           | 95.75366               | 0.0000  |
| At most 1 *                  | 0.764324   | 86.76653           | 69.81889               | 0.0012  |
| At most 2                    | 0.553320   | 41.96226           | 47.85613               | 0.1598  |
| At most 3                    | 0.311392   | 16.97899           | 29.79707               | 0.6416  |
| At most 4                    | 0.133677   | 5.413428           | 15.49471               | 0.7634  |
| At most 5                    | 0.030650   | 0.965004           | 3.841466               | 0.3259  |

Source: Authors computation

From table 3 above, the result of the co integration test shows that the Trace test indicates two cointegration variables at 0.05 significant levels. The implication of this result is a long run relationship between human capital development and other variables used in the model.

***Estimated Model***

Having verified the existence of long-run relationships among the variables in our model, we therefore, subject the model to ordinary least square (OLS) and also the Newey-West method to generate the coefficients of the parameters of our regression model. The result is summarized as follows:

**Table 4: summary of regression results**

Dependent Variable: EDI

| Variable           | Coefficient | Std. Error         | t-Statistic | Prob.    |
|--------------------|-------------|--------------------|-------------|----------|
| C                  | 6.367428    | 0.907654           | 7.015259    | 0.0000   |
| TGE                | 3.17E-07    | 2.38E-07           | 2.334692    | 0.1931   |
| TEE                | 6.19E-09    | 7.27E-07           | 2.058513    | 0.9933   |
| THE                | 7.54E-06    | 2.18E-06           | 3.458606    | 0.0018   |
| LEI                | -1.055593   | 2.308513           | -0.457261   | 0.6511   |
| FDI                | 1.69E-05    | 5.90E-06           | 2.869689    | 0.0079   |
| R-squared          | 0.684794    | F-statistic        |             | 11.73167 |
| Adjusted R-squared | 0.626423    | Prob(F-statistic)  |             | 0.000004 |
| S.E. of regression | 0.900384    | Durbin-Watson stat |             | 0.322345 |

Source: Authors computation



## Discussions of Findings

### Economic A Priori Test

From table 4, it is observed that the regression line have a positive intercept as presented by the constant ( $\alpha_0$ ) = 6.367428. This means that if all the variables are hold constant (zero), human capital will be valued at 6.367428. Thus, the a-priori expectation is that the intercept could be positive or negative.

From the regression analysis it is observed that all the variables conform to the a priori expectation except Life Expectancy Index, which implies that they all have a positive relationship with human capital development except life expectancy index which has a negative relationship with human capital development. This means that if TGE, TEE, THE and FDI are increasing, human capital development will be increasing and vice versa. The same applies to LEI, which means that if LEI is increasing, HCD will be decreasing.

**Table 5: Summary of a priori test**

| Parameters | Variables  |           | Relationships |          | Remarks          |
|------------|------------|-----------|---------------|----------|------------------|
|            | Regressand | Regressor | Expected      | Observed |                  |
| $\beta_1$  | EDI        | TGE       | +             | +        | Conform          |
| $\beta_2$  | EDI        | TEE       | +             | +        | Conform          |
| $\beta_3$  | EDI        | THE       | +             | +        | Conform          |
| $\beta_4$  | EDI        | LEI       | +             | -        | Does not conform |
| $\beta_5$  | EDI        | FDI       | +             | +        | Conform          |

Source: Authors compilation

### Statistical Test

This subsection applies the  $R^2$ , adjusted  $R^2$ , the S.E, the t–test and the f–test to determine the statistical reliability of the estimated parameters. These tests are performed as follows:

#### *The coefficient of determination ( $R^2$ ):*

From our regression result, the  $R^2$  is given as 0.684794. This implies that 68.48% of the variations in the growth of the TGE, TEE, THE, LEI and FDI is being accounted for or explained by the variations in Human Capital Development.

While other determinants of human capital development not captured in the model explain just 31.52% of the variation in economic growth in Nigeria.

#### *The Adjusted $R^2$*

The Adjusted  $R^2$  supports the claim of the  $R^2$  with a value of 0.626423 indicating that 62.64% of the total variation in the dependent variable (Human Capital Development proxied by Education Index (EDI)) is explained by the independent variables (the regressors). Thus, this supports the statement that the explanatory power of the variables is high and strong.

**Standard Error Test**

The standard errors for the five explanatory variables were all low. The low values of the standard errors in the result show that some level of confidence can be placed on the estimates.

**The F-statistic**

The F-test is applied to check the overall significance of the model.

Where  $k-1 = 6-1$  (*Hint*: k is the number of parameters i.e. 6)

$$\begin{aligned} &= 5 \\ \text{Degree of freedom (d.f)} &= n-k \\ \text{Where n (number of observation)} &= 32 \\ \text{And k (number of parameters)} &= 6 \\ \text{Thus, d.f} &= 32-6 \\ &= 26 \end{aligned}$$

Therefore,

$$F_{0.05(5,26)} = 2.21 \quad (\text{from the F table}) \dots\dots\dots \text{F-table}$$

F-statistic = 11.73167 (from the regression result) ..... F-calculated

Since the F-calculated > F-table, we reject  $H_0$  and accept  $H_1$  that the model has goodness of fit and is statistically different from zero. In other words, there is significant impact between the dependent and independent variables in the model.

**T-statistic**

Here, we compare the estimated or calculated t-statistic with the tabulated t-statistic at  $t_{\alpha/2} = t_{0.025} = t_{0.025}$  (two-tailed test).

$$\begin{aligned} \text{Degree of freedom (d.f)} &= n-k \\ &= 32-6 \\ &= 26 \end{aligned}$$

So, we have:

$$T_{0.025(26)} = 2.056 \dots\dots \text{Tabulated t-statistic}$$

**Table 5: summary of t-test**

| Variable | t-calculated ( $t_{cal}$ ) | t-tabulated ( $t_{\alpha/2}$ ) | Conclusion                |
|----------|----------------------------|--------------------------------|---------------------------|
| Constant | 7.015259                   | 2.056                          | Statistically Significant |
| TGE      | 2.334692                   | 2.056                          | Statistically Significant |
| TEE      | 2.058513                   | 2.056                          | Statistically Significant |
| THE      | 3.458606                   | 2.056                          | Statistically Significant |
| LEI      | -0.457261                  | 2.056                          | Statistically Significant |
| FDI      | 2.869689                   | 2.056                          | Statistically Significant |

Source: Authors computation

From table 5, the *t-test* result is interpreted below;

For TGE,  $t_{\alpha/2} < t_{cal}$ , therefore we reject the null hypothesis and accept the alternative hypothesis, which means that TGE do have significant effect on HCD.

For TEE,  $t_{\alpha/2} < t_{cal}$ , therefore we reject the null hypothesis and accept the alternative hypothesis, this means that TEE do have a significant impact on HCD.

For THE,  $t_{\alpha/2} < t_{cal}$ , therefore we reject the null hypothesis and accept the alternative hypothesis.

For LEI,  $t_{\alpha/2} > t_{cal}$ , therefore we accept the null hypothesis and reject the alternative hypothesis. This means that LEI do not have significant effect on HCD.

For FDI,  $t_{\alpha/2} < t_{cal}$ , therefore we reject the null hypothesis and accept the alternative hypothesis. It indicates that FDI have a significance effect on HCD.

**Econometric Test**

In this subsection, the following econometric tests are used to evaluate the result obtained from our model: autocorrelation, multicollinearity and heteroscedasticity.

**Autocorrelation test**

Using Durbin-Watson (DW) statistic which we obtain from our regression result in appendix C, it is observed that DW statistic is 0.322345 or 0.32%, which indicate the absence of autocorrelation in the series so that the model is reliable for predications.

**Multicollinearity test**

This means the existence of an exact linear relationship among the explanatory variable of a regression model.

**Table 6: Correlation Matrix Result**

|     | TGE      | TEE      | THE      | LEI      | FDI      |
|-----|----------|----------|----------|----------|----------|
| TGE | 1.000000 | 0.912659 | 0.922535 | 0.301393 | 0.451042 |
| TEE | 0.912659 | 1.000000 | 0.877555 | 0.198195 | 0.370402 |
| THE | 0.922535 | 0.877555 | 1.000000 | 0.389084 | 0.403010 |
| LEI | 0.301393 | 0.198195 | 0.389084 | 1.000000 | 0.186886 |
| FDI | 0.451042 | 0.370402 | 0.403010 | 0.186886 | 1.000000 |

Source: Authors computation

If correlation coefficient is greater than 0.8, we conclude that there is multicollinearity but if the coefficient is less than 0.8 there is no multicollinearity.

From table 6, there is multicollinearity between

- a. TGE and TEE
- b. TGE and THE
- c. TEE and THE

**Heteroscedasticity Test**

This test is conducted using the white’s general heteroscedascity test.

Hypothesis testing:  $H_0: \beta_0 = \beta_1 = \beta_2 = \beta_3 = 0$  (homoscedastic)  
 $H_1: \beta_0 = \beta_1 = \beta_2 = \beta_3 \neq 0$  (heteroscedastic)

From Appendix D, we observe that the probability of F- statistic of the white test is 0.3164. Since the probability of F- test is greater than the 0.05 significance level, we reject the null hypothesis that there is heteroscedasticity in the residuals. This goes

to say that the residuals of our estimated model do have a constant variance (homoscedastic). This finding has some adverse implications. Amongst these is the bias that heteroscedasticity may create in the standard errors and t-values, hence leading to erroneous inferential decisions. To circumvent this, we employed the Newey-West method. This crucial technique produces Heteroscedasticity and Autocorrelation Consistent (HAC) standard errors. Therefore, notwithstanding the presence of heteroscedasticity in the residuals of our estimated model, our inferences remain untainted, since the Newey-West method has neutralized the consequences of heteroscedasticity on the standard errors.

### **Conclusions and Policy Recommendations**

The aim of this study is to determine the effect of human capital development on economic growth in Nigeria. Our findings from the cointegrating regression result test suggest that there is a strong evidence of cointegration between dependent variable (HCD) and the independent Variables. Also the study revealed a long-run causal relationship between dependent variable (HCD) and the independent Variables. The high level of human capital development has increased the utilization of resources both human and material and as expected, there has been a multiplier effect that has led to economic growth in Nigeria. As a result, a high sense of optimism has emerged concerning the benefits of increased continuous development of human skills and abilities.

It could be observed from our findings that the relationship between some of the variables like TGE, TEE, THE, and FDI and human capital development is positive while that of LEI is negative. This means that TGE, TEE, THE, and FDI have direct relationships with human capital development. In other words, an increase in TGE, TEE, THE, and FDI will result to a rise in human capital development whereas an increase in LEI will probably result in a fall in human capital development. In addition, the results show that TGE, TEE, THE, and FDI have statistical significance on human capital development in Nigeria while LEI is statistically insignificant on human capital development. This study therefore recommends that the government should give educational grants, provide vocational training, provide basic health facilities; enhance the competitiveness of the economy. This will avail the country the enhanced entrepreneurial creativity, a suitable, competent, healthy and educated labor force to contribute meaningfully to national development. The government should make adequate budget for education in line with the UNESCO recommendation. This will help facilitate proper administration of financial revenues and other school resources. There is the need for increased government funding for health care. This will help reduce the challenges in healthcare and the increasing medical tourism outside the country and consequently enhance the country's life expectancy. The government should create a secured and business friendly environment to help attract FDI in the country.

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## CASHLESS POLICY AND BANKING SECTOR SERVICES IN AWKA METROPOLIS

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### **Abstract**

*This study examined the cashless policy and the Nigerian banking sector service in the Awka metropolis. For the purpose of the study, three objectives were formed which included the effect of cashless policy components like electronic payment systems on banking services, access to financial services and financial innovations of banks in the Awka metropolis. The research adopted a survey research design and the sample size was 74 while 74 questionnaires were distributed and 69 appropriately returned forming the basis for conducting this study. The study was anchored on Technology Acceptance Model (TAM) and Modernization Theory. The researcher using the Spearman rank correlation coefficient to test the hypotheses discovered that the electronic payment system affected the banking services, financial innovation and access to financial services significantly. Thus, the study recommended that electronic payment system should further be improved to increase the service delivery among banks in Awka metropolis. The provision of electronic payment system should be encouraged further too to continuously improve financial innovations and boost financial reach in Awka metropolis, Anambra state, Nigeria.*

**Keywords:** *Cashless policy, e-banking, e-payment system, Awka, Nigeria.*

### **Introduction**

The banking sector remains the major means of monetary control as well as the most important financial institution which plays an essential role in the economy of a country. In the world today, the banking industry is seen as the livewire of any economy and determines the growth of such economy (Olokoyo, Taiwo & Akinjare, 2016). The primary role of the banks is to take in funds from those with money and lend them to those who need the funds. The Central Bank of Nigeria has recently engaged in series of reforms, aimed at reducing the quantum of physical cash used in the system referred to as cashless policy; in an attempt to cut down on cash handling expenses of banks.

A cashless policy is a policy that discourages the use of huge raw cash for transactions but encourages the use of electronic tools like bank transfer, ATM card, POS, and other financial instruments for transferring cash in transactions (IGI Global, 2020). This policy allows the users to effect payment with their mobile phones through mobile transfer (internet banking), credit/debit card through an automated teller machine (ATM) or point of sale (POS) machine, and through a checkbook already provided by the banking sector. Users can pay for goods and

services like commodities purchased, utility bills, rents, and tuition fees through this medium.

Sweden has been leading the way towards a cashless society and has been at the forefront of banking innovation for a long time as the development and simplification of payment have evolved greatly. Sweden was the first country in Europe who introduces the paper money in early 1661. In the meantime, it is also becoming the world's first cashless country where minimum cash is used with barely 1% of the value of all payments being made using notes and coins. Eventually, it will also become the first country where cash will vanish completely (Shivam Kaila, 2019). The country has been able to achieve this by adapting mobile payment apps mobile bank IDs, financial technology, and even handy payment (microchips implanted into their hand and can be used to effect payment). The key drivers for Sweden's cashless society were the widespread adoption of payment cards from way back in the 1950s, the digitalization of bank accounts since the 1960s, and the setting up of the internet infrastructure and internet banking in the mid-1990s. Then, in the early 2000s, the Central Bank decided to outsource its printing and distribution of cash. The Central Bank said it didn't see cash as its core business (Wharton, 2018). The increased number of counterfeit notes and increased rate of robberies was also a drive to run a cashless society. In advanced economies like the United States of America, the use of cash for purchasing consumption goods has declined. Today, roughly four-in-ten Americans (41%) say none of their purchases in a typical week are paid for using cash, up from 29% in 2018 and 24% in 2015, according to a new Pew Research Center survey (Faverio, 2022). Most less-developed countries like Nigeria are on the transition from a pure cash-based economy to a cashless economy for development purposes.

In 2020, the cashless policy was introduced to reduce the cost of banking services, increase insecurity in kidnapping for ransom, and untraceable corruption activities, and drive financial inclusion by providing more efficient transaction options (CBN, 2020). To ensure the success of the policy, banks are expected to deliver electronic banking services to their customers and encourage their customers to use them. The success of this policy depends largely on the ability of the bank to deliver these services to their customer especially those people who are physically and mentally separated from modern technologies, unbanked individuals in rural areas (Bayero, 2015). In the Awka metropolis, banking facilities are barely available and accessible in some communities; and these facilities seem not to be accepted by some elderly as they're not literate enough to transact with them. Given renewed drive of the CBN to make Nigeria a cashless society, the banks in the community have suffered a great ordeal trying to ensure the little cash made available to them is equally distributed with numerous customers struggling to make a withdrawal. This has taken a toll on the banks due to the scarcity of cash for disbursement and most customers are

directed to the ATMs for withdrawal as payment was not to be made over the counter; this shows that cash still remains relevant as it continues to play an important part in the lives of many people and businesses in the metropolis. Business sales have dropped as most people couldn't get cash and some are not used to making the transfers, also the prices of goods and services have increased because of the high cost of Point of Sale (POS) transactions thereby causing a decline in the economy (Cyril, 2023).

Previous studies on cashless policy have been examined like Omotunde, Sunday, and John-Dewole (2013); Pedro and Santiago (2020); Josep and Claudia (2022); Osazevbaru and Henry (2014); Nwakoby, Origin, and Okoh, (2020); Ropheka (2020); Suberu, Afonja, Akande, & Olure-bank (2015); Njideka and Nnabugwu (2018); Gbalam and Dunami (2020); Clifford (2020); but little emphasis have been made on how the cashless policy has impacted the banking sector services. Hence, the need to understand the potential impact of the cashless policy on the banking sector services (a case study of Awka metropolis) in order to inform policy decisions and promote sustainable development.

## **Review of Related Literature**

### **Conceptual Review**

The impact of the cashless policy has been a topic of interest for researchers and scholars. The policy illustrates a gradual movement of the entire payment system of an economy from the use of physical cash in effecting payment to a systemic adoption of nonphysical cash mode payment in settlements of all types of transaction both in the public and private sectors of an economy (Ropheka, 2020). The move to operate a cashless economy is important as it is necessary to reduce the amount of physical cash in the economy and encourage the use of advanced technology for transaction purposes. A study by Adeyemi and Adekunle (2016) examined the impact of the cashless policy on the Nigerian banking sector. The study found that the policy has led to an increase in the use of electronic payment channels and a reduction in cash transactions. However, the study also highlighted some challenges faced by banks, such as the high cost of setting up and maintaining electronic payment infrastructure and the need for adequate security measures.

The Central Bank of Nigeria which is the apex regulatory body of the banking sector introduced the cashless policy to checkmate the dominance of cash in the society. They announced the redesigning of N200, N500, and N1000 denominations and urged Nigerians to pay in the old Naira note on or before 31st January 2023 and then further extended the deadline to the 10th of February, 2023; thereby reducing the presence of physical cash at hand/hoarding of cash. The central bank of Nigeria (CBN) further reviewed upward the limit on cash withdrawals made by individuals and organizations. Ahead of the redesigned Naira notes, the bank had on the 6th of



December, 2023 announced a new policy limiting over-the-counter cash withdrawals by individuals and corporate bodies to N100,000 and N500,000 respectively, per week. The withdrawal limit was later adjusted and signed by Haruna Mustafa on the 21st of December, 2023 in response to the public outcry on the policy and the policy now limits withdrawal of cash to N500,000 and N5,000,000 weekly for individuals and corporate bodies, respectively. And in compelling circumstances where cash withdrawal exceeds the limits required for legitimate purposes, the request is subject to a processing fee of 3% and 5% for individuals and corporate bodies, respectively. This policy was introduced as analysts have posited that to meet the target of becoming one of the leading world economies by the year 2020, efforts must be made to embrace the electronic payment system in its entirety. It was in this consciousness that the policy was introduced (Ajayi, 2014).

### **Cashless policy instruments in Nigeria used by the banking sector to implement the Central Bank of Nigeria's policy:**

#### **Automated Teller Machine (ATM)**

An ATM card is a payment card or dedicated payment card issued by a financial institution (i.e., a bank) which enables a customer to access their financial accounts via its and others' automated teller machines (ATMs) and to make an approved point of purchase retail transactions (i.e., gas stations, grocery, hardware, department stores, etc.) ATM cards are not credit cards or debit cards.

#### **Point of Sale (POS) Terminal**

A payment terminal, also known as a point of sale (POS) terminal, or credit card terminal (or by the older term PDQ terminal which stands for "Process Data Quickly), is a device that interfaces with payment cards to make electronic funds transfers. A payment terminal allows a merchant to capture required credit and debit card information and to transmit this data to the merchant services provider or bank for authorization and finally, to transfer funds to the merchant.

#### **Mobile Banking**

Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct financial transactions remotely using a mobile device such as a Smartphone or tablet. Unlike the related internet banking it uses software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis. Some financial institutions have restrictions on which accounts may be accessed through mobile banking, as well as a limit on the amount that can be transacted.

#### **Internet Banking**

Online banking, also known as Internet banking, web banking, or home banking, is an electronic payment system that enables customers of a bank or other financial

institution to conduct a range of financial transactions through the financial institution's website. The online banking system will typically connect to or be part of the core banking system operated by a bank to provide customers access to banking services in addition to or in place of traditional branch banking.

### **Debit Card**

A debit card, also known as a check card or bank card is a payment card that can be used in place of cash to make purchases. The term plastic card includes the above and as an identity document. These are similar to a credit card, but unlike a credit card, the money for the purchase must be in the cardholder's bank account at the time of purchase and is immediately transferred directly from that account to the merchant's account to pay for the purchase.

### **Credit Card**

A credit card is a payment card issued to users (cardholders) to enable the cardholder to pay for goods and services based on the cardholder's accrued debt (i.e., promise to the card issuer to pay them for the amounts plus the other agreed charges).

### **Theory Adoption**

The Technology Acceptance Model (TAM) and Modernization Theory are two theoretical frameworks that can be used to analyze the adoption of cashless policy and its impact on the banking sector.

The TAM was propounded by Fred Davies in 1986, it provided a framework for understanding the factors that influence the adoption of new technologies by users. In the context of cashless policy, the TAM can be used to analyze the adoption of cashless payment systems by customers and businesses. Perceived usefulness and ease of use are key factors in the TAM that determine the user's attitude towards the technology and their intention to adopt it. By examining factors such as convenience, security, transaction speed, and accessibility, the TAM can help researchers and policymakers identify the drivers and inhibitors of the adoption of cashless payment systems in the banking sector.

Modernization Theory, on the other hand was propounded by Walt Whitman Rostow in 1960, it provides a framework for understanding the societal changes that occur as a result of the adoption of new technologies. In the context of cashless policy, modernization theory can be used to analyze the impact of cashless payment systems on the banking sector and broader society. Modernization theory posits that technological change leads to social and economic development, as societies become more efficient and productive. In the context of cashless policy, modernization theory suggests that the adoption of cashless payment systems will lead to increased efficiency, reduced transaction costs, and greater financial inclusion.

By combining the TAM and Modernization Theory, researchers can gain a more comprehensive understanding of the impact of cashless policy on the banking sector. The TAM can be used to analyze the adoption of cashless payment systems by customers and businesses, while Modernization Theory can be used to analyze the broader societal impact of these technologies. By understanding the drivers and inhibitors of adoption and the broader impact of cashless policy on the banking sector, policymakers and stakeholders can develop strategies to promote the adoption of these technologies and maximize their benefits for society.

### **Empirical Reviews**

Different empirical works were reviewed like Josep and Claudia (2022) on how to become a cashless economy and what are the determinants of eliminating cash. The study aims to ascertain the determinants by which individuals decide to use credit cards as a payment method rather than cash. Using the aggregated data to analyze the data from the waves (2002-2017) of the Spanish Survey of Household Finances (SSHF) and panel data estimation (static and dynamic), the study identified education, age, income and wealth as the main drivers of credit cards as a payment method. It disentangles the effect of age and the cohort effect. And also check for nonlinearity problems and card use persistence. The secondary aim is to establish, using a controlled experiment, some of the financial consequences of being a cashless economy.

Tomasz, Michael, Radoslaw, and Andrea (2021) in their research on shifting from cash to cashless payments during the COVID-19 pandemic and beyond, made analysis on traditional logit regression using a survey of 5,504 respondents from 22 European countries, the research consequently estimates the probability of the act or intention to switch from cash to cashless payment. It examines the preferences regarding cash and cashless payments at the point of sale (POS) during the COVID-19 crisis. Consumers favor cashless transactions when they believe that handling cash presents a higher risk of infection. And the habits they develop during periods of restrictions and lockdowns appear to further diminish their appetite for transacting in cash. Not only do these factors affect the current choice of payment method, but also influence declared future intentions to move away from cash after the pandemic is over.

Clifford (2020) the study evaluated the impact of the cashless policy on financial inclusion in Nigeria for the period 2009 to 2019. Cashless policy instruments adopted in the study were automated teller machines, Point of Sale terminals, mobile phone banking, and web (internet) banking while the number of depositors per 1,000 adults was adopted as a proxy for financial inclusion. Rather than investigating the 'joint impact' of cashless policy instruments on financial inclusion, this study investigated the 'individual impacts' of the policy instruments on the

aforementioned target variable financial inclusion. Thus, a simple regression technique was employed in carrying out the empirical analysis. Findings revealed that automated teller machines; point of sale terminals; mobile phone banking and web cashless instruments had significant impacts on financial inclusion in Nigeria.

Nwani, Nwaimo, Kanu, and Eke (2020) analyzed the cashless policy and the Nigerian payment system. Paired data samples and inferential statistics between 2007 and 2017 were collected. The study evaluates the impact of the cashless policy on the Nigerian payment system. The operations of a cashless economy were assessed based on the use of cheques; funds transfer channels and Automated Teller Machines (ATMs). Analysis of data showed that the volume and usage of cheques as a means of financial settlement have failed and were partially replaced by electronic payment systems. Banks are getting more involved in the use of interbank fund transfers rather than cash settlements. It was also ascertained that the use of ATMs as a means of financial intermediation is increasing. The outcome of the study has justified the implementation of the cashless policy initiative in Nigeria. More effort needs to be put in place by the regulatory authority to re-orientate the masses and to encourage the use of E-payments channels, cheques; funds transfer options, and owning/ operating of bank accounts. This will give a further boost to the development of the Nigerian payment system.

Pedro and Santiago (2020) towards a cashless economy: the case of Argentina. The study presented a simple model of payment methods that includes the main determinants of the adoption of electronic payments in developing economies. The paper focuses on the case of Argentina, using household data to empirically examine the factors underlying the use and adoption of credit cards in the years 2012 and 2017/18. In line with the model, the results show the importance of informality and network effects in driving such decisions. The model can be further generalized to include the use and adoption of other electronic payment mechanisms. The analysis performed in this paper is particularly useful to understand the impact of the Covid-19 shock, which has triggered the use of alternative electronic payment, challenging the widespread use of cash in the economy.

Fatogun and Ajao (2020) in A Cashless Policy and Economic Development in Nigeria, Posited the policy is faced with challenges ranging from the erratic power supply, electronic fraud, lack of adequate sensitization, poor internet services, high rate of illiteracy, and computerization. Regression analysis (Using the OLS method) was used to examine the impact of the cashless policy on cash movement through the usage of ATMs, fund transfers, and internet availability and to determine whether the cashless policy has an impact on the delivery of financial transactions on economic development in Nigeria. The study shows that a cashless economy policy reduces the amount of cash-based transactions to the barest minimum. In Nigeria,

the concept tries to discourage the idea of cash transactions. However, the introduction of electronic banking in Nigeria has a strong influence on the development of the payment system. It involves the commitment of huge amounts of financial resources on computer technology, telecommunication facilities, internet services, and a regular supply of electricity.

Ropheka (2020) this study was carried out to evaluate the impact of cashless banking on the economic growth of Nigeria. The research design adopted for this study is the *expo facto* research design. Analysis of data was done using ordinary least squares (OLS) regression analysis. The results revealed that there is a significant relationship between Internet banking and economic growth in Nigeria. The reason could be deduced from the fact that most Nigerian investors do use their telephone lines for transaction activities. The product has also experienced relatively high patronage due to adequate bank awareness and education of the customer on how to maximally use their phone to transact simple banking operations, and as a result, has contributed immensely to Nigeria's banking sector growth.

Nwakoby, Origin, and Okoh (2020) analyzed the Effect of the Cashless Policy on Deposit Money Banks' Profitability in Nigeria. This study was carried out to ascertain the effect of the cashless policy on deposit money banks' profitability in Nigeria from 2009 to 2019. Secondary data from the Statistical Bulletin of Central Bank of Nigeria was used in the study and the ARDL Auto-regressive Distributed lag model was used as a method of data analysis. The explanatory variables are Point of Sale (POS) Terminal, Automated Teller Machine, Mobile banking, and Web Payment while the dependent variable is Profit before Tax. The result from the research indicates that the cashless policy has a negative and insignificant effect on profit before tax of deposit money banks in Nigeria within the study period.

Gbalam and Dumani (2020) this study examined the impact of cashless payment systems on financial inclusion in Nigeria. This was aimed at ascertaining the level of financial inclusion caused by the cashless policy. The research adopted an ordered probit regression technique to analyze the data. The results indicate that the nearness of financial products and service outlets to rural settlements, ease of digital financial transactions, and reduced visits banking halls aided by access to cashless payment mediums have enhanced financial inclusion in Nigeria. It also emerged that the efficiency of cashless payment channels does not significantly reduce the use of financial products and services, hence financial inclusion.

Ogbonna, Okoro, Atsanan, and Igwe (2020) examine the effect of electronic banking on domestic investment in Nigeria. Using data sourced from the Central Bank of Nigeria's statistical bulletin of various years for POS, ATM, Internet Banking, Mobile Banking, and NIP; and World Data Atlas for domestic investment (DI) for

the period of 2009 to 2018 and were subjected to multiple regression and Granger Causality Model which was anchored on the Innovation Diffusion Theory and Keynesian Theory of Investment. The study discovered that the electronic banking transaction pool does not significantly affect domestic investment in Nigeria. Electronic banking transactions via POS, Mobile Banking, and Internet Banking all showed a negatively insignificant relationship with domestic investment; however, ATM and NIP showed a positive but insignificant relationship with domestic investment in Nigeria. The results were further confirmed by the Granger causality results that the gross insignificant effect of all electronic banking transactions on domestic investment in Nigeria. Hence, diverse findings continued to trail the possible impact of electronic banking-related studies in the literature, particularly in Nigeria. This study intends to address this position and also looks at the peculiarity of cashless policy pioneered by electronic activities in Nigeria looking at the Awka metropolis of Anambra state.

**Methodology**

This study used the Survey research design to examine the impact of the cashless policy on the Nigeria banking sector, a case study of Awka metropolis using current data. The data used in this study were primarily sourced through questionnaire administration. These were unprocessed facts obtained from Awka metropolis residents and all the banks operating in Awka metropolis. The population of this study consists of all the banks operating in the Awka metropolis, Anambra State, Nigeria. This includes commercial banks, microfinance banks, and other financial institutions providing banking services within the geographical limits of the Awka metropolis as defined by the local government authorities.

**Table 1: Study Population**

|                    | <b>Population</b> | <b>Total Population</b> | <b>Percentage Considered</b> | <b>Study Population</b> |
|--------------------|-------------------|-------------------------|------------------------------|-------------------------|
| Banks Strength     | 45                | 141                     | 52.4                         | 74                      |
| customers Strength | 96                |                         |                              |                         |

*Source: Researcher Compilation*

A simple random technique was adopted in this research. In this method, each member of a population has an equal chance of being selected as a sample. The data was presented using a frequency table in part A and B. Part A of the questionnaire were analyzed, using percentage response, the part B were analyzed, using a 5-point Likert scale ranking, and above was considered acceptable. The Spearman rank order correlation coefficient was used to test the hypothesis at a 5% level of significance between observed and expected frequency.

## **Presentation and Analysis of Result**

### **Questionnaire Return Rate**

A total of 74 questionnaires were administered to the correspondent at Awka metropolis through Google survey, online. Out of the total of 74 questionnaires administered to the respondents, 69 questionnaires constituting 93.2% of total questionnaires administered were returned properly completed by the respondents, and the other 5 questionnaires constituting 6.8% were either not returned or were incomplete. Thus, the questionnaire return rate of 93.2% is considered adequate. The rate of return of questionnaires by respondents is presented in Table 2.

A total of 74 questionnaires were administered to respondents in the Awka metropolis. Out of the total of 74 questionnaires administered to respondents, bank customers had 23 respondents (21 questionnaires returned), business owners had 41 respondents (38 returned responses), and financial services providers had 10 respondents (10 returned responses). The total number of returned questionnaires was 69, which constitute our working documents for the study.

### **Demographic Characteristics of Respondents**

This section deals with the distribution of the respondents according to their demographic characteristics, which include gender (sex), educational qualification, and age. The results are presented in Tables 3 to 4.

Table 3 reveals that the respondents in the study have 65.2% male gender compared to 34.8% female gender.

Table 4 reveals that 1.4% of the respondents have only O'level qualifications, 21.7% have OND/NCE qualification, 76% have First Degree in BSc/HND qualification, and no one has MSC in the entire correspondents' populations.

### **Frequency Analysis**

**Question One (1):** Cashless policy instrument, particularly Internet Banking, Mobile Banking, ATMs, and POS payment has made banking services faster and more efficient in Awka metropolis.

Table 5 revealed that: 23 respondents (33.3%) said strongly agree; 25 respondents (36.2%) said Agree, while 21 respondents (30.4%) mention undecided. This signifies that all the respondents agree that cashless policy instrument, particularly Internet Banking, Mobile Banking, ATMs, and POS payment has made banking services faster and more efficient in Awka metropolis.

**Question Two (2):** The availability of Internet Banking, Mobile Banking, ATMs, and POS payment system has increased the level of customer service provided by banks since the implementation of the cashless policy.

Table 6 revealed that: 10 respondents (14.5%) said strongly agree; 17 respondents (24.6%) said Agree, 30 respondents (43.5%) mentioned undecided, and 12 respondents (17.4%) said disagree respectively. This signifies that all the respondents agree the availability of Internet Banking, Mobile Banking, ATMs, and POS payment systems has increased the level of customer service provided by banks since the implementation of the cashless policy.

**Question Three (3):** cashless policy has led to the introduction of new banking products and services such as biometric payment in the Awka metropolis.

Table 7 revealed that: 39 respondents (56.5%) said strongly agree; 21 respondents (30.4%) said Agree, and 9 respondents (13.0%) said undecided. This signifies that most of the respondents agree that the cashless policy has led to the introduction of new banking products and services in the Awka metropolis.

**Question Four (4):** The implementation of the cashless policy and its instruments has led to an increase in bank charges in the Awka metropolis

Table 8 revealed that: 19 respondents (27.5%) said strongly agree; 12 respondents (17.4%) said Agree, and only 38 respondents (55.1%) mention undecided. This signifies that most of the respondents are undecided that the cashless policy and its instruments have led to an increase in bank charges in the Awka metropolis.

**Question Five (5):** Internet Banking, Mobile Banking, ATM, and POS payment have made banking services more accessible for people who previously had limited access to financial services in the Awka metropolis

Table 9 revealed that: 5 respondents (7.2%) said strongly agree; 5 respondents (7.2%) said Agree, while 20 respondents (29.0%) mention undecided with 22 respondents (31.9%) saying disagree. 17 other respondents (24.6%) said strongly disagree. This signifies that all the respondents strongly disagree that Internet Banking, Mobile Banking, ATMs, and POS payment has made banking services more accessible for people who previously had limited access to financial services in the Awka metropolis.

**Question Six (6):** The cashless policy has made it easier for people in remote areas to access banking services in the Awka metropolis.

Table 10 revealed that: 28 respondents (40.6%) said strongly agree; 38 respondents (55.1%) said Agree, while 3 respondents (4.3%) mention undecided. This signifies that all the respondents agree that the cashless policy has made it easier for people in remote areas to access banking services in the Awka metropolis.

**Question Seven (7):** cashless policy has helped to reduce the number of unbanked individuals in the Awka metropolis.



Table 4.11 revealed that: 18 respondents (26.1%) said strongly agree; 34 respondents (49.3%) said Agree, while 17 respondents (24.6%) mention undecided. This signifies that most of the respondents agree that the cashless policy has helped to reduce the number of unbanked individuals in the Awka metropolis.

**Question Eight (8):** The government has done enough to promote financial literacy and encourage the use of cashless policy instruments in Awka Metropolis  
In Table 12, 23 respondents (33.3%) said strongly agree, 27 respondents (39.1%) said Agree, while 19 respondents (27.5%) said undecided. Hence, most respondents agree that the government has done enough to promote financial literacy and encourage the use of cashless policy instruments in the Awka Metropolis.

**Question Nine (9):** The cashless policy has led to the introduction of new electronic payments such as Internet banking, mobile banking, ATMs, and POS payment options in the Awka metropolis.

Table 13 revealed that: 14 respondents (20.3%) said strongly agree; 26 respondents (37.7%) said Agree; while 29 respondents (42.0%) said undecided. This signifies that most of the respondents agree that the cashless policy has led to the introduction of new electronic payment such as Internet banking, mobile banking, ATMs, and POS payment options in the Awka metropolis.

**Question Ten (10):** The cashless policy has increased the use of debit and credit cards for payments in the Awka metropolis.

Table 14 revealed that: 12 respondents (17.4%) said strongly agree; 18 respondents (26.1%) said Agree, 21 respondents (30.4%) said undecided with 11 respondents (15.9%) and 7 respondents (10.1%) said disagree, and strongly disagree respectively. This signifies that most of the respondents agree that the cashless policy has increased the use of debit and credit cards for payments in the Awka metropolis.

**Question Eleven (11):** The cashless policy instrument particularly Internet Banking and Mobile Banking has made it easier for people to pay bills and make transactions online in the Awka metropolis.

Table 15 revealed that: 19 respondents (27.5%) said strongly agree; 41 respondents (59.4%) said Agree; while 9 respondents (13.0%) said undecided. This signifies that most of the respondents agree cashless policy instrument particularly Internet Banking and Mobile Banking has made it easier for people to pay bills and make transactions online in the Awka metropolis.

**Question Twelve (12):** The cashless policy has increased the level of trust in electronic payment systems among users in the Awka metropolis.

In table 16, 36 respondents (52.2%) said strongly agree, and 36 respondents (52.2%) said Agree. Hence, all the respondents agree that the cashless policy has increased the level of trust in electronic payment systems among users in the Awka metropolis.

**Question Thirteen (13):** The cashless policy has encouraged the development of new digital payment solutions in the Awka metropolis

In table 17, 35 respondents (50.7%) said strongly agree, 24 respondents (34.8%) said Agree, while 10 respondents (14.5%) said undecided. Hence, most respondents agree that the cashless policy has encouraged the development of new digital payment solutions in the Awka metropolis.

**Question Fourteen (14):** cashless policy has led to the introduction of banking innovative products and services in the Awka metropolis.

In table 18, 24 respondents (34.8%) said strongly agree, 32 respondents (46.4%) said Agree, while 13 respondents (18.8%) said undecided. This proves that most respondents agree that the cashless policy has led to the introduction of banking innovative products and services in the Awka metropolis.

**Question Fifteen (15):** cashless policy has encouraged collaboration among banks and fintech companies in the Awka metropolis.

In table 19, 8 respondents (11.6%) said strongly agree, 13 respondents (18.8%) said Agree, while 16 respondents (23.2%) said undecided, disagree, and strongly disagree respectively. This proves that all respondents disagree and felt undecided that the cashless policy has encouraged collaboration among banks and fintech companies in the Awka metropolis.

**Question Sixteen (16):** The cashless policy has increased the level of technology adoption in the banking sector in the Awka metropolis.

In table 20, 13 respondents (18.8%) said strongly agree, 21 respondents (30.4%) said Agree, while only 29 respondents (42.0%) mention undecided, and 6 respondents (8.7%) disagree. This proves that most of the respondents said the cashless policy has increased the level of technology adoption in the banking sector in the Awka metropolis.

### **Test of Hypothesis**

Spearman rank order of correlation was used to test the relationships between variables under study. The obtained results are shown in Table 4.20.

### **Hypothesis One**

H<sub>01</sub>: The adoption of a cashless policy by banks has no significant impact on banking sector service in Awka Metropolis.

H<sub>1</sub>: The adoption of a cashless policy by banks has a significant impact on banking sector service in Awka Metropolis.

The correlation coefficient between the new electronic payment system and faster banking services was as follows: ( $r = 0.856$ ,  $P < 0.05$ ) in Table 21. This correlation is significant at a 0.05 level of significance and the strong relationship shows the significant influence of the new electronic payment system on faster banking

services in the Awka metropolis. Hence, establishing a strong relationship between the two variables. Consequently, hypothesis ( $H_{01}$ ) that states that the adoption of a cashless policy by banks has no significant impact on banking sector service in Awka Metropolis is rejected. Therefore, accepting that the adoption of a cashless policy by banks has a significant impact on banking sector service in Awka Metropolis.

### **Hypothesis Two**

$H_{02}$ : The cashless policy has no significant impact on financial inclusion in the Awka metropolis.

$H_2$ : The cashless policy has a significant impact on financial inclusion in the Awka metropolis.

The correlation coefficient between the new electronic payment system and the reduced number of unbanked individuals was as follows: ( $r = 0.831$ ,  $P < 0.05$ ) in Table 22. This correlation is significant at a 0.05 level of significance and the strong relationship shows the significant influence of the new electronic payment system on the reduction of the number of unbanked individuals in the Awka metropolis. Hence, establishing a strong relationship between the two variables. Consequently, hypothesis ( $H_{02}$ ) that states that the cashless policy has no significant impact on access to financial services in the Awka metropolis is rejected. Therefore, accepting that cashless policy has a significant impact on access to financial services in the Awka metropolis.

### **Hypothesis Three**

$H_{03}$ : The cashless policy has no significant effect on electronic payment system innovation in the banking sector.

$H_3$ : The cashless policy has a significant effect on electronic payment system innovation in the banking sector.

The correlation coefficient between the new electronic payment system and the development of new digital payment solutions was as follows: ( $r = 0.840$ ,  $P < 0.05$ ) in Table 23. This correlation is significant at a 0.05 level of significance and the strong relationship shows the significant influence of the new electronic payment system on the development of new digital payment solutions in the Awka metropolis. Hence, establishing a strong relationship between the two variables. Consequently, hypothesis ( $H_{03}$ ) that states that cashless policy has no significant effect on electronic payment system innovation in the banking sector is rejected. Therefore, accepting that a cashless policy has a significant effect on electronic payment system innovation in the banking sector service.

### **Discussion of Findings**

The study discovered that a cashless policy-induced electronic payment system is a major facilitator of access to financial services in developing economies like Nigeria. The study is premised to address the role of a cashless policy on banking sector activities in the Awka metropolis. The research has three hypotheses that were subjected to testing for the attainment of the impact of cashless policy on banking sector services in the Awka metropolis of Anambra state Nigeria. Three hypotheses were stated and the output got to make decision-based on the findings of the study.

In hypothesis one, the output indicates a significant relationship at  $p = 0.00$  and a strong relationship to confirm the level of the relationship. The result indicates that the electronic payment system contributed to the degree of banking sector service in the Awka metropolis. Looking at the hypothesis two results, it was discovered that the electronic payment system facilitated a significant effect on the number of unbanked individuals in the Awka metropolis. This is evidenced in the Spearman ranking order correlation coefficient output, which indicates a significant relationship at  $p = 0.00$ . The hypothesis three result further revealed that cashless policy implementation within the banking sector facilitates the improvement of new development of digital services (financial innovations). The Spearman ranking order correlation coefficient established a significant relationship at  $p = 0.00$  which is less than the significance level of 0.05.

The findings prove that the introduction of a cashless policy is a groundbreaking mechanism that spurred the service delivery of banking sectors in the Awka metropolis. These results in line with the corresponding report affirm that the electronic payment system has contributed immensely to access to financial services, financial innovations, and banking services of banking sectors in the Awka metropolis. The result affirms the earlier position of Omotunde et al (2013) who examined the impact of a cashless economy in Nigeria. Responses from the respondents show that a cashless policy will increase employment; reduce cash-related robbery thereby reducing the risk of carrying cash; the study therefore shows that the introduction of a cashless economy in Nigeria can be seen as a step in the right direction. The findings of this study are supported by earlier results in Nwani et al (2020), Pedro and Santiago (2020), Tomasz et al (2021), Ropheka (2020), Joseph and Claudia (2022), and Fatogun and Ajao (2020) on cashless policy and service delivery/performance in different institutions.

### **Conclusion**

The findings proves that the electronic payment system used in the study had a positively significant effect on banking service delivery, access to financial services, and financial innovation within the banking sector in the Awka metropolis. Hence, the study concluded that the cashless policy had a significant effect on banking sector services in the Awka metropolis, Anambra State, Nigeria.

## Recommendations

Based on the findings of this study, the following recommendations were made; Electronic payment system should further be improved in terms of efficiency to increase the service delivery among banks in the Awka metropolis. The Electronic payment system should be made secure to continuously improve financial innovations and boost financial reach in Awka metropolis, Anambra state, Nigeria. The introduction of an electronic payment system has improved access to financial services within the Awka metropolis. Hence, the electronic payment system should be enhanced with a clear interface to improve inclusiveness among the people in the Awka metropolis, Anambra state, Nigeria.

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**Appendix**

**Table 2: Response Rate**

|   | <b>Banks</b>                | <b>No of Questionnaire Administered</b> | <b>No of questionnaires returned</b> | <b>% of return</b> |
|---|-----------------------------|---|--------------------------------------|--------------------|
| 1 | Bank Customers              | 23                                      | 21                                   | 91.3               |
| 2 | Business Owners             | 41                                      | 38                                   | 92.7               |
| 3 | Financial Service Providers | 10                                      | 10                                   | 100                |
|   | <b>Total</b>                | 74                                      | 69                                   | 93.2               |

**Source: Field Survey, 2023**

**Table 3: Distribution of the respondents according to their Sex (Gender)**

| GENDER OF RESPONDENTS |        |           |         |               |                    |
|-----------------------|--------|-----------|---------|---------------|--------------------|
|                       |        | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                 | MALE   | 45        | 65.2    | 65.2          | 65.2               |
|                       | FEMALE | 24        | 34.8    | 34.8          | 100.0              |
|                       | Total  | 69        | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 4: Educational Qualification of Respondents**

| EDUCATIONAL QUALIFICATION |         |           |         |               |                    |
|---------------------------|---------|-----------|---------|---------------|--------------------|
|                           |         | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                     | WAEC    | 1         | 1.4     | 1.4           | 1.4                |
|                           | OND     | 15        | 21.7    | 21.7          | 23.2               |
|                           | HND/BSC | 53        | 76.8    | 76.8          | 100.0              |
|                           | Total   | 69        | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 5: Distribution of Respondents for Question One**

| banking services faster |                |           |         |               |                    |
|-------------------------|----------------|-----------|---------|---------------|--------------------|
|                         |                | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                   | Undecided      | 21        | 30.4    | 30.4          | 30.4               |
|                         | Agree          | 25        | 36.2    | 36.2          | 66.7               |
|                         | Strongly Agree | 23        | 33.3    | 33.3          | 100.0              |
|                         | Total          | 69        | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 6: Distribution of Respondents for Question Two**

| level of customer service |                |           |         |               |                    |
|---------------------------|----------------|-----------|---------|---------------|--------------------|
|                           |                | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                     | Disagree       | 12        | 17.4    | 17.4          | 17.4               |
|                           | Undecided      | 30        | 43.5    | 43.5          | 60.9               |
|                           | Agree          | 17        | 24.6    | 24.6          | 85.5               |
|                           | Strongly Agree | 10        | 14.5    | 14.5          | 100.0              |
|                           | Total          | 69        | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 7: Distribution of Respondents for Question Three**

| <b>new banking products and services</b> |                |           |         |               |                    |
|--|----------------|-----------|---------|---------------|--------------------|
|  |                | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                                    | Undecided      | 9         | 13.0    | 13.0          | 13.0               |
|  | Agree          | 21        | 30.4    | 30.4          | 43.5               |
|  | Strongly Agree | 39        | 56.5    | 56.5          | 100.0              |
|  | Total          | 69        | 100.0   | 100.0         |                    |

**Source: Field Survey, 2023**

**Table 8: Distribution of Respondents for Question Four**

| <b>increase in bank charges</b> |                |           |         |               |                    |
|---------------------------------|----------------|-----------|---------|---------------|--------------------|
|                                 |                | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                           | Undecided      | 38        | 55.1    | 55.1          | 55.1               |
|                                 | Agree          | 12        | 17.4    | 17.4          | 72.5               |
|                                 | Strongly Agree | 19        | 27.5    | 27.5          | 100.0              |
|                                 | Total          | 69        | 100.0   | 100.0         |                    |

**Source: Field Survey, 2023**

**Table 9: Distribution of Respondents for Question Five**

| <b>banking services more accessible</b> |                   |           |         |               |                    |
|---|-------------------|-----------|---------|---------------|--------------------|
|   |                   | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                                   | Strongly Disagree | 17        | 24.6    | 24.6          | 24.6               |
|   | Disagree          | 22        | 31.9    | 31.9          | 56.5               |
|   | Undecided         | 20        | 29.0    | 29.0          | 85.5               |
|   | Agree             | 5         | 7.2     | 7.2           | 92.8               |
|   | Strongly Agree    | 5         | 7.2     | 7.2           | 100.0              |
|   | Total             | 69        | 100.0   | 100.0         |                    |

**Source: Field Survey, 2023**

**Table 10: Distribution of Respondents for Question Six**

| <b>remote areas to access banking services</b> |                |           |         |               |                    |
|--|----------------|-----------|---------|---------------|--------------------|
|  |                | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid  | Undecided      | 3         | 4.3     | 4.3           | 4.3                |
|  | Agree          | 38        | 55.1    | 55.1          | 59.4               |
|  | Strongly Agree | 28        | 40.6    | 40.6          | 100.0              |
|  | Total          | 69        | 100.0   | 100.0         |                    |

**Source: Field Survey, 2023**



**Table 11: Distribution of Respondents for Question Seven**

|       |                | <b>reduce the number of unbanked individuals</b> |         |               |                    |
|-------|----------------|--|---------|---------------|--------------------|
|       |                | Frequency  | Percent | Valid Percent | Cumulative Percent |
| Valid | Undecided      | 17   | 24.6    | 24.6          | 24.6               |
|       | Agree          | 34   | 49.3    | 49.3          | 73.9               |
|       | Strongly Agree | 18   | 26.1    | 26.1          | 100.0              |
|       | Total          | 69   | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 12: Distribution of Respondents for Question Eight**

|       |                | <b>promote financial literacy and encourage the use of electronic payment</b> |         |               |                    |
|-------|----------------|---|---------|---------------|--------------------|
|       |                | Frequency   | Percent | Valid Percent | Cumulative Percent |
| Valid | Undecided      | 19  | 27.5    | 27.5          | 27.5               |
|       | Agree          | 27  | 39.1    | 39.1          | 66.7               |
|       | Strongly Agree | 23  | 33.3    | 33.3          | 100.0              |
|       | Total          | 69  | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 13: Distribution of Respondents for Question Nine**

|       |                | <b>introduction of new electronic payment options</b> |         |               |                    |
|-------|----------------|---|---------|---------------|--------------------|
|       |                | Frequency   | Percent | Valid Percent | Cumulative Percent |
| Valid | Undecided      | 29  | 42.0    | 42.0          | 42.0               |
|       | Agree          | 26  | 37.7    | 37.7          | 79.7               |
|       | Strongly Agree | 14  | 20.3    | 20.3          | 100.0              |
|       | Total          | 69  | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 14: Distribution of Respondents for Question Ten**

|       |                   | <b>increased the use of debit and credit cards</b> |         |               |                    |
|-------|-------------------|--|---------|---------------|--------------------|
|       |                   | Frequency  | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly Disagree | 7  | 10.1    | 10.1          | 10.1               |
|       | Disagree          | 11   | 15.9    | 15.9          | 33.3               |
|       | Undecided         | 21   | 30.4    | 30.4          | 63.8               |
|       | Agree             | 18   | 26.1    | 26.1          | 89.9               |
|       | Strongly Agree    | 12   | 17.4    | 17.4          | 100.0              |
|       | Total             | 69   | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 15: Distribution of Respondents for Question Eleven**

|       |                | easier for people to pay bills |         |               |                    |
|-------|----------------|--------------------------------|---------|---------------|--------------------|
|       |                | Frequency                      | Percent | Valid Percent | Cumulative Percent |
| Valid | Undecided      | 9                              | 13.0    | 13.0          | 13.0               |
|       | Agree          | 41                             | 59.4    | 59.4          | 72.5               |
|       | Strongly Agree | 19                             | 27.5    | 27.5          | 100.0              |
|       | Total          | 69                             | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 16: Distribution of Respondents for Question Twelve**

|       |                | increased the level of trust in electronic payment systems |         |               |                    |
|-------|----------------|--|---------|---------------|--------------------|
|       |                | Frequency  | Percent | Valid Percent | Cumulative Percent |
| Valid | Agree          | 36   | 52.2    | 52.2          | 52.2               |
|       | Strongly Agree | 33   | 47.8    | 47.8          | 100.0              |
|       | Total          | 69   | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 17: Distribution of Respondents for Question Thirteen**

|       |                | development of new digital payment solutions |         |               |                    |
|-------|----------------|--|---------|---------------|--------------------|
|       |                | Frequency                                    | Percent | Valid Percent | Cumulative Percent |
| Valid | Undecided      | 10   | 14.5    | 14.5          | 14.5               |
|       | Agree          | 24   | 34.8    | 34.8          | 49.3               |
|       | Strongly Agree | 35   | 50.7    | 50.7          | 100.0              |
|       | Total          | 69   | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 18: Distribution of Respondents for Question Fourteen**

|       |                | innovative banking products |         |               |                    |
|-------|----------------|-----------------------------|---------|---------------|--------------------|
|       |                | Frequency                   | Percent | Valid Percent | Cumulative Percent |
| Valid | Undecided      | 13                          | 18.8    | 18.8          | 18.8               |
|       | Agree          | 32                          | 46.4    | 46.4          | 65.2               |
|       | Strongly Agree | 24                          | 34.8    | 34.8          | 100.0              |
|       | Total          | 69                          | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 19: Distribution of Respondents for Question Fifteen**

|       |                   | collaboration among banks and fintech companies |         |               |                    |
|-------|-------------------|---|---------|---------------|--------------------|
|       |                   | Frequency                                       | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly Disagree | 16  | 23.2    | 23.2          | 23.2               |
|       | Disagree          | 16  | 23.2    | 23.2          | 46.4               |
|       | Undecided         | 16  | 23.2    | 23.2          | 69.6               |
|       | Agree             | 13  | 18.8    | 18.8          | 88.4               |
|       | Strongly Agree    | 8   | 11.6    | 11.6          | 100.0              |
|       | Total             | 69  | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 20: Distribution of Respondents for Question Sixteen**

| increased the level of technology adoption |                | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|----------------|-----------|---------|---------------|--------------------|
| Valid                                      | Disagree       | 6         | 8.7     | 8.7           | 8.7                |
|  | Undecided      | 29        | 42.0    | 42.0          | 50.7               |
|  | Agree          | 21        | 30.4    | 30.4          | 81.2               |
|  | Strongly Agree | 13        | 18.8    | 18.8          | 100.0              |
|  | Total          | 69        | 100.0   | 100.0         |                    |

Source: Field Survey, 2023

**Table 21: Electronic Payment System and Faster Banking Services in Awka**

| Correlations    |  |                         | introduction of new electronic payment options | banking services faster |
|-----------------|--|-------------------------|--|-------------------------|
| Spearman's rho  | introduction of new electronic payment options | Correlation Coefficient | 1.000  | .856**                  |
|                 |  | Sig. (2-tailed)         | .  | .000                    |
|                 | N  |                         | 69   | 69                      |
|                 | banking services faster                        | Correlation Coefficient | .856**   | 1.000                   |
| Sig. (2-tailed) |  | .000                    | .  |                         |
| N               |  | 69                      | 69   |                         |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2023

**Table 22: Electronic Payment System and reduced unbanked in Awka**

| Correlations    |  |                         | introduction of new electronic payment options | reduce the number of unbanked individuals |
|-----------------|--|-------------------------|--|---|
| Spearman's rho  | introduction of new electronic payment options | Correlation Coefficient | 1.000  | .831**                                    |
|                 |  | Sig. (2-tailed)         | .  | .000                                      |
|                 | N  |                         | 69   | 69  |
|                 | reduce the number of unbanked individuals      | Correlation Coefficient | .831**   | 1.000                                     |
| Sig. (2-tailed) |  | .000                    | .  |   |
| N               |  | 69                      | 69   |   |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2023

**Table 23: Electronic Payment System and financial innovation in Awka**

| Correlations   |  |                         | introduction of new electronic payment options | development of new digital payment solutions |
|----------------|--|-------------------------|--|--|
| Spearman's rho | introduction of new electronic payment options | Correlation Coefficient | 1.000  | .840**                                       |
|                |  | Sig. (2-tailed)         | .  | .000   |
|                |  | N                       | 69   | 69   |
|                | development of new digital payment solutions   | Correlation Coefficient | .840**   | 1.000  |
|                |  | Sig. (2-tailed)         | .000   | .  |
|                |  | N                       | 69   | 69   |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Field Survey, 2023



## CO-OPERATIVE ENTREPRENEURSHIP AND SUSTAINABILITY IN ANAMBRA STATE: CHALLENGES AND OPPORTUNITIES

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### Abstract

*The study addresses the challenges and opportunities attributed to sustainable cooperative entrepreneurship in Anambra State, Nigeria. The objectives are to investigate the economic challenges as it affects the performance of cooperative entrepreneurship and economic impact on the growth of cooperative entrepreneurship in Anambra State. The study is anchored on Stakeholders' Theory. The study adopted a descriptive survey research design in order to obtain relevant and adequate information from respondents. The population of the study was drawn using simple random sampling from eight local government areas, two each from the agricultural zones of the State and making up of four thousand two hundred and thirty-eight (4,238), while the total sample was 353. Inferential statistics used was multiple regression analysis. The result showed that cooperative entrepreneurship disruption ( $p= 0.000 < 0.05$ ) and challenges cooperative entrepreneurship ( $p= 0.000 < 0.05$ ). The study concluded that cooperative entrepreneurship disruption was a driver to entrepreneurial success and entrepreneurial innovation has been a challenge among cooperative societies. The study recommended that cooperatives should strive for larger performance in the face of adversity.*

**Keywords:** Cooperatives, entrepreneurship, disruption, challenges, opportunities.

### Introduction

In a country of over 200million individuals where survival cannot be guaranteed and becomes increasingly difficult to meet up with responsibilities via job unavailability on the part of both the private and public institutions, government have acknowledged giving priorities to entrepreneurship and ensure survival of cooperative societies in terms of aids and grants. The involvement of entrepreneurship and cooperative societies is seen in job creation and increase in standard of living that have impacted the economy (Abeh & Echukwu, 2018). cooperative societies within the limited carving space has assisted people to have power over their living standard as it channels available opportunities for the attainment of more economics goals in a competitive nation where resources are limited. Cooperative focuses on self help to members and ensures they are self-reliance thereby giving mutual assistance to individuals who wishes to start-up business or expand their business prospect to improve their socioeconomic living (Winifred & Nwankwo, 2023). In an attempt for cooperative societies to give power to members to improve their wellbeing, the business of cooperative societies has

allowed for the formation of different types of cooperative societies to include agricultural cooperative societies, producers cooperative societies, consumers cooperative societies, marketing cooperative societies etc. the formation of cooperative societies is built on cooperative identity that in togetherness, a group can achieve specified objectives that becomes too difficult as an individual (Kowo, Akinbola, & Akinrinola, 2018). Essentially, the strength of cooperative societies is on the premises of democratically controlled enterprise and member owned institutions. This therefore differentiate it from been a philanthropist organisation that are set up to benefit the interest of ungrouped individuals or investment companies controlled by shareholders interest (Roy, Lufuno, & Kola, 2018). Cooperatives are designed for the sole purpose of providing the desired services to members, and because of this structure, each member is considered as part of owners, major stakeholder and also users of the cooperative resources.

Niazi (2017), entrepreneurship is viewed as the ability to imagine the creation of new market where people takes advantage of emerging opportunities to create wealth while Agarwal and Selma (2022) towards driving the economy of every nation, entrepreneurship cannot be neglected as it reduces job losses and an instrument for a country's revenue generation. This therefore opines that the business of entrepreneurship if well formulated will be an instrument of creating more and reliable employment opportunities irrespective of the class and will also ensure a revenue drive for the government to execute developmental projects.

The participation of members and the activities of cooperative societies is being strengthened in the guiding principles of cooperative movement that allows for open membership for members and are guided by cooperative laws. The evolvement of entrepreneurship is seen to be carried out in cooperative movement as the idea is premised on facilitating changes within the society through a share believed enterprise that is focused on community wellbeing and sustainable growth. According to Rohanaraj (2021), in explaining cooperative entrepreneurship, opines that it gives recognition to human value that recognises the seven principles of cooperative than for profit making. This is said to have been the idea on which the founding fathers built cooperative principles and values on. Cooperative entrepreneurship becomes possible when individuals who shares same ideas, beliefs and wants are faced with constraints that has not been attended too either by the government or organisations. Benefits connected to cooperative enterprises are not restricted to members of cooperative communities alone but also affect positively the economy in which they are created.

Nigeria is a nation where the level of standard of living drops drastically on a daily basis. This is evident in the study of Ajayi and Chilokwu (2021) where the Nigerian labour force is characterised with high level of dissatisfaction in working condition that impaired the living condition. Despite this, individuals still strive for daily

survival to meet up with economic reality and to ensure an improved in family wellbeing. This assertion was supported in the study of Ojiagu and Ezemba (2021) who opines that the citizen's way of life is categorised as been in a deplorable state who engages in self-entrepreneurial activities for survival and not for commercial purpose as a result of inadequate capital, high cost of living standard, and uncertainty in the level of security among others. The formation of cooperative movement was tailored towards a cooperative entrepreneurship pattern that will have the ability to empower the middle and low income individuals within the society, inspire self-sustainability and to encourage economic diversity through togetherness and openness. This allowed for surplus resources to be shared and engage in activities that promote protection for vulnerable members of society and create social equity (Marinés, 2017).

Owing to the fact that cooperative societies and entrepreneurship are of importance to the society as the adoption of technology and constant changes has increased innovations that have brought about significant improvement in productivity and efficiency of cooperative entrepreneurs. Cooperative entrepreneurship stresses the idea of conducting business while solving societal difficulties and supporting in the development of members towards self-sustainability while cooperative entrepreneurship disruption refers to a concept in business where cooperative organizations (like cooperatives or co-ops) embrace disruptive technologies or approaches to bring about positive change within cooperative businesses. It therefore involves embraces the use of technology or business models to overcome traditional barriers and create new opportunities.

Unfortunately, the area of Cooperative that relates to entrepreneurship disruption is an area relatively less explored by researcher as it has not been seen with the potential of developing economic resources for individuals and nation at large. There has been little research focus on cooperative entrepreneurship. Few studies that includes Oyo-Ita, Chris-Ossai, Oputa, Sodeinde, Ogunnaike, Worlu, Ogbari, and Ukenna (2020) examined the disruptive Innovation: A Driver to Entrepreneurial Success, Ojiagu and Ezemba (2021) focuses on the nexus between cooperative entrepreneurship and social empowerment while Agarwal and Selma (2022) understudy the disruptive thinking in social entrepreneurship: Challenges and effectiveness. The present study therefore seeks to examine cooperative entrepreneurship disruption: challenges and prospect focusing on selected cooperative societies in Ekiti State.

In an attempt to address the challenges and prospect attributed to cooperative entrepreneurship, the study pursues the study objectives by seeking answers to the following research questions to what extent does economic challenges affect the performance of cooperative entrepreneurship and to what level does cooperative prospect impact the growth of cooperative entrepreneurship

## **Review of Related Literature**

### **Concept of Entrepreneurial Competence**

For every business to survive in a modest environment, the entrepreneurs need to be competent significantly in different aspects such as intellectual, attitude, behavior and managerial competence because the business process is considered to be very complex today. The role of the entrepreneur in business enterprise is pondered as a limit and it is considered through the competency approach. Due to the importance of studying entrepreneurial characteristics, the competence approach has become popular. According to Bird (1995) entrepreneurial competences has principal features such as basic and specific knowledge, traits, roles, motives, self-image and skills which is needed for business startup, survival, growth and expansion. She further opined that competencies can be seen as behavioural and observable. Man et al (2002) were of the opinion that entrepreneurial competences can be learnable and possible to change through intervention such as selection and teaching of entrepreneurship. Entrepreneurial competence in its nature showed that it is an indispensable concept for improving entrepreneurship.

Furthermore, researches conducted in the past have tried to group these entrepreneurial characteristics into means of competency areas. Most vigorous capability ranges for Jamaican businesspersons are planning, budgeting and marketing (Huck & McEwen, 1991). However, two essential competencies for entrepreneur role is capability to identify and forecast, as well as taking advantage of prospects and seeing firm creation through end results. By observing the real behavior of an entrepreneur, the features of businessperson capabilities can be examined from process perspectives. Entrepreneurial competence is the entire strength of entrepreneur to achieve the job role excellently. These competence encompasses the following major areas, which include opportunity, organizing, strategic, relationship, commitment and conceptual competencies (Man, et al, 2002).

### **Opportunity Competence**

A unique feature of entrepreneurial character is the capability to recognize and take necessary advantage of available opportunities. This specific competency is similarly related with the aptitude of entrepreneurs to pursue, develop and measure high worth opportunities that are available in the marketplace (Man, 2001). The recognition of high value opportunities stimulates entrepreneurs to build establishments and embrace substantial risks to turn the opportunity into positive result. It was revealed that a vital competency prerequisite for growing firms is the enthusiasm to seize pertinent opportunities (Snell & Lau, 1994). Entrepreneurs are also required to engage in a continuous search for products and services that could add value for the buyers or end users because the decision to exploit the opportunities depends on the entrepreneur's acquaintance of buyer demand (Choi &



Shepherd, 2004). In relation to opportunity competence, Man et al. (2002) describes opportunity competencies as relating to the identification and development of market opportunities through diverse avenues. Furthermore, Chandler and Jansen (1992) inferred that the skill to spot, visualize and take benefit of opportunities is one of most indispensable entrepreneurial roles.

In the same vein, Shane and Venkataraman (2000) proposed that vital concepts of entrepreneurship are opportunity identification and exploitation. This is operationalized by determining several behaviours which involve identifying the products desired by the customers, perceiving unmet needs of the customers, looking for beneficial product and services for the customers, and availing the best opportunities. De Koning (2003) associated the opportunity development with the entrepreneur's ability to seek, explore, develop and assess better existing opportunities in markets. One of the chief features of entrepreneur is that they can see or recognize the opportunities where others cannot do so (Allison, Chell, & Hayes, 2000).

### **Relationship Competence**

In the words of Man et al. (2002) relationship competencies is about interactions, for instance, collaboration with environment by means of persuasive aptitude, communication and interactive skill. Drawing from Bird (1995), building relationship is considered as entrepreneurial attachment with people, which involves making and reforming relationship. Furthermore, the creation of cordial relationship with the both customers, potential customers and other stake holders will help enhance the fortune of the firm. Relationship competence is vital and indisputable in this era of stiff and unending competition among firms. In a way to efficaciously secure corporate dealings with clients, entrepreneurs are engaged in relationship actions which are referred to as entrepreneurial tie that reflects building and restructuring relationships with important interested party such as consumers and suppliers (Bird, 1995).

### **Networking Competence**

The relevance of the traits and characteristics of the entrepreneur cannot be overemphasized from the perspective of their tendency to act and the influence of the social, cultural, psychological, political and economic contextual factors.

It has been observed that men and women diverge considerably in their networking skills. Men spend more time networking in order to further their business goals than do women. This doesn't imply that women are less social. In fact women value their ability to develop relationships. It may be that men integrate business into their social lives more than women do. Therefore, researchers have argued that a unique of the

key issues influencing a small-scale manufacturing creation and performance is the interactive manner in which the entrepreneurial individual characteristics network with human capital and salient aspects in the environment to impact decisions regarding fresh venture creation, performance and growth (Cheskin, 2000). In firms, entrepreneurs need to deal with numerous people like government authorities, customers, suppliers, employees, and other stakeholders. Being in touching base with a diverse group of individuals is vital for entrepreneurs as it provides them accessibility to information and additional resources (Jenssen & Greve, 2002).

Evidence suggests that small firms are engaged in networks especially in gaining advice and support from professionals and experts such as lawyers, consultants and accountants (Ramsden & Bennett, 2005).

### **Risk Taking competence**

According to Calvin (2003) Risk taking encompasses the entrepreneurs perception that he a businessman and not a mere gambler. He takes reasonable risks if he sees that he has a good likelihood of accomplishment. He looks for other alternatives to challenges and unconventional means based on risks versus returns. The study conducted by Paladan (2015) indicated that both gender respondents have a moderate level of risk taking. Bagheri & Pihie (2011) posits that risk-taking is vital to business/enterprise survival and success. Regardless of gender and ages they have the same degree of individual entrepreneurial competency.

Various research have recognized that opportunity alertness and development is the feature of entrepreneurial undertakings (De Koning, 2003). Thus to explore and develop these opportunities, entrepreneurs act under the condition of uncertainty which require them to take risks. In fascinating these roles, entrepreneurs do ensure that they avoid blindfolded actions; they study from earlier mistakes made by them and other people (Smilor, 1997). Obviously, they merely do not take risk lacking of considering the benefit and cons of the decisions. Entrepreneurs assess and examine risks in an informally manner before taking business-related decisions.

### **Cooperative and cooperative entrepreneurship**

The concept of cooperative entrepreneurship cannot be discussed outside the structure of cooperative society. Cooperative society is structured in a way that it gives a helping hand to the low income earners and the vulnerable in the society. Understanding the view point of cooperative has gone beyond its traditional approach of local communities as it has been adopted by residence in the urban communities who has seen it as a way of meeting their financial obligations. Cooperatives are societies are built on principles of sustaining democracy and self-management that are influenced by their operational principles. Cooperatives are anchored on ownership by democracy that gives all members the same tasks and the

right to partake in decision-making (Sanchez-Robles, Saura&Ribeiro-Soriano, 2023).

The definition of cooperative society by ICA, the principles and ethical values that establishes cooperative societies emphasises the importance of cooperative societies to include: Promotion of economic growth, empowering communities, promote cooperation, provide access to goods and services, encouraging responsible consumption, promoting education and training, supporting small businesses, empowering marginalized groups, encouraging democratic participation and building social capital.

According to Simkhada (2013) the business of cooperative society is vested in making available financial and non-financial services to members. Financial services engaged by cooperative societies includes saving services, loan product services (either in short, medium or long term services), insurance services (livestock insurance and member welfares scheme) while the non-financial services include Literacy and awareness-raising activities, Community development activities, Preventive and curative health care services and Training on income-generation activities. Participation in decision making of an organisation, public service or private investment is a function of academic stability, employment generation, and job versatility, measurement of individual standard of living, age and marital status. According to

### **Entrepreneurship Disruption**

The definition of Nigeria's economy is characterised by small and medium scale enterprises that operates as an entrepreneur as they have been established in various sectors of the economy, cooperative inclusive. The form of entrepreneurship in small and medium scale enterprise can be hairdresser, barber, farming, beverages, raw food items or restaurants (Winifred & Nwankwo, 2023). The purpose of entrepreneurship either in a small or medium scale is the maximisation of profit or satisfaction of an identified purpose of providing goods and services. Therefore, entrepreneurship is a business initiative that grows with an individual with the perception of generating revenue by making resources available to meeting identified objective. The business of entrepreneurship is not limited to making resources available, it deals with a creative mind to generating the needs of the society (Katekhaye & Magda, 2017). An individual with a business idea is referred to as an entrepreneur, the business of an entrepreneur is referred to as an enterprise and the activities involved by the individual in the business is referred to as entrepreneurship. Therefore, anyone who sets up a business taking into consideration financial risk, making a living and with the motive of adding value to the society is an entrepreneur.

The idea behind cooperative entrepreneurship disruption is to leverage the benefits of collaboration and cooperation while also harnessing the power of disruptive

forces to drive transformation and progress. This approach aims to challenge the status quo and outdated practices, leading to improvements in efficiency, competitiveness, and sustainability.

### **Organizational performance of SMEs**

Performance is what determines the life span of any establishment that ensures its Survival continuity and growth. SME performance represent a very central fragment of the Nigeria economy. The SME segment of the economy is a maindevice which inspires the development of jobs and formation of wealth in the economic system of the country. Performance of SMEs represent a noteworthy part that is related to the consolidation and improvement of the country (Enila & Ektebang, 2014). Performance and progress of the SMEs in manufacturing, services and agriculture, has been perceived as the paramount drive and has immensely added to the economy of Nigeria. Sustainable progress and the proliferation of SME performance, will open abundant doors for employment openings in the environment (Enila & Ektebang, 2014).

### **Empirical Review**

Several scholars has over time tried to look at the various construct under study. Ibidunni, Atolagbe, Obi, Olokundun, Oke, Amaihian, Borishade and Obaoye (2018) did a work where they examined the how entrepreneurial orientation affect entrepreneurial competencies and performance. The descriptive research design was used in their study. The primary data was collected through the use of questionnaire. A total population of 1500 senior managerial cadre employees was identified, and a sample of 316 employees was drawn from their study. However, 232 copies which represented 73.4% of the distributed questionnaire was used in the study. The simple random sampling was used. The data analysis was done using hierarchical multiple regression. The outcomes shown that entrepreneurial competences have a linear influence on Agro-based SMEs performance. Sanchez (2011) surveyed how entrepreneurial competencies influence small firm performance. A survey research was carried out of which a total of 700 business owners was identified. From the 700 people, 450 questionnaire was correctly filled and used for the study.

The structural equation model was employed for data analysis. The outcomes showed that entrepreneurs competence influence firms performance. They also observed that these competence of entrepreneur have dominant role in enhancing business ability and competitive scope.

Nwachukwu, Chladkova and Zufan (2017) studied the link among entrepreneurial competencies and firm performance. Several literature review was carried out in a way to come up with a valid result. They argued that entrepreneurial competence is extremely vital for the success of firms. Again, they asserted that opportunity

seeking is paramount in the literature of entrepreneurial leadership. They observed that competence of entrepreneurial has positive relationship with SMEs business performance. Umar and Ngah (2016) surveyed the link among entrepreneurial competencies and business success of SMEs in Malaysian. They did a conceptual review in a way to identify the relationship between the variables. From their study, they remarked that entrepreneurial competence is the vital factor needed when the business domain is dynamic and hostile. They also observed that competence of entrepreneur has a direct relationship with firms performance.

Tamyez, Ali and Ishak (2017) investigated how competence of entrepreneur and its networks relate with entrepreneur success of contractors of small size in Malaysia. The quantitative approach was adopted. The stratified random sampling was used. The primary data was gotten through questionnaire and a sample size of 368 respondents was covered. The regression analysis was carried out. The result revealed that personal competence has the greatest impact on the success of a firm with Beta value of 0.405. They observed that all the dimensions of entrepreneurial competence, do significantly related with the success of the firm with the exception of social responsibility. They observed that networking competence (inter-organizational network and social network) significantly relate with business success with Beta value of 0.231 and 0.223 respectively. Bendassolli, Borges – Andrade Gondim and Makhamed (2016) examined performance, self-regulation and entrepreneurs competencies of Brazilian creative industry. A convenience sampling was used in the study questionnaire was used to collect relevant data from the respondent. 295 experts of the Brazilian creative industry was covered. The data was analyzed using both multivariate multiple linear regression and factor analysis. The result revealed that strategy and planning competencies were predictors of performance with  $R^2 = 0.20$ . Social relationship and career predict performance with  $R^2 = 0.24$ .

## **Theoretical Framework**

### **Stakeholder Theory**

The creation entrepreneurship rationale for stakeholder management places enterprises at the centre of a union of stakeholders. Stakeholder theory was prounded by Freeman in 1944. According to Freeman (1994), a company's stakeholders include any group of people who have an impact on or are negatively impacted by the company, including its shareholders, vendors, personnel, consumers, competition, local communities where the company works, regulatory bodies, and so on (Touboulic and Walker, 2015).

Many organizations may confront various crises or epidemics. Hermann (1963) defined a crisis as "an unexpected threat to the fundamental principles of an organization, requiring a swift response." Within an organization, its employees can

be seen as one of these fundamental principles. They represent the essential workforce responsible for the daily operations, particularly the blue-collar workers.

Phillips (1997) suggests that every organization relies on different groups for its success, which we can refer to as stakeholders. These are individuals or entities that have an influence on a business, both from within and outside. Employees are also among these stakeholders.

Phillips (2007) emphasizes that the management team should prioritize serving the collective interests of the company's stakeholders over serving the interests of society at large. These stakeholders encompass a broad spectrum, ranging from the society in which the organization operates to the employees who sustain it. The organization has a responsibility to ensure that its employees are following the best path, not only for the benefit of society but also for their own well-being.

Most businesses have opted to outsource and expand various manufacturing and supply chain operations, leading to an increased dependence on international suppliers and heightened complexity. This heightened reliance has also rendered them more vulnerable to disruptions in their supply chains, as noted by Bozarth and Handfield (2016, p. 226). Such disruptions can be triggered by a range of external factors that are beyond the company's control, including events like the Covid-19 pandemic and other natural disasters.

This growing dependency on external partners is explained by the resource dependence theory. Rooted in a social exchange theoretical framework, resource dependence theory (RDT) considers cross-management as a strategic response to situations characterized by uncertainty and interdependence among market participants (Heide 1994). RDT primarily investigates how certain companies come to rely on others for essential resources, including goods and materials, and how organizations can effectively manage such interdependent relationships (Jajja et al., 2017). It is widely believed that the uneven interdependence inherent in these relationships plays a crucial role in reducing environmental uncertainty (Ketchen and Hult 2007). Because supply chain participants frequently collaborate to achieve shared objectives and become more dependent on one another, RDT places a strong emphasis on the impact of pandemics on the resources that may have an impact on logistics businesses' operating capacities. The availability of goods, information, and the demand for them along the supply chain are examples of these resources.

### **Methodology**

The study adopts a descriptive survey research design. This was done to obtain relevant and adequate information from respondents. The research was carried out in Ekiti State, Nigeria. Ekiti State majorly is an entrepreneurial state where the citizens depend majorly of entrepreneurship as a civil service state. The population of the study is restricted to participants of cooperative societies in the Ekiti Central

Senatorial District that comprises of Ado, Efon, Ekiti West, Irepodun/Ifelodun and Ijero Local Government. The Ministry of Local Government (2023) sum up the total population in the selected local government to be four thousand two hundred and thirty-eight (4,238) while the total sampling size is 353 and the total sampling techniques for respective Local Government are thus:

The study adopted a systematic sampling to select participants for the study while questionnaires were used for data analysis. The research instrument was validated through content validity and the accuracy of the questionnaire was checked through the application of Cronbach Alpha with a score of 0.78 (or 78%).

### **Results and Discussion**

The sex distribution of respondents revealed that one hundred and fifty-four (60.6%) of the respondents are male while one hundred of the respondents are female respondents. Age distribution of respondents revealed that fifteen (5.9%) of the respondents are between 21-30years, sixteen (6.3%) of the respondents are between 31-40years, one hundred and fifteen (45.3%) of the respondents are between 41-50years old while one hundred and eight (42.5%) of the respondents are above 51years.

Marital status of the respondents showed that ninety-seven (38.2%) of the respondents are single, one hundred and thirty-four (52.8%) of the respondents are married while twenty-three (9.1%) of the respondents are divorced. Salary distribution of the respondents indicated that nineteen (7.5%) of the respondents received between N50,000 to N100,000 in the course of the business, forty-three (16.9%) of the respondents received between N100,000 to N200,000 inform of salary, fifty-seven (22.4%) of the respondents receive between N210,000 to N400,000 as salary while one hundred and thirty-five (53.1%) of the respondents receive salary.

Occupation of the respondents indicated that four (1.6%) of the respondents are farmers, eighty-seven (34.3%) of the respondents are civil servants while one hundred and sixty-three (64.2%) of the respondents are traders. Cooperative society of the respondents showed that six (2.4%) of the respondents have being with the cooperative below 3years, ninety-five (37.4%) of the respondents have spent between 4-6years with the cooperative, one hundred and fifty-three (60.2%) of the respondents have spent 7years and above with the cooperative society.

Household of the respondents revealed that one hundred and nine (42.9%) of the respondents have below three children in the family, one hundred and forty-three (56.3%) of the respondents have between 3 to 5 children and two (.8%) of the respondents have 5 and above children in the family.

**Table 3: Demographic distribution of Respondents**

|                            | <b>Frequency</b> | <b>Percent</b> |
|----------------------------|------------------|----------------|
| <b>Sex Distribution</b>    |                  |                |
| Male                       | 154              | 60.6           |
| Female                     | 100              | 39.4           |
| Total                      | 254              | 100.0          |
| <b>Age Distribution</b>    |                  |                |
| 21-30Years                 | 15               | 5.9            |
| 31-40Years                 | 16               | 6.3            |
| 41-50Years                 | 115              | 45.3           |
| Above 51Years              | 108              | 42.5           |
| Total                      | 254              | 100.0          |
| <b>Marital Status</b>      |                  |                |
| Single                     | 97               | 38.2           |
| Married                    | 134              | 52.8           |
| Divorced                   | 23               | 9.1            |
| Total                      | 254              | 100.0          |
| <b>Salary Distribution</b> |                  |                |
| N50,000 to N100,000        | 19               | 7.5            |
| N100,000 to N200,000       | 43               | 16.9           |
| N210,000 to N400,000       | 57               | 22.4           |
| Above N400,000             | 135              | 53.1           |
| Total                      | 254              | 100.0          |
| <b>Occupation</b>          |                  |                |
| Farmer                     | 4                | 1.6            |
| Civil Servant              | 87               | 34.3           |
| Trader                     | 163              | 64.2           |
| Total                      | 354              | 100.0          |
| <b>Cooperative Society</b> |                  |                |
| Below 3Years               | 6                | 2.4            |
| 4-6Years                   | 95               | 37.4           |
| 7Years and above           | 153              | 60.2           |
| Total                      | 254              | 100.0          |
| <b>Household</b>           |                  |                |
| Below 3                    | 109              | 42.9           |
| 3 to 5                     | 143              | 56.3           |
| 5 and Above                | 2                | .8             |
| Total                      | 254              | 100.0          |

**Cooperative Entrepreneurship Disruption: Challenges and Opportunities**

To test this hypothesis, the respondents’ scores on two variables of agricultural cooperative (cooperative entrepreneurship disruption and challenges cooperative entrepreneurship) and opportunity of cooperative entrepreneurship were computed and subjected to multiple regression analysis. From Table 4, the R (correlation Coefficient) gives a positive value of 0.917; this indicates that there is a very strong



and positive relationship between agricultural cooperative and opportunity of cooperative entrepreneurship. The  $R^2$  is a portion of the total variation in the dependent variable that is explained by the variation in the independent variables. From the results obtained,  $R^2$  is equal to 0.840, this implies that agricultural cooperative brought about 84% variance in opportunity of cooperative entrepreneurship, this is further proven by the adjusted  $R^2$  that shows the goodness of fit of the model which gives a value of 0.839, implying that when all errors are corrected and adjustments are made, the model can only account for 83.9% by agricultural cooperative; while the remaining 16.1% are explained by the error term in the model as shown in Table 4.

The unstandardized beta co-efficient of cooperative entrepreneurship disruption is 0.597 with  $t= 14.832$  and ( $p= 0.000 < 0.05$ ). These results showed that cooperative entrepreneurship disruption have a positive relationship with opportunity of cooperative entrepreneurship. This suggest that cooperative society is structured in a way that it gives a helping hand to the low income earners, disruptive innovation is a necessity for cooperative entrepreneurial that seek bigger performance, cooperative entrepreneurship disruption is a driver to entrepreneurial success and entrepreneurial disruption has not been effective within cooperative societies.

From the Table 4 discussed, and by F-Stat. 659.601  $p$ -value  $0.000 < .05$ , it showed that the null hypothesis, agricultural cooperative does not significantly affect opportunity of cooperative entrepreneurship is not true therefore, the null hypothesis is rejected. Based on this, we accepted the alternative hypothesis that agricultural cooperative has effect on opportunity of cooperative entrepreneurship.

**Table 4: Cooperative Entrepreneurship Disruption: Challenges and Opportunities**

| Variable                                | Co-eff.       | Std. Error | t-value | Sig.  |
|---|---------------|------------|---------|-------|
| Constant                                | 0.582         | 0.138      | 4.205   | 0.000 |
| Social-Economic factor                  | 0.597         | 0.040      | 14.832  | 0.000 |
| Challenges cooperative entrepreneurship | 0.239         | 0.058      | 4.105   | 0.000 |
| R                                       | 0.917         |            |         |       |
| R Square                                | 0.840         |            |         |       |
| Adj. R Square                           | 0.839         |            |         |       |
| F Stat.                                 | 659.601(.000) |            |         |       |

*Dependent Variable: Opportunity of cooperative entrepreneurship*

## **Conclusion**

The study concluded that cooperative society is structured in a way that it gives a helping hand to the low-income earners, disruptive innovation is a necessity for cooperative entrepreneurial that seek bigger performance, cooperative entrepreneurship disruption is a driver to entrepreneurial success and entrepreneurial disruption has not been effective within cooperative societies. Cooperative entrepreneurship still battles with challenges despite the establishment of government agencies, lack of hard work, management skills, and good customer services are challenges of cooperative entrepreneurship and cooperative entrepreneurship growth are not encouraged by governments through effective and efficient government policies.

## **Recommendations**

The study based on the findings and conclusion, the study recommended the following:

- i. From elementary school through university education, the government should include cooperative education as a subject in the curriculum. Cooperative members will be better equipped to comprehend the role that cooperatives play in rural development and agriculture as a result.
- ii. In order to support farmers in joining cooperative organisations and pooling their limited resources for increased productivity and sustainable agriculture, sufficient awareness campaigns should be developed.

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# DIGITAL TRANSFORMATION AS A TOOL IN MEASURING BUSINESS PERFORMANCE OF SMALL & MEDIUM ENTERPRISES IN OWERRI, IMO STATE.

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## **Abstract**

*Digital transformation which is imperative for all businesses, from the small to the big enterprise, is the process of using digital technologies to create new or modify existing business processes, culture, and customer experiences to meet changing business and market requirements. The purpose of this paper is to investigate how digital transformation affects marketing activities in small and medium-sized enterprises (SMEs) in Owerri, Imo State. The primary research question focuses on the current evolution of marketing activities performed by organizations. A descriptive research design was used. The conceptual framework was developed to identify the variables, dimensions and indicators to prepare effective questionnaire. The primary data are collected through questionnaire which consists of 34 questions to each relevant area. The questionnaire was distributed among 50. The study employed regression technique and based on the hypothesis tested, it was clear that there is strong positive relationship between all independent variables (Compatibility, Cost Effectiveness, Trust and Interactivity) and dependent variable (Business Performance) in the conceptual framework. Hypothesis of all null hypotheses are rejected and alternative hypothesis of all variables have to be accepted. It can be proved on significant test of analysis with evaluating Sig. value less than alpha (0.05) level ( $0.000 < 0.05$ ). It means all independent variables have an impact to the dependent variable. The findings shown that digital technologies are widely used in marketing in the enterprises studied, despite the fact that these technologies are often classified as traditional tools. IT technologies and digital tools also have an impact on marketing, assisting in the development of customer relationships and increasing the value of each organization.*

**Keywords:** *Digital business performance, cost effectiveness, SMEs, Owerri, Nigeria.*

## **Introduction**

The potential of digital transformation to drive trade and economic growth, and bridge inequalities between African nations and the rest of the world, is widely recognised (Department of International Relations and Cooperation, 2019). Digital transformation entails the deployment of new technologies to change an organisation's processes, products, services and even their underpinning business model.

Simply put, digital transformation is “the use of technology to radically improve performance or reach of enterprises” (Westerman et al., 2014). However, the United Nations General Secretary, Antonio Guterres, recently concluded that although “digital advances have created enormous wealth in record time”, it was

“concentrated around a small number of individuals, companies and countries”, and that “we must work to close the digital divide, where more than half the world has limited or no access to the Internet” (United Nations, 2019).

In Nigeria, the adoption of mobile phones, social media and internet technologies has reached new levels in recent years, with internet penetration increasing at about 10% every year, and active GSM subscriber lines growing from 145 million in 2017 to 184 million at the end of 2019 (Nigerian Communications Commission, 2020). This increased adoption of digital technologies for personal use has engendered a growing demand for digital services and products in the commercial arena. The adoption of digital transformation initiatives by Nigerian businesses, however, is generally still in the early stages, with financial institutions, start-ups and small businesses leading the search for creative and innovative approaches to deliver digital products and services to customers.

Digital transformation manifests itself through the incorporation of digital technologies into all operational aspects of an organization's activities. Technology, which was previously used to reduce costs and improve business processes, has revealed its potential to determine the overall direction of change in an organization's functioning. Today, we can see a phenomenon known as the "digital revolution," which denotes fundamental changes in consumer behavior and lifestyle, as well as the organization of economic relations. All of this is due to the growing importance of ICT (information and communication technologies) and the Internet, which have altered how information and data are obtained and processed, as well as transformed how people communicate and establish relationships with one another. Digital marketing is defined as the use of digital technologies and media to achieve marketing goals (Arora, 2013). In organizations that are in the early stages of digital transformation, technology is viewed as a tool that improves organizational performance while leaving the previous operational framework and principles untouched. Technology has greater potential, and in its most advanced form, it has the potential to lead to a complete organizational change based on modern tools (Bakri, 2017).

Digital transformation is primarily concerned with the transformation of an organization and the processes that occur within it in order to introduce a new approach to products, customers, or services. It is not simply a matter of making existing processes more efficient or effective with the aid of modern technologies. A business places the customer, his needs, and preferences, at the center of its operations. He also becomes a value co-creator, emphasizing the importance of marketing in the age of digital transformation. Thus, conducting research on this topic with SMEs would add to our understanding of digital transformation, marketing, and sustainability. The research gap was identified as a lack of research

on how SMEs could use ICT tools and techniques to improve digital transformation and achieve long-term development.

Efficient execution of business processes is vital to the success of any business especially in this challenging period posed by the Covid-19 pandemic and global economic challenges. Many businesses in Nigeria are still held back by their traditional ways of engaging business processes in a business world evolving with artificial intelligence. The business leader's ways of doing business makes it difficult to grow new business and not effectively managing business process transition. Many businesses are finding it difficult to revamp their business model and redesign their operating model to boost a digital strategy to overcome the present business harsh realities and take advantage of growing consumer demand. Due to the traditional method of engaging business transformation, the businesses have been unable to stay afloat and take advantage of business growth opportunities. Should this trend continue with many businesses not reengineering their business processes, the resultant effect could be crashing of many businesses, loss of jobs, less economic productivity, and lack of competitiveness in the global scale.

The objectives of this study are to investigate the relationship between digital transformation and business performance of small & medium enterprises and to examine the impact of digital compatibility, cost effectiveness, trust and interactivity to business performance.

The following hypotheses was used for testing the relationship between variables to ensure the achievement of research objectives:

Hypotheses 01: Compatibility has an impact to business performance.

Hypotheses 02: Cost effectiveness has an impact to business performance.

Hypotheses 03: Trust has an impact to business performance.

Hypotheses 04: Interactivity has an impact to business performance.

## **Review of Related Literature**

### **Digital Transformation**

Digital transformation is the process of adoption and implementation of digital technology by an organization in order to create new or modify existing products, services and operations by the means of translating business processes into a digital format.

According to one definition of digital transformation from (Ferrer, 2011). Digital transformation is a change caused or influenced by the use of digital technology in all aspects of human life. In contrast to the definition of (Grandon and Pearson,



2004), digital transformation is defined as the use of technology to generally improve a company's performance or reach.

Another definition comes from (Lumsden, 2015), which states that digital transformation is the third and highest level of digital skills attained. It occurs when digital use facilitates innovation and creativity, as well as encourages significant changes in professional or knowledge fields. Furthermore, digital transformation is defined as “a rapid change in all strategies because demands must change, operations must be digital, and extended supply chain relationships must be extended.”

Furthermore, it necessitates the functional use of the internet in design, manufacturing, marketing, sales, and presentation, as part of a data-driven management model”.

Security, simulation, the internet, cyber security, and blockchain are also included (Hakala, 2013). Some of these definitions indicate that when using digital transformation, there is a comprehensive motivation, innovation, and consequences. As a result, SMEs can easily carry out digital design of business model choices, information technology and understanding, evaluation, digital value network design, and customer feedback (Hakala, 2013). Furthermore, establishing open lines of communication between entrepreneurs and information technology specialists can help to prevent fraud (Henseler, 2010).

### Small and Medium Enterprises in Nigeria

Nigeria is home to **over** 36.9 million SMEs, comprising 96.7% of all businesses in Nigeria. 67% of these businesses are youth-owned. SMEs contribute over 45% to the country's gross domestic product (GDP), with 98.8% of them in the micro cadre. They account for nearly 90% of the jobs in the country.

Enterprises vary in sizes, structure and complexities, but are generally characterized by the utilization of resources towards the attainment of predetermined ends. Broadly, enterprises are categorized into micro, small, medium and large organizations. Micro enterprises typically include street vendors, petty/artisanal business etc.

**Table 1: Categorization of SMEs in Nigeria**

| S/N | Size Category      | Employment   | Assets (=N= Million)<br>(excl. land and buildings) |
|-----|--------------------|--------------|--|
| 1   | Micro enterprises  | Less than 10 | Less than 5  |
| 2   | Small enterprises  | 10 to 49     | 5 to less than 50                                  |
| 3   | Medium enterprises | 50 to 199    | 50 to less than 500                                |

Source: SMEDAN (2021).

Micro enterprises are not expected to fulfill stringent regulatory requirements and largely operate in the informal sector of the economy especially in developing economies. In contrast, small and medium sized enterprises (SMEs) are larger in size, demands relative formal structure, are impacted substantially by business environmental factors and accounts for a considerable percentage of all businesses in the “formal sector” of an economy.

The pervasive nature of SMEs in virtually every sector of the Nigerian economy and their place in national development is well established and documented. These include enhancing diversification and expansion of industrial base, utilization of local materials and skills, increased government revenue, wealth creation, poverty reduction and curbing rural-urban migration etc. The economic imperatives of SMEs are also apparent in the mobilization of idle financial resources, creating competition by offering varieties of products and services, reducing pressure on foreign exchange demand through import substitution, providing intermediate services and supplies to large firms, employment generation, source for innovation etc. (Dimoji & Onwuneme, 2016).

In realization of the centrality of SMEs as drivers of economic growth in Nigeria through ensuring a shift from crude oil export as a major source of government revenue to an industrial and service driven economy, concerted efforts in terms of policy guidelines and interventions have been initiated and implemented by successive governments at all levels to accelerate the growth and viability of the SME sector. Agencies such as Small and Micro Enterprise Development Agency (SMEDAN), and the Bank of industry, for instance, were established to provide technical support and low interest loans, while the Small and Medium Enterprise Industries Equity Investment Scheme (SMIEIS) mandates commercial banks to invest at least 10% of their pre-tax profit in SMEs. In 2014 the Central Bank of Nigeria (CBN) launched 220 Billion naira SMEs intervention fund.

However, despite the quantum of efforts by successive governments and other stakeholders, majority of newly established SMEs fail to survive their first two years, while existing ones are either shutting or operating at sub-optimal levels. This assertion is corroborated by Thompson and MacMillan (2010), who posited that "the failure rate for start-ups is high. And new ventures in emerging economies face such challenges as uncertain prices and cost, non-existent or unreliable infrastructure, and unpredictable competitive response". The high rate of SME mortality calls for scrutiny of internal operational effectiveness and efficiency, as well as an understanding of the intricate web of external environmental factors capable of impeding SMEs ability and flexibility to take advantage of business opportunities needed for growth and profitability. The vast population of Nigeria offers large

market to be exploited by SMEs and the business environment no doubt presents a number of inherent challenges for SMEs to overcome.

### **SMEs and Adaptation of Digital Transformation in Nigeria**

The use of internet technology in the work place has become common place (Chen et al., 2008). The internet-enabled communication media enables organizations to conduct business from anywhere at any time (Chen et al., 2008). A number of studies examined the use of Facebook among SMEs and discovered that SMEs used Facebook for a variety of organizational goals such as marketing, communication, sales, advertising, innovation, problem resolution, customer service, human resources, information technology, driving cultural change and advertising on social networks (Udechukwu, 2019). According to Meske and Stieglitz (2013), SMEs use social media technologies such as Facebook to communicate with their customers as well as to support internal communication and collaboration. According to a study conducted among SME managers in the Portharcourt, Rivers State, firm innovativeness, age, and geographic location all have a significant impact on SMEs' adoption of Social media tools (Udechukwu, 2019). SMEs, on the other hand, will use social media if these applications provide a significant amount of relevant and high-quality up-to-date content. According to Zeiller and Schauer (2011) a number of studies has shown that factors such as compatibility (Wang et al., 2010), cost effectiveness (Chong and Chan, 2012), trust (Chai et al., 2011), and interactivity (Lee and Kozar, 2012) influence social media adoption. The relationships are described in the following paragraphs.

#### ***i. Compatibility***

According to the DOI theory, compatibility refers to how well an innovation fits with the potential adopter's existing values, past practices, and current needs (Rogers, 2010). Compatibility has been identified as a critical factor in the adoption of innovation (Wong, 2012). Firms are more likely to consider adopting new technology when it is recognized as compatible with work application systems. Many studies have been conducted to investigate the impact of compatibility on technology adoption, with both positive and negative findings.

According to Derham et al., (2011), embedding digital transformation in businesses would be a good idea because it allows businesses to effectively niche their target customers and share content about their products and services almost instantly. Because the findings are inconclusive, it is worthwhile to investigate the impact of compatibility on digital transformation.

#### ***ii. Cost Effectiveness***

Previous research highlighted the importance of cost in technology adoption and utilization and discovered a direct and significant relationship between cost and

technology adoption. According to studies, cost effectiveness is an important factor in the adoption of new technologies (Chong and Chan, 2012). Because of the low cost, low barriers to participation, and low level of IT skills required to use it, digital transformation is appropriate for SMEs (Derham et al., 2011). Dixon et al. (2002) contended that SMEs are less likely to adopt ICT if the initial set-up cost is high. Alam (2009) discovered that the cost of adoption has a significant effect on internet adoption among SMEs in Nigeria. Tan et al. (2009), on the other hand, discovered that cost had no significant effect on ICT adoption. In a similar study, Alam and Noor (2009) discovered that perceived cost had no direct impact on ICT adoption. However, because social media is a low-cost technology, organizations can have direct communication with customers at a low cost (Kaplan and Haenlein, 2010).

### ***iii. Trust***

Trust is a multifaceted concept. McKnight et al. (2002) in their studies looked into various types of trust. The institution-based trust would be a better fit for this study. They distinguished between two types of institutional-based trust: situational normalcy and structural assurance. The belief that success is expected because the situation is normal is referred to as situational normalcy. Whereas structural assurances refer to the belief that positive outcomes are likely as a result of contextual structures such as contracts, regulations, and guarantees. Choudhury and Karahanna (2008) extended McKnight et al (2002).’s framework by proposing the existence of a new type of trust, namely informational trust.

Informational trust is defined as a user's belief in the dependability, credibility, and accuracy of information obtained from Facebook and is a significant factor influencing usage (Chai et al., 2011). The positive customer relationship, which social media facilitates, is a critical success factor for small businesses. Experts within the organization could use social media to share their ideas, opinions, and knowledge in response to customer inquiries (Schaffer, 2013). In the context of SMEs, organizations post a lot of information about their organization, products, services, and other promotional activities, as well as obtain information and knowledge from Facebook. As a result, structural assurance and informational trust may be required in order to use Facebook for work-related purposes.

### ***iv. Interactivity***

Previous research has discovered that the successful interaction between humans and technology is a critical factor in the design and implementation of information systems (Lee and Kozar, 2012). Among the various design characteristics, interactivity stands out as a key and distinguishing factor that influences users' reactions to new technologies such as websites (Jiang and Benbasat, 2007). Social media, such as Facebook, is classified as interactive media. It allows for two-way communication rather than one-way transmissions or distributions of information to

a target audience (Mayfield, 2008). Handayani and Lisdianingrum (2011) investigated Facebook adoption and use in two Indonesian SMEs and concluded that if properly managed, Facebook can be an effective free online marketing tool. As a result, given Facebook's interactive nature, the interactivity construct may have a significant impact on Facebook usage.

### **Impact of Digital Transformation on Business Performance for SMEs in Nigeria**

Several studies have demonstrated that technology can improve business processes and performance (Gera and Gu, 2004; Paniagua and Sapena, 2014; Hakala and Kohtamäki, 2011). Some researchers have discovered that corporate adoption of social media has advantages, and several have discovered a positive relationship between social media adoption and corporate performance (Ainin et al., 2015). Rodriguez et al. (2015) discovered that social media use improved customer-facing activities and, as a result, sales performance. According to Ferrer et al. (2013), the use of social media improves organizational social capital, which in turn improves performance. Wong (2012) discovered that Facebook adoption improved the sales performance of SMEs. According to Hassan et al. (2015), social media can have a significant impact on business by influencing purchasing decisions. These findings are consistent with previous research on technology adoption, which discovered that technology adoption had a positive impact on both financial and non-financial performance.

### **Methodology**

The methodology is to develop a conceptual framework and to explain the methodology through which research study has been conducted. In the conceptual framework independent and dependent variables related to the study will be identified. Moreover, by using theoretical perspectives discussed in the previous chapter conceptual framework has been developed. Then the chapter explains how the research has been conducted consisting operationalization, data collection and sampling, data analysis and finally the limitations of the study.

Based on the literature reviewed in the previous chapter, the effectiveness of using digital marketing tools in measuring the performance of small and medium enterprise in Owerri, Imo State can be shown below. According to Ainin (2015), four types of variables in SMEs affect their performance: source compatibility (C), cost effectiveness (CE), trust (T), and interactivity (I).

According to Akar and Topcu (2011), the dimensions for source compatibility and cost effectiveness are managing blogs, uploading videos or photos, time on site, bounce rate, and reach on site. These variables have been measured by subsequent researchers and can be viewed as major predictors of source business performance.

Another significant study that has contributed to the field of digital transformation, findings explain that Trust and Interactivity content must be viewed in a broader context in terms of advertising, official blogging, and newsletter (Kaye, 2014). Following variables were chosen from the above study of variables identified by different researchers to determine the effectiveness of digital transformation on the business performance of SMEs in Owerri. Due to the availability of a limited time frame, a limited number of variables were chosen based on their importance in previous research findings. In order to provide a 360-degree view, the variables chosen represent personal, social, and psychological areas. Furthermore, because digital transformation is still a new area in Nigeria, and because of differences in local lifestyle and the countries where previous research studies were conducted, some variables were eliminated.

### ***The Conceptual Framework***

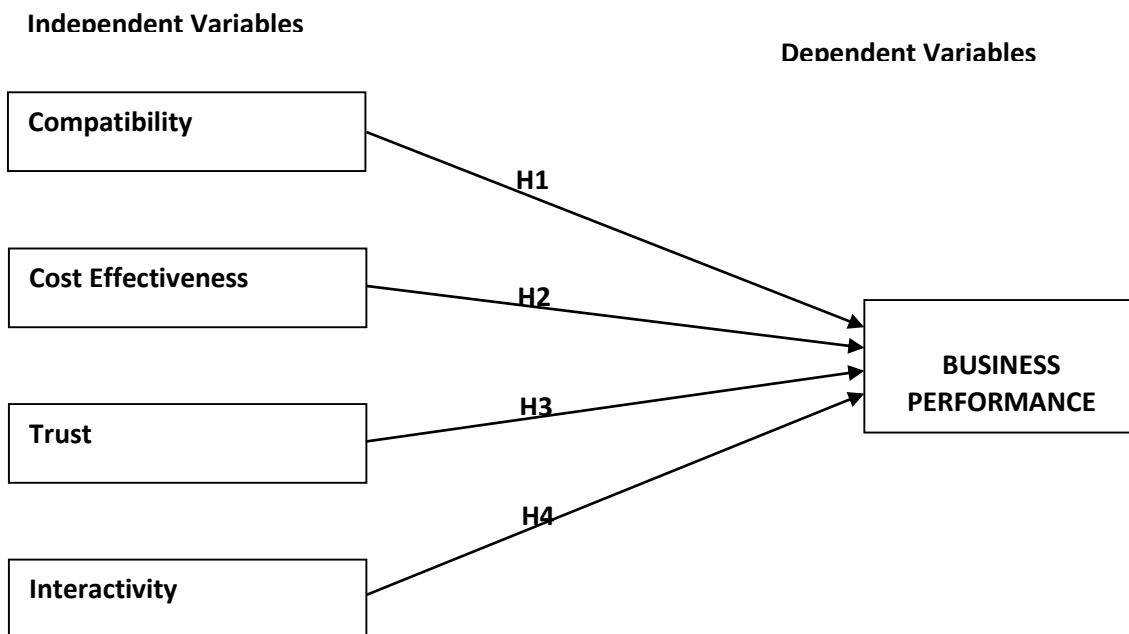


Figure 1: Conceptual framework

### **Research Design**

A descriptive research design is used for this study and as a quantitative research using questionnaire to collect primary data on digital transformation as a tool in measuring business performance of small & medium scale businesses using journals, scholar articles and past research studies, the secondary data are collected and by developing literature review, the conceptual frame work is developed to identify the variables, dimensions and indicators to prepare effective questionnaire. The primary data are collected through questionnaire which consists of 34 questions to each

relevant area. The questionnaire was distributed among 50 respondents according to the selection of population. To get the right understanding about subject matter multiple choice questions and scaling questions were used in questionnaire.

The questionnaire consists of 34 questions relating to the research study. The questionnaire is divided into 3 parts. First part is to collect the general information relating to digital transformation; to collect information relating to compatibility on Digital transformation as it relates to SMEs', cost effectiveness, trust and interactivity on Digital transformation. Section four includes measure on business performance of SMEs; consists with four questions. First part consist of 5 points likert scaling questions to ask the extent to which they agree on particular statement which is coded as 5 – strongly agree, 4 – agree, 3- neutral, 2- disagree and 1- strongly disagree. The second part includes ten questions relating to the indicators of operationalization table where in fourth part, there are four questions relating to business performance.

Section three consists of questions related to respondent's demographic data. This part includes five questions and was designed to identify respondents' demographic data including Social Media tools, no of years, annual turnover and no of employees.

### **Sample design**

When analyzed and define the total sample of the research, firstly should be considered the total population regarding Social Media usage of total SMEs in Owerri.

Currently 1,296,386 SMEs are operating their business in Imo State, this includes auxiliary services (SMEDAN, 2021). This study focus on the state capital Owerri because most of the SMEs owners in other rural areas of the state are not conversant with Android phone/Computer usage. The researcher was able to identify 133 SMEs in Owerri that employs Digital transformation in their businesses. The population of the study is 133.

Simple random sampling was used as the sample technique due to the fact that each respondent in the population has known and equal probability of selection and each respondent selected independently; sampling element would be each independent individual selected from target population. Base on simple random sampling, The research is limited to 50 randomly selected SME operators out of a pool of 133 identified SMEs operators that uses Digital transformation in Owerri, Imo State.

### **Analysis**

Here the estimation information identified with test profile was analyzed and deciphered.

### Social Media Tool

Table 3: Social Media Tool

| Social Media Tool | Frequency | Percentage | Valid Percentage | Cumulative Percentage |
|-------------------|-----------|------------|------------------|-----------------------|
| Valid Facebook    | 30        | 60.0       | 60.0             | 60.0                  |
| Valid You Tube    | 10        | 20.0       | 20.0             | 80.0                  |
| Valid Instagram   | 4         | 8.0        | 8.0              | 88.0                  |
| Valid LinkendIn   | 6         | 12.0       | 12.0             | 100.0                 |
| Total             | 50        | 100.0      | 100.0            |                       |

Most number of SMEs use Facebook as a Social Media platform to promote their brand and marketing activities. It represents 60% of total sample. Secondly SMEs pay their attention to use YouTube. It shows 20%. They pay less attention to Instagram, it shows 8%. Most companies try to increase usage of LinkedIn to get interaction for corporate communication.

### Descriptive Statistics

With a particular extreme target to gap and hypothesis theory expert have inspected the information amassed through the analysis by methodology for SPSS 25 system and this engages and give the mean estimation of each factor in the sensible structure. Taking after tables will give the mean worth to each factor.

Table 4: Descriptive Statistics Table

| Descriptive Statistics |           |           |           |           |                |           |            |
|------------------------|-----------|-----------|-----------|-----------|----------------|-----------|------------|
|                        | N         | Minimum   | Maximum   | Mean      | Std. Deviation | Skewness  |            |
|                        | Statistic | Statistic | Statistic | Statistic | Statistic      | Statistic | Std. Error |
| Compatibility          | 50        | 2.40      | 5.00      | 3.9480    | .63092         | -.397     | .337       |
| Cost Effectiveness     | 50        | 2.20      | 4.60      | 3.7600    | .54660         | -1.281    | .337       |
| Trust                  | 50        | 2.60      | 5.00      | 3.9200    | .54361         | -.676     | .337       |
| Interactivity          | 50        | 2.20      | 5.00      | 3.6640    | .68505         | -.341     | .337       |
| Business Performance   | 50        | 2.10      | 4.50      | 3.7760    | .50368         | -1.301    | .337       |
| Valid N (list wise)    | 50        |           |           |           |                |           |            |

Above table presents how respondents have positioned their decision to this survey with Compatibility, Cost Effectiveness, Trust, Interactivity and Business Performance (Dependent variable). Dimensions were checked on the 1 to 5 likert scale and the mean value is more prominent than 3.00 for all pointers of above dimensions. Compatibility demonstrates the highest mean of above analysis. Truly, it could be communicated that majority of the respondent has an average about these independent and dependent variables. All variables shows a negative skewness in the sample. Left tail of the distribution for all dimensions longer than right tail. All data of the sample will be less than medium.



**Regression**

Table 5: Regression Table

| Model Summary |                   |          |                   |                            |
|---------------|-------------------|----------|-------------------|----------------------------|
| Model         | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1             | .894 <sup>a</sup> | .799     | .781              | .23573                     |

a. Predictors: (Constant), Interactivity, Compatibility, Cost Effectiveness, Trust

| ANOVA <sup>b</sup> |            |                |    |             |        |                   |
|--------------------|------------|----------------|----|-------------|--------|-------------------|
| Model              |            | Sum of Squares | df | Mean Square | F      | Sig.              |
| 1                  | Regression | 9.931          | 4  | 2.483       | 44.677 | .000 <sup>a</sup> |
|                    | Residual   | 2.501          | 45 | .056        |        |                   |
|                    | Total      | 12.431         | 49 |             |        |                   |

a. Predictors: (Constant), Interactivity, Compatibility, Cost Effectiveness, Trust  
 b. Dependent Variable: Business Performance

Table 6: Multiple regression analysis between Compatibility, Cost Effectiveness, Trust, Interactivity and Business Performance

| Coefficients <sup>a</sup> |                    |                             |            |                           |       |      |
|---------------------------|--------------------|-----------------------------|------------|---------------------------|-------|------|
| Model                     |                    | Unstandardized Coefficients | Std. Error | Standardized Coefficients | t     | Sig. |
|                           |                    | B                           |            | Beta                      |       |      |
| 1                         | (Constant)         | .435                        | .266       |                           | 1.634 | .109 |
|                           | Compatibility      | .337                        | .075       | .422                      | 4.496 | .000 |
|                           | Cost Effectiveness | -.026                       | .099       | -.027                     | -2.66 | .042 |
|                           | Trust              | .478                        | .104       | .504                      | 4.597 | .000 |
|                           | Interactivity      | .074                        | .066       | .101                      | 1.123 | .047 |

a. Dependent Variable: Business Performance

When it comes to multiple regression models, R value can be identified as 0.894. The strength between independent variables and dependent variable is strongly positive related with 0.894 value. If researcher tests of hypothesis of above case, he will evaluate statistical manner. According to multiple regressions analysis in above tables, partial regression coefficient for Compatibility (C) is 0.337, which is different from the bivariate analysis. The corresponding beta coefficient is 0.422. The partial regression coefficient for Cost Effectiveness (CE) is -0.026 whereas corresponding beta value is -0.027. The partial regression coefficient for Trust (T) is 0.478 whereas corresponding beta value is 0.504. The partial regression coefficient for Interactivity (I) is 0.74 whereas corresponding beta value is 0.101.

The important part in the table is that R square which indicates that all independent variables have 0.799 or 79.9% of variation in Business Performance and other 20.1% of variation in Business Performance is explained by other factors related to Business Performance. The researcher can construct linear regression function based on above results

$$Y = 0.435 + 0.422C - 0.027CE + 0.504T + 0.101I + 0.201\hat{\epsilon}$$

0.201 $\hat{\epsilon}$  is forecasted error in this model according to this multiple regression model.

### **Key Findings and Discussion**

According to the study's findings, digital transformation is significantly related to interactivity, compatibility, trust, and cost effectiveness. The findings also revealed that digital media usage had a positive impact on the business performance of SMEs in Owerri, Imo State.

Based on the hypothesis tested above it is clear that there is strong positive relationship between all independent variables (Compatibility, Cost Effectiveness, Trust and Interactivity) and dependent variable (Business Performance) in the conceptual framework. Hypothesis of all null hypotheses are rejected and alternative hypothesis of all variables have to be accepted. It can be proved on significant test of analysis with evaluating Sig. value less than alpha (0.05) level ( $0.000 < 0.05$ ). It means all independent variables have an impact to the dependent variable of purchase intention.

This study provides numerous insights for SMEs considering digital transformation for business performance. The findings should inform respondents on how to approach different situations in the best way possible, as well as demonstrate how nuanced educated and uneducated people must be when attempting to gain digital transformation insights from SMEs. First, the findings inform respondents on how to best utilize digital resources and improve business performance. Results have repeatedly demonstrated how changing or adding a single unit statistic can have a significant impact on overall volume numbers, a metric that has traditionally been used to speak to digital transformation. These results demonstrate how, in a universe of divided respondents, this Marco economic approach to measuring compatibility, cost effectiveness, trust, and interactivity. As a result, SMEs may need to incorporate a digital transformation plan by utilizing a long-term digital business development or bottom-up approach. Measurements should begin with the objective respondents' feedback designs as a foundation and then measure relating movement in light of the digital transformation strategy. This will assist SMEs who are attempting to gauge and reap the benefits of digital transformation. It will also allow those conducting

predictive research to better gauge separate connections between Security and Image for potential respondents' awareness and knowledge sharing behavior.

## **Conclusion**

Dimensions of digital transformation are growing at a rapid rate in SMEs in Owerri, Imo State. Four dimensions have been identified as digital transformation for Business Performance such as Compatibility, Cost Effectiveness, Trust and Interactivity. According to findings of the study, it can be identified that there is a positive impact on Business Performance in SMEs in Owerri, Imo State. The all proven hypotheses are the main evidence for that.

When researcher evaluates the objectives of research, explaining and determining the Compatibility and Trust factors that contributes for Business Performance can be seen as strong positive relationship between Business Performance. It can be identified that moderate positive relationship between Connecting to Business Performance. Then dimension of Cost effectiveness and Interactivity showed moderate positive relationship with Business Performance. The final objectives of the research is providing recommendation to promote Digital transformation at Small and Medium enterprises in Owerri, Imo State. It generates strong recommendation using these variables. When developing Business Performance activities or projects to enhance the future challenges of SMEs in Owerri, Imo State as better technique, the managers need to use above contents rather than using traditional marketing methods to have better digital transformation relating Business Performance in Small and Medium Enterprises (SMEs) in Owerri, Imo State.

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## **IMPACT OF E-LEARNING PLATFORMS ON STUDENTS' ACADEMIC PERFORMANCE IN NNAMDI AZIKIWE UNIVERSITY, AWKA, ANAMBRA STATE, NIGERIA**

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### **Abstract**

*This study investigated the impact of e-learning platforms on academic Performance of undergraduates in Nnamdi Azikiwe University, Awka. The specific objectives examined the various e-learning platforms utilized in tertiary institutions and the strategies for improving the utilization of e-learning platforms in tertiary institutions. Lack of internet facilities, technology and e-learning facilities have been identified as major problems of adopting or fully utilizing online e-learning platforms by most Nigerian Universities. E-learning platforms such as Zoom, Microsoft teams, Udemy, Coursera have been recognized to improve students' academic performance to a great extent. The population made up of 2,358 (Two thousand, three hundred and fifty-eight) regular undergraduate students from selected faculties in Nnamdi Azikiwe University. Questionnaire was used to collect data. Descriptive statistics was employed using simple descriptive statistical tools, such as frequency distribution scale, likert scale and simple percentage. The results revealed that: a good number of e-learning platforms (Zoom, Microsoft Teams, Udemy, Couseira) have been utilized by undergraduates as shown by mean value of 3.21; and there were recognized strategies (provision of more e-learning facilities and internet services) that should adopted to improve the continuous utilization of e-learning platforms among undergraduates (with a mean value of 3.18) in Nnamdi Azikiwe University, Awka with a mean value of 3.17. This study recommended inter alia that government should assist in supporting tertiary institutions with financial services and management experts to promote and sustain the use of e-learning platforms in tertiary institutions.*

**Keywords:** *E-learning, students' academic performance, Unizik, Awka, Nigeria.*

### **Introduction**

Education is an ever dynamic and evolving process. As a dynamic process, it develops the child according to the changing situations and time and as an evolving process it moves in a regular progression through a system. Part of this system is Technology. According to Timi (2020) technology alone will not make significant changes to the outcome of students; rather, technology must be comprehensively and consistently integrated in order to transform the way people – more specifically students – learn.

E-learning is a unifying term used to describe the use of online learning, web-based training and technology delivered instructions. It is simply called Electronic

Learning. E-learning involves learning using groups on social media such as WhatsApp (WA), telegram, Zoom applications, or other social media to ensure that students can learn at the same time and in different places (Salehudin *et al* 2021). E-learning has revolutionized learning for several years, improving efficiencies, workflow and collaboration. The flexibility offered by e-learning in terms of place of learning and time of learning means that whole education programs can be rolled out across teams all over the world. The integration of emerging technologies in teaching and learning process is no longer a choice but a need due to; the changing learning environment, demand for flexibility in methodology, and the need to enhance creativity and productivity in learning (Onyema, 2019).

The recent scourge of the Coronavirus Disease (COVID-19) reemphasized the undeniable influence of e-learning on the learning outcome of students. Many schools and learning institutions were disrupted in learning due to complete close-down to curtail the spread of the virus. During this period, learning and academic activities continued in some institutions globally, but on the electronic platform. The negative effect of the COVID-19 pandemic was managed by educational institutions that had supportive e-learning facilities during the heat of the pandemic. The use of these e-learning platforms such as Microsoft Teams, Zoom, Whatsaap etc were utilized by both the lecturers and students of Nnamdi Azikiwe University to continue their normal teaching and learning activities during the COVID-19 lockdowns, thereby mitigating the negative effect of the protracted lockdown on their staff and students.

Onyema et al, (2020) affirmed that technology have modified teachers' method from traditional approach that often place them as dispensers of knowledge to a more flexible approach where they act more as facilitators, mentors and motivators to inspire students to participate and learn. The influence of online e – learning platforms on performance has been a contemporary topic of discussion among scholars and researchers. Many scholars argue that students in higher educational institutions that engaged in E-Learning, generally performed better than those in face-to-face courses. (Holley, 2002) found that students who participate in online/ E-Learning achieve better grades than students who studied through the traditional approach. As a result of this, many institutions of higher learning are embracing the use of online e-learning platforms which is also known as virtual learning. On the other hand, some scholars are of the opinion that E-learning platforms do not add any value to the teaching and learning activities of the University (Fayomi, Ayo, Ajayi & Okorie, 2015). This perhaps may be as a result of lack of investigation on the impact of E-learning platforms on student academic performance. Hence this study is set to examine the impact of E-learning platforms on student's academic performance in Nnamdi Azikiwe University, Awka, Anambra State, Nigeria.

This study is informed by the use of very low interactive e-learning platforms among undergraduates in Nnamdi Azikiwe University. The rate of technology use has increased in majority of the Universities in Nigeria due to the vast growth of internet technology. However, there are some tertiary institutions that have not adopted the use of e-learning platforms to facilitate e-learning among students. Worse still, some universities that have adopted these e-learning facilities are not consistent in utilizing it to its optimum. They still prefer to use the conventional traditional approach to teaching and learning i.e. physical learning.

Lack of internet facilities and equipment like projectors, routers, virtual learning platforms, low internet coverage, etc. are one of the major problems of adopting or fully utilizing online e-learning platforms in most Nigerian Universities in general. Particularly, most of the e-learning platforms that have been adopted in Nnamdi Azikiwe University like Microsoft teams, zoom etc are currently not used among the undergraduates and are frequently used by the post graduates and staff of the university. The COVID-19 pandemic, which prevented the traditional approach learning (physical learning), forced a lot of schools and universities to adopt the e-learning method (Ramdami, *et al*, 2021). Some Nigerian Universities that fully adopted online e-learning platform continued their lectures and also administered exams while others were completely shut-down. This made the undergraduates of these universities a step ahead of their counterparts in other universities that were completely shut down during the pandemic. There is a cyclic connection between development, technology and education. In view of this, universities that have fully adopted the e-learning platforms are more developed than those that have not fully adopted these platforms.

Several studies reviewed the impact of online learning on the academic performance among undergraduates in the Ogun state (Fayomi, Ayo & Okorie 2015), Abuja State (Aboderin, 2017); Enugu state (Nwakoby & Okoye, 2020) and Northern Universities (Allison, Dangari, Sanchi, Alhassan & Badamasi, 2022), but no known study has looked at E-learning and Academic performance in Anambra State and specifically Nnamdi Azikiwe University which this study is set to examine. Hence this study is set to examine the impact of e-learning platforms among undergraduates in Anambra state using Nnamdi Azikiwe University as a case study.

The broad objective of this study is to examine the impact of e-learning platforms on students' academic performance in Nnamdi Azikiwe University, Awka, Anambra State, Nigeria. The specific objectives are to: Examine the various e-learning platforms utilized in tertiary institutions.

Determine strategies for improving the utilization of e-learning platforms in tertiary institutions.



## **Review of Related Literature**

E-Learning is also called online learning or electronic learning. Information and communication technology to enhance and facilitate teaching and learning is called E-learning (Oye, Salleh & Lahad, 2012). From the view of Salehudin *et al* (2021), E-learning involves learning using groups on social media such as WhatsApp (WA), telegram, Zoom applications, or other social media to ensure that students can learn at the same time and in different places. E-learning is seen as an innovative approach to the delivery of educational services via electronic in the form of information that enhances the knowledge, skills and other outcomes of students (Fazlollahtabar & Muhammadzadeh, 2012). E-learning system is implemented through a network connection. It is a form of learning that involves the use of information and communication technology through a computer (PC) or laptop connected to an internet (Horton & Horton, 2003). E-learning can also be defined as learning through a computer (PC) or laptop connected to an internet network connection.

Raouna (2023) identified the following e-learning platforms:

- iv. **Udemy:** Udemy firmly believes in disrupting and democratizing educational ecosystem by allowing anyone and everyone to learn from its pool of more than 20000 Subject Matter Experts. To a very large extent, Udemy has been successful in its mission. This eLearning platform has many content creation tools such as PDF documents, PowerPoint, etc. text and video content can be collated to create and publish courses
- v. **Coursera:** As one of the top providers of massive open online courses, Coursera partners with universities and organizations around the world to provide a wide range of in-depth courses, both paid and unpaid to learners across the world. Coursera has one of the largest numbers of university partners, courses, specializations and degree programmes available.
- vi. **LinkedIn Learning:** Formerly popular by the name Lynda, LinkedIn Learning is one of the top online learning platforms that offer extensive courses and a tutorial library that covers topics in business, creativity and technology. This is also another learning site that offers both free and paid content by experts. These courses range in expertise from beginner to advanced level, awarding certificates upon completion of a course.

There are also other e-learning platforms such as skillshare, edX and Udacity with their advantages and disadvantages (Raouna, 2023). These platforms can be adopted by institutions of higher learning as ideal online learning platforms to bridge the gap created by the traditional method of learning (i.e physical meeting or classroom learning).

Academic performance is the measurement of student achievement across various academic subjects. The academic performance involves factors such as the

intellectual level, personality, motivation, skills, interests, study habits, self-esteem or the teacher-student relationship. A positive outcome on academic performance of students shows that the teaching and learning process was successful, all other factors held constant. Olufemi (2018) opined that students' academic performance is affected by several factors which include students' learning skills, parental background, peer influence, teachers' quality, learning infrastructure among others.

### **Strategies for Improving the Use of E-Learning in Tertiary Institutions**

Technology is an important strategy of strengthening teacher professional and e-learning abilities (Turvey, 2012). The teacher must know how to use the technology provided for by the school or university to facilitate e-learning process. The teacher has become the person who guides students not about providing knowledge but the way students get knowledge and must pay attention to aspects of student life because not all students are the same and need to be planned for very well (Cavus, 2015). That means the teacher uses e-learning so that student can follow properly and appropriately.

Also, social media has played a great role in facilitating the use of e-learning. Social media is a place where people make friends from various countries and cultures. Recently, especially among the younger generation, social media platforms such as Facebook, Twitter, and YouTube have become very popular and Instagram (Salehudin *et al.*, 2020). The use of social media as a learning medium for students becomes an alternative that can be chosen (Lee *et al.*, 2011). This is based on: First, the development of science and technology is moving very fast, which is accompanied by an increase in the use of social media. Social media is now not only a means of communication (Lee *et al.*, 2011) but also a means of learning and promoting one's business. According to Zhang *et al.* (2015), with the support of social media, the university can facilitate the management process and e-learning knowledge for all lecturers and students. A teacher may choose to adopt social media for e-learning with the perception that social media is easier to use compared to specialized e-learning platforms such as easy prep (Karkar *et al.*, 2020).

### **Empirical Review**

Allison *et al.* (2022) examined the role of e-learning on academic performance of undergraduate students of Kebbi State University of Science and Technology using a descriptive survey design. Data was collected using structured questionnaire and analyzed using mean and standard deviation. Findings of this study revealed that e-learning plays a positive role on academic performance of undergraduate students in the university. Based on this findings the study recommended among others that the Kebbi state government should ensure a maximum standard set for the institution to get computer and internet facilities to enhance effective learning process in the university.

Aboderin (2017) examined the effect of e-learning on academic performance of distance learners in a Nigerian University using NOUN, Abuja as a case study. The study adopted a mixed-method approach (i.e both quantitative and qualitative approach) in data collection. Questionnaire was used to collect quantitative data while focus group discussion was used to collect qualitative data. Spearman's correlation coefficient, ANOVA, T-test and post-hoc Test were used to analyse data. Findings revealed that the student's academic performance were influenced by eight factors (the student's ICT literacy level, frequency of engagement with ICT, marital status, previous academic performance, hours spent on internet per day, hours spent on computer per day and family size).

Fayomi et al (2015) carried out a study to examine the impacts of e-learning in facilitating academic performance among private secondary schools and tertiary institutions in Ota, Ogun State, Nigeria. Both primary and secondary data were utilized in the study. Structured and unstructured interviews with some staff and students of the selected Secondary and tertiary institutions was conducted. Questionnaires were administered to the students in order to elicit information on their experiences on e-learning.. The study utilized regression analysis based on the testable hypothesis based on the study objectives. Analysis of the result from the study provides evidence of significant impact of e-learning in facilitating academic studies and self-development resulting to improved learning process and high academic performance.

Nwakoby & Okoye (2020) examined the effect of E-learning on student's academic performance in Enugu State Tertiary institutions. Questionnaire was used as a means of data collection. Data was analyzed using regression analysis. The result revealed that e-learning has a significant positive effect on academic performance among students of tertiary institutions in Enugu, Nigeria and recommended that the tertiary institution management should ensure adequate logistics for E-learning of their students.

Using the structural equation modeling, Gopal et al (2021) sought to identify the factors affecting students' satisfaction and performance regarding online classes during the pandemic period of COVID-19 and to establish the relationship between these variables. The study is quantitative in nature, and the data were collected from 544 respondents through online survey who were studying the business management (B.B.A or M.B.A) or hotel management courses in Indian universities. Structural equation modeling was used to analyze the proposed hypotheses. The results show that four independent factors used in the study viz. quality of instructor, course design, prompt feedback, and expectation of students positively impact students' satisfaction and further student's satisfaction positively impact students' performance. For educational management, these four factors are essential to have a high level of satisfaction and performance for online courses.

## Methodology

The study was carried out in Awka, the state capital of Anambra State. Anambra State is one of the thirty-six states in Nigeria. It is located in the South East zone of the country. The ethnic group of the area is Igbo, which is one of the three major ethnic groups in Nigeria. The occupation of the people in Awka basically includes civil servants, public servants, and workers in the financial institutions, artisans and traders and farmers. The state has twenty-one (21) local government areas grouped into six Education zones (Aguata, Awka, Nnewi, Ogidi, Onitsha and Otuocha) with the state capital at Awka.

The population of the study consists of fourteen faculties with active regular students in Nnamdi Azikiwe University Awka, made up of 28,000 regular undergraduate students, as confirmed by the Office of the Dean of Students Affairs in the Awka Campus of the University.

Multi-stage sampling technique was used to determine the actual sample of the study. This was carried in two stages. Under the first stage, the researcher selected three (3) Faculties namely Faculty of Education, Faculty of Medicine and Faculty of Management Sciences using simple random sampling. In the second stage, the researcher, using the judgmental sampling technique selected all the final year students in the selected faculties. This is as a result of their exposure, experience and knowledge over other younger and less experienced undergraduates. Furthermore, copies of questionnaire will be administered to the selected students. Copies of the questionnaire were rated on a 5-point Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree).

**Table 1: Distribution of selected Faculties**

| S/N | Name of Faculty                | Location     | Students Database |
|-----|--------------------------------|--------------|-------------------|
| 1   | Faculty of Education           | Awka Campus  | 4,889             |
| 2   | Faculty of Management Sciences | Awka Campus  | 3,496             |
| 3   | Faculty of Medicine            | Nnewi Campus | 3,420             |
|     | Total                          |              | 11,805            |

**Source:** Field Survey, 2023.

**Table 2: Distribution of selected Final Year Students**

| S/N | Name of Faculty                | Level      | Students Database |
|-----|--------------------------------|------------|-------------------|
| 1   | Faculty of Education           | Final year | 1,303             |
| 2   | Faculty of Management Sciences | Final year | 653               |
| 3   | Faculty of Medicine            | Final year | 402               |
|     | Total                          |            | 2,358             |

**Source:** Field Survey, 2023.

In order to determine the sample size for the study, the researcher made use of Taro Yemane's formula in determining the sample size from a finite population. The formula is given as:

$$n = \frac{N}{1+N(e)^2}$$

Where n = the sample size

N = the finite Population

e = Sampling error / Level of significance (in this case 5% or 0.05)

From the calculation above, 342 respondents were sampled for the study.

### Sources of Data

Primary and secondary sources for the collection of data were utilized.

### Instrument of data collection

The questionnaire was used in collecting relevant data for the research work. The questionnaire was designed according to the specific objectives and addressed the variables directly to the research questions and the hypothesis earlier developed in the study in sections.

### Methods of Data Analysis

The Analysis was obtained using simple descriptive statistical tools, such as frequency distribution scale, likert scale and simple percentage. The responses developed through the Likert scale is weighted or assigned numerals to obtain their stand on variable being measured.

### Results and Discussion of Findings

**Table 3 Distribution of Respondents According to Socio-Economic characteristics**

|          | Item                    | Frequency | Percentage(%) |
|----------|-------------------------|-----------|---------------|
| <b>1</b> | <b>Sex</b>              |           |               |
|          | Male                    | 144       | 42.2          |
|          | Female                  | 197       | 57.8          |
|          | Total                   | 341       | 100.00        |
| <b>2</b> | <b>Age distribution</b> |           |               |
|          | 15-20                   | 78        | 22.8          |
|          | 21-25                   | 206       | 60.4          |
|          | 26-30                   | 35        | 10.2          |
|          | 31-above                | 22        | 6.5           |
|          | Total                   | 341       | 100.00        |
| <b>3</b> | <b>Marital status</b>   |           |               |
|          | Single                  | 245       | 71.8          |
|          | Married                 | 96        | 28.2          |
|          | Total                   | 341       | 100.00        |
| <b>4</b> | <b>Faculty</b>          |           |               |
|          | FOE                     | 140       | 41.0          |
|          | FMS                     | 102       | 30.0          |
|          | FOM                     | 99        | 29.0          |
|          | Total                   | 341       | 100.00        |

Source: Field Survey, 2023

Table 4.1 presented the socio characteristics of the respondents. It was revealed that 42.2% of the respondents are male, while the rest are female. This indicates that there was no gender disparity in the selection of the respondents across the faculties under study. All the members cut across the entire age ranges, with majority of them falling within the ages of 21-25 (60.4%), 15-20 (22.8%), 26-30 (10.2%), 30 and above (6.5%) This indicates that a good number of respondents were made up of young persons in their prime age. About 71% of the respondents were single, only 28.2% were married. This indicates that the respondents should have more time to focus on their academics as single people with less distraction which comes with marriage and childbearing. Finally, about 41.0% of the respondents were from the faculty of education, others (Faculties of management sciences and Medicine had about 30% and 29% respectively) this is clearly obvious as the Faculty of Education boasts of more number of students than the other faculties under study.

**Research Question 1:** What are the various e-learning platforms in tertiary institutions?

Data relating to this research question is presented on Table 4.2

**Table 4.2: Mean Ratings on various types of e-learning platforms in tertiary institutions**

|  | N=341 | Mean | SD   | Remark   |
|--|-------|------|------|----------|
| 1. Zoom e-learning platforms are utilized in your department?                                  |       | 3.33 | .77  | Agree    |
| 2. Micro Soft Teams e-learning platforms are utilized in your department?                      |       | 3.38 | .69  | Agree    |
| 3. Technology and Internet facilities are available in my department to facilitate e-learning. |       | 3.26 | .77  | Agree    |
| 4. I have taken a course on Udemy E-learning platform  |       | 3.28 | .64  | Agree    |
| 5. Cousera is an interesting e-learning platform   |       | 3.13 | .72  | Agree    |
| 6. I utilize LinkedIn Learning to study online   |       | 2.89 | .80  | Disagree |
| Grand Mean   |       | 3.21 | .731 | Agree    |

*Source: Field Survey, 2023*

The respondents, as could be seen in table 4.2 agreed to 5 out of the 6 items on the various types of e-learning platforms in tertiary institutions. According to the responses in the table, the respondents assert: Zoom e-learning platforms are utilized in your department, Micro Soft Teams e-learning platforms are utilized in your department, Technology and Internet facilities are available in my department to facilitate e-learning, I have taken a course on Udemy E-learning platform, Cousera is an interesting e-learning platform. However, the respondents disagreed to having utilized LinkedIn Learning to study online. We can deduce therefore that LinkedIn

Learning is an unpopular e-learning platform. Their mean ratings for the 6 items ranged from 2.89 to 3.89 while the standard deviation scores ranged from .64 to .80. The S.D scores show that the respondents were homogenous in their mean ratings.

**Decision rule:**

Accept the objective if the calculated value is greater than 3.0 and reject if the calculated value is less than 3.0.

From the decision rule, objective one will be accepted with grand mean value of 3.21.

**Research Question 2:** What are the strategies for improving the utilization of e-learning platforms?

Data relating to this research question is presented on Table 4.4

**Table 4.4: Mean Ratings on strategies for improving the utilization of e-learning platforms**

| <b>N=341</b>   | <b>Mean</b> | <b>SD</b>   | <b>Remark</b> |
|--|-------------|-------------|---------------|
| 7. Internet facilities should be made available and frequent enough to facilitate e-learning platforms in my department. | 3.04        | .82         | Agree         |
| 8. There is need for provision of more e-learning facilities in my department to accelerate the e-learning process.      | 3.15        | .74         | Agree         |
| 9. The University management should lay more emphasis on the adoption of e-learning platforms                            | 3.35        | .64         | Agree         |
| 10. Lecturers should be encouraged and trained to adopt and utilize e-learning platforms                                 | 3.29        | .62         | Agree         |
| 11. More assignments and lectures should be conducted on e-learning platforms  | 3.17        | .60         | Agree         |
| 12. Tests, Quizzes and other forms of assessments should be done on e-learning platforms                                 | 3.13        | .57         | Agree         |
| <b>GRAND MEAN</b>  | <b>3.18</b> | <b>0.67</b> | <b>Agree</b>  |

**Source: Field Survey, 2023**

From the table above, the respondents agreed to 6 out of 6 items that e-learning platforms have to a great extent made significant influence on their improves learning outcome. They agreed that Internet facilities should be made available and frequent enough to facilitate e-learning platforms in their departments; they also agreed that there is need for provision of more e-learning facilities in their departments to accelerate the e-learning process; they agreed that the University management should lay more emphasis on the adoption of e-learning platforms. Also, they agreed Lecturers should be encouraged and trained to adopt and utilize e-learning platforms. They also agreed more assignments and lectures should be

conducted on e-learning platforms. Finally, they agreed that Tests, Quizzes and other forms of assessments should be done on e-learning platforms.

From the above responses, we can deduce that if these strategies stated above are implemented, e-learning platforms will be more utilized in universities which would improve students' academic performance.

Their mean ratings for the 6 items ranged from 3.04 to 3.35 while the standard deviation scores ranged from .65 to .83. The S.D scores show that the respondents were homogenous in their mean ratings.

From the decision rule, the specific objective two will be accepted with grand mean value of 3.18.

### **Summary of Findings**

- 1) A good number of e-learning platforms (Zoom, Microsoft Teams, Udemy) have been utilized by undergraduates in Nnamdi Azikiwe University, Awka.
- 2) There were recognized strategies (provision of more e-learning facilities and internet services) that should be adopted to improve the continuous utilization of e-learning platforms among undergraduates in Nnamdi Azikiwe University, Awka

### **Conclusion**

This study concluded that e-learning platforms had significant positive influence on the academic performance of students in Nnamdi Azikiwe University, Awka.

### **Recommendations**

On the premise of these study findings, the following recommendations were made;

- 1) There is need for adoption and training of all the e-learning platforms by students and teachers to promote the continuous utilization of e-learning platforms in Nnamdi Azikiwe University, Awka.
- 2) E-learning facilities and internet services should be provided for and encouraged by Universities for continuous use of e-learning platforms in tertiary institutions.

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## **WORKERS MOTIVATION AND ORGANIZATIONAL PRODUCTIVITY IN CHEMICAL COMPANIES IN RIVERS STATE, NIGERIA.**

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### **Abstract**

This study examined workers motivation and organizational productivity in chemical companies Rivers State, Nigeria. The researcher selected three measures of workers motivation to determine their relationships on organizational productivity. Three specific objectives, research questions, and three hypotheses were formulated for the study. Notwithstanding the employees committed efforts, most chemical companies are not ready to practice sustainable motivation that may boost productivity. Survey design was exploited and population of the study comprises four hundred and sixty-two (462) selected employees from the designated ten chemical companies in Rivers State. The researcher also applied stratified sampling and the sample size was projected at 214 employees through Taro Yamane's formula. Instrument for data collection was developed through primary and secondary sources. Statistical tools used to analyze the data include descriptive analysis and spearman rank correlation. The findings unveiled a positive significant relationship between workers motivation and organizational productivity. The researcher concluded that workers motivation predicts organizational productivity and recommend that chemical companies should provide reasonable compensation and conducive work environment that could bring satisfaction and high productivity. **Keywords:** Workers, motivation, training, compensation, productivity, Rivers State, Nigeria.

### **Introduction**

Employees have several needs that compel them to search for employment. When organizations offer job to individuals and they are not motivated to improve their standard of living they eventually become dissatisfied. The job of an employee becomes bitter when there is lack of motivation which affects the productivity level of the employee. Ordinarily, managerial responsibilities involve employee's efforts such as compensation, recruitment, motivation, performance management, training development, health and safety, benefits, necessary to accomplish productivity. Motivation is one of the most important factors affecting human behaviour that distinguishes one organization from the other (Maimuna&Rashad, 2013). Apparently, for chemical companies and related firms to survive, remain relevant, competitive, it is essential for them to induce, maintain, and take care of employees

in order to enhance productivity (Sunia, 2014). Motivation does not only affect cognitive factors like perception and learning but influences job performance of employees in the organization. Indeed, Hellriegel (1996) viewed motivation as any influence that portrays, directs, or maintains people's goal directed behaviours. Similarly, motivation refers to the driving force that makes an individual to act in a specific way.

Motivation appears to be a condition for employee retention and stability which increases productivity. This may in turn aid in improving an organization's profitability and productivity levels. Nwinye (2022) asserted that employees experience motivation when they are recognized, attain growth or achievement and the organization provides good conditions of services. Memmott and Growers (2012) concurred to this assumption that one of the ways to motivate employees is to give rewards and incentives for good performance. Workers are the integral part of the organization when employees in the chemical companies are motivated there is the possibility that they may express positive feelings to their jobs such that performance and productivity increase to boost overall organizational goals (Aluko, 2014). This notion was accepted in Dobre (2013) who declared that employees with high motivation are supposed to have better work performance which result in a superior, more productive and effective company performance. However, Prasad (2005) emphasized that managers are obliged to give great attention to motivation in organization because lack of employee motivation leads to low productivity, absenteeism, turnover, which are harmful to organizational performance and continuous success.

James (2014) contended that extrinsic factors of motivation such as compensation, work environment, as well as training and development inspire employees to successfully discharge their duties and lack of it demoralized workers causing low performance and productivity levels. Organizational productivity refers to the level of effort put forth by the workforce of an organization towards achieving organizational goals (Jennifer & George, 2006). It is the effective method by which employees do their jobs to increase production and performance in the organization. This study therefore focuses on the relationship between workers motivation and organizational productivity in chemical companies Rivers State, Nigeria.

The work attitude of employees could be changed through motivation. When employees are motivated it increases their satisfaction and improve productivity in the organizations. Motivational level of an employee rises when the job enables him to satisfy his basic needs namely food, clothes, shelter, and growth. Ordinarily, if the workers in the chemical companies feel useful with their job they may be encouraged to put in more efforts to enhance productivity. Most businesses and organizations especially chemical companies that neglected employee motivation often see warning signs of a demotivated workforce like quarrels, poor workplace atmosphere,

low job standards, employee incivility, turnover, and decreased productivity. The rate in which employee productivity has relatively declined in chemical companies has continued to represent major managerial concerns. Few organizations tried to overlap by employing a motivation strategy such as employee wellbeing, favourable work environment, good relationships with co-workers, adequate compensation, training and development that improve employee performance as well as organizational productivity. Although, provision of reasonable compensation and work environment, promote job satisfaction which also give the employees sense of belonging and acceptance contributing to high employee performance and productivity.

Employees who enjoy such rewards and benefits within the work environment tend to be more effective and very productive in discharging their duties. Several employees have complained and express dissatisfaction over their working conditions or lack of motivation. However, even when an organization provides the motivational factors to pacify the workers, most of them also cause a decline in productivity through poor strategic and structural changes in decisions, executions, lack of infrastructure, leadership styles, and organizational culture. Performance and productivity are based on employee job behaviour which is normally affected by motivation. Most managers do not see the relevance of adopting motivation as an integral part of organizational culture and policy, hence there is boredom and resistance to embrace the concept completely and to apply it to their daily activities. Therefore, this study tends to investigate the relationship between workers motivation and organizational productivity in chemical companies Rivers State, Nigeria.

The primary objective of this study is to examine the relationship between workers motivation and organizational productivity in chemical companies Rivers State, Nigeria. The specific objectives are to: examine the relationship between compensation and the level of effectiveness of the workers in chemical companies in Rivers State, Nigeria; investigate the relationship between training and development and the level of efficiency of the workers in chemical companies in Rivers State, Nigeria. and determine the relationship between work environment and organizational productivity in chemical companies in Rivers State, Nigeria.

## **Hypotheses**

**H0<sub>1</sub>:** There is no significant relationship between compensation and the level of effectiveness of the workers in chemical companies Rivers State, Nigeria.

**H0<sub>2</sub>:** There is no significant relationship between training and development and the level of efficiency of the workers in chemical companies Rivers State, Nigeria.

**H0<sub>3</sub>:** There is no significant relationship between work environment and organizational productivity in chemical companies Rivers State, Nigeria.

## **Review of Related Literature**

### **Concept of Workers Motivation**

Jennifer and George (2006) defined workers motivation as a mental force that governs the direction of an individual's behaviour in an organization, an individual's level of effort, and an individual's level of determination when faced with obstacles. James and Stoner (2009) noted that motivation could be seen as those psychological characteristics of humans that contribute to an individual's level of commitment towards a goal. Workers motivation comprises several elements that causes, directs, and sustains an individual's behavior in a specific way. Consequently, Nwinye (2022) revealed that motivation signifies intervening variables that activate satisfaction among the workforce which encourages people to express loyalty and commitment for accomplishing desired goals. In addition, even with appropriate strategies and administrative structures in place, a chemical company could only be productive if its employees are sufficiently motivated to perform at higher levels. Motivation refers to factors that enable employees to improve on their skills and knowledge so that they may contribute to the success and productivity of the organization. Hellriegel (1996) viewed motivation as any impact that brings out, guides, and sustains individual goal-directed behaviours. Similarly, Ivancevich (1994) advocated that motivation refers to those set of forces that activates certain behaviours and regulates its form, course, intensity and duration. Obikeze (2005) viewed motivation as the process of guiding an employee's actions towards a particular end via the manipulation of rewards. Motivation signifies the mental process giving behaviors the will-power, drive, and tendency to act in a certain way in order to attain certain unsatisfied needs (Kreitner, 1995).

Motivation relates to inducement forces that control the directions and behavioral patterns of the employees in an organization taking into account their levels of commitment and enthusiasm towards the successful achievement of organizational productivity (George & Jones, 2012). In addition, motivation entails what benefits a person that causes certain behaviours (Davies, 2005). When employees are not motivated it makes the workers to be discouraged from the work. Organizations that practice motivation inspire the employees to have enthusiasm and happiness in

performing their duties. Furthermore, if chemical companies create a work environment in which suitable motivation is sustained it may attract workers to expend energy towards accomplishing better job performance and organizational productivity. Ordinarily, motivation is concerned with factors that trigger certain employee's actions or behaviors which appears as the core of the consequences of an organization's reputation and productivity level.

### **Types of Motivation**

Lin (2007) suggested that motivation may either be intrinsic or extrinsic. Intrinsic motivation derived from personal commitment, effort, within the individual or from the activity itself. Intrinsic factors of motivation are elements that arise from employee hard work and dedicated to duty. It is internal and comes when the workers have demonstrated professional skills and experience. Employees earn it because of their success in completing a task. An employee is intrinsically motivated, inspired, and devoted to his job when he believes the job may satisfy his wants (George & Jones, 2012). Intrinsic motivation is driven by individual work conduct and action taken for one's own sake. The stimulus to work originates from the mind of the individual because the worker is motivated hence he derives happiness in doing the job. For example, a cleaner who earns little salary work effectively compared to other workers by cleaning the offices and the environment on regular basis. This kind of motivation emanates from rewards that are essential to a job like the pleasure the person derives in performing a particular activity. Intrinsic motivation includes promotion, training and development, recognition, growth, and achievement (Ryan & Deci, 2000).

Extrinsic motivation refers to factors that are external to the activity or work such as compensation, work environment or conditions of work, salary, co-worker relationship, welfare, and safety (Ryan & Deci, 2000). This aspect of motivation is usually determined by the company where the employee works. Extrinsic behaviors are inspired by the additional benefits or awards attach to the job. Nevertheless, the worker may not like the task but he does his job to obtain substantial or social rewards and to evade punishment and begging to eat. For example, a receptionist that works in a hotel may not like the job but she knows that working hard and diligently could generate additional benefits and salary. The employee may not be happy putting in extra hours but the incentive inspires her to work harder.

### **Compensation**

Compensation refers to the amount of money and incentives that an employee receives from his organization in return for his or her contributions to the

organization (Hamidiet.al., 2014). Compensation is the reward and financial benefits that satisfy material, social and psychological needs of the individual. Compensation or pay is linked with general satisfaction and more closely linked with pay satisfaction (Lumley et.al, 2011). Employees receive different categories of benefits in the form of wages, salaries and pay. When individuals with good education, relevant skills, and experience express displeasure over their job and salary packages it leads to high rates of turnover and low productivity. Most organizations develop compensation plans to motivate employees in a bid to minimize the turnover which also generate improve job performance and higher productivity levels. Compensation consists of fringe benefits which focus on maintaining the quality of life of workers by providing safety and financial security taking into consideration their family relations. Matthias and Jackson(2003) mentioned some common examples of fringe benefits which are;insurance, Christmas bonus, retirement or pension plans, medical, education reimbursement, and time off. Fringe benefits represent indirect compensation provided for a worker or group of employees based on their rank as members of the organization.

Overtime is a means of compensation where workers are paid for working additional hours (Tyson, 1999). Furthermore, company housing or house rent allowances is offered by organizations who feel appreciative to help their employees have access to reasonable accommodation.Andrews (2009) asserted that senior employees are provided with accommodation eitherowned by the organization or the organizations may compensate them with house rent allowances.The cost of compensating workers using payments, wages, and other benefits are expensive which forms increasing part of operational expenditures, if such payments and benefits are not given to workers productivity may decrease amongst employees (Allis & Ryan, 2008), Similarly, employees are more assiduous and productive when reasonable pay is attached to performance. Compensating workershave an effect on productivity because employees attach value to their job when they are appreciated with reasonable pay. An average employee wants to be recognized or compensated as a major asset of the organization. They want to control every aspect of operations so that their hopes and aspirations could be accomplished.

## **Training and Development**

Training is viewed as the act of acquiring knowledge including the relevant skills and qualifications by the workers necessary for organizational growth and success (Bassanini, 2004). Training involves organizations formal relentless effort and commitment in frequently improving the job performance level of the workers through a number of skill acquisition andeducational programs. As an obligation to management, training denotes structural activities projected at increasing the performance as well as productivity levels of the workforce in an organization.



Besides, Mathis (2003) stated that for workers in chemical firms to effectively carry out their responsibilities, there is need to constantly train and develop workers. This is dynamic because employees who have been adequately trained and developed with the right educational qualifications and skills are capable of paying back with loyalty, protection of companies properties, and improved productivity. The essence of training employees is to create robust opportunities where the trained employees could as well transfer the knowledge, information to new employees, contribute to overall stability, and future success of the firms. Indeed, training and development has become visible official corporate function, a vital strategic tool used in formulating policies that are useful in the achievement of an organization's vision, mission, objectives, and goals.

Companies of different sizes have embraced the importance of training with integrated continuous learning and other structures associated with training and development as a mode of supporting the advancement of their workers to secure highly skilled workers. Batram and Gibson(2000) emphasized that the value of workers and the continuous upgrade of their skills, qualifications through training is a marketing strategy for employees to have employment and negotiate for salary. If chemical companies do not provide training programs for their employees they may not have competent potential replacements for workers who may wish to leave or retire from active duty or elevated to assume a position with greater responsibilities. Training and development of employees are necessary for organizations to have the human capital required to sustain commercial growth and expansion. Most organizations particularly the prosperous companies have staff development which assists the employees to settle part or all expenses related to formal educational courses in tertiary institutions. This creates an avenue to improve the skills and talents of the staff while showing gratitude for their ambitions and the disruptive change they brought to the firm. An organization may also minimize the rate of incompetent workers, reduce the costs associated with turnover, by utilizing the funds planned for the training and development of fresh inexperienced workers to enhance retention and have more experienced workers.

## **Work Environment**

Kohun (1992) described an organization's work environment as forces, activities including other significant elements that are presently or potentially challenging the worker's productivity and performance levels. Work environment symbolizes the nature of work in which the condition is perceived to be favourable or unfriendly to the employees (Akinyele, (2010). Work environment denotes the work condition that determines performance, retention, and employee turnover. The work environments in which salary earners operate also affect the level of organization productivity. Akinyele (2010) noted that about 80% of productivity levels are as a

result of the nature of a worker's environment in most organizations. Indeed, a favourable work setting guarantees the satisfaction of workers which customarily may encourage them to display their skills, responsibilities with a high level of morale thereby creating higher productivity (Akinyele, 2007).

Businesses are prone to risks and uncertainties as such the capacity of an organization to design a conducive work environment may to a large extent be determined by how well an organization could efficiently use the human capital at its disposal. Brenner (2004) admitted that the ability of an organization's staff to transfer information and knowledge throughout the system is subject to the state of their work environment. Workers are likely to be more productive in a well-structured work environment. Furthermore, the quality of comfort which varies in terms of the work environment also predicts the degree of gratification as well as productivity level of workforces. Consequently, the productivity levels of the workforce may not be optimal, if the state of their work environments is not conducive. An improved work environments boost worker's productivity. However, unfavourable work environment could convert responsible and clever workers to be untrustworthy (Kyko, 2005). Several factors that constitute discomfort in work environment therefore causing a decrease in productivity of employees and the organization comprise administrative policies, interpersonal affiliations, lack of transparency in management, biased managers, policies, work conditions, and compensation. Yesufu (2000) claimed that the kind of conditions workers are subjected to physically in the work place is significant to output and managing sustainable work environment, demands making sure the surroundings are conducive, attractive, acceptable, resourceful, and motivating workers.

### **Organizational Productivity**

Bhatti and Qureshi (2007) declared that productivity is a measure of performance that contains both efficiency and effectiveness. Productivity occurs when equal amount of output is generated using fewer inputs (ILO, 2005). Productivity signifies the quantity of work that is reached in a unit of time by means of the factors of production. These factors include land, technology, capital, entrepreneurship, and labour. Ordinarily, organizational productivity relates to a measure that indicates how well essential resources are used to realize specified objectives in terms of quantity and quality within a specified time. Yesufu (2000) indicated that the wealth of a country as well as social and economic welfare of its citizens is determined by the level of effectiveness and efficiency of its various sub components. The existing economic uncertainties has made image of manufacturing industries to be tarnished by inadequate work environment, low wages, high labour turnover, poor performance and productivity (Githinji, 2014).

Productivity ratios show the degree at which organizational resources are effectively and efficiently used to produce desired outputs. Jennifer and George

(2006) contended that the performance of employees add directly to an organization's level of effectiveness, efficiency and even towards the achievement of organizational goals. Antomioni (1999) proclaimed that a worker's level of productivity is subject to the extent at which workers believe that certain motivational desires could be satisfied but they become demoralized and produce low output when they perceive that their desires cannot be accomplished. Productivity could be evaluated in form of quality, quantity, cost, and time it takes an average employee to produce a specified level of output. Therefore, Bernardin (2007) noted that effectiveness and efficiency are significant predictors of productivity.

### **Effectiveness**

Effectiveness is referred to as the degree to which employees are able to achieve desired results that satisfy set goals (Yesufu, 2000). It is the estimated results that arise from individual efforts or performance. For example, an employee is said to be effective when he is able to attain desired results in line with organizational goals. Furthermore, a manager in chemical company is effective when he achieves set objectives and goals.

### **Efficiency**

Efficiency connotes the degree to which outputs are produced while reducing manufacturing costs (Harris, 2001). Efficiency basically focuses on productivity without any form of waste. This encompasses workers abilities to work very well with minimum waste in terms of energy, time, and cost. However if a system or resources generate lesser than what it is estimated to generate it is said to be inefficient. Employee efficiency refers to the ability of an employee to do what is actually produced or performed with the same consumption of resources. It could be derived from the relationship between inputs and outputs.

## **Theoretical Framework**

### **Frederick Herzberg Two-Factor Theory**

This theory was formulated by Frederick Herzberg who classified the theory into two segments namely hygiene factors and motivators. Herzberg (2000) established that factors which relate to employee's job satisfaction and connected to the job contents or the aspects of the job the employees put more efforts to achieve are called motivators, meanwhile, factors which cause employees dissatisfaction when they are not available are the hygiene factors. Besides, hygiene factors are attached to the job, workers do not necessarily struggle for it unlike the motivators. Hygiene factors are factors that may jettison dissatisfaction when present; examples are company policy, compensation, interpersonal relation, basic needs, status, work environment, and supervision. Whereas motivators are those factors that result in demotivation and lack of interest in the job when not fulfilled and this could make employees to search for new employment. They are training and development, promotion, growth,

achievement, recognition, responsibilities, and participation in decision making. The presence of hygiene factors brings reasonable level of satisfaction and their absence may cause dissatisfaction (Smerek & Peterson, 2007). Thus, it is crucial that managers make available hygiene factors in order to minimize employee dissatisfaction, however if the motivators are offered to employees it may eventually create satisfaction. Apparently, employees are likely to be productive and satisfied when they benefit from company motivators. This theory therefore cautions that managers should avoid making bad decisions that hinders satisfaction and motivation for optimum performance. Herzberg (1987) advanced that for employees to have job satisfaction and transfer their happiness to high productivity chemical manufacturing industries should provide motivators and hygiene factors. Like compensation, training and development, adequate working environment. Nevertheless, Nwinye (2022) criticized this theory by narrating that the theory did not consider lower level employees also neglected the size of organizations, individual interest, and human age.

### **Empirical Review**

Lin (2007) investigated the assessment of intrinsic and extrinsic motivation on employee productivity, The findings from the analysis revealed that there was a significant relationship between extrinsic motivation and the productivity level of the workers, whereas intrinsic motivation was statistically less significant than extrinsic even though a correlation also existed between intrinsic factors and workers' productivity levels. As a result, implications of the findings for future study were listed. The study reviewed in Lin (2007) is associated with the existing study through measures of motivation, data collection and research design.

Centres and Bugental (2007) carried out a research on intrinsic and extrinsic motivations among different aspects of the working population. The researchers utilized a population of 692 participants to test the rationality of the theory on worker effectiveness and efficiency levels. It was revealed that at higher professional levels, motivators or Intrinsic job elements were more cherished, while at lower occupational levels hygiene factors or extrinsic job elements were more valued. They concluded that organizations that fulfill both intrinsic and extrinsic elements influencing employees' behavior are able to gain high productivity. The existing study is allied with the views in Jibowo (2007) in positions of data collection instrument, and statistical tools.

### **Methodology**

Research design is the structure of investigation aimed at identifying variables and their relationships to one another. It refers to the blue print, plan and guidelines utilized in data analysis with respect to the study. The researcher employed survey design for this study because it creates room for gathering large amounts of data from a sizeable population in a cost-effective way

The study population comprises of 462 employees selected from ten chemical companies in Rivers State. The information was gathered from official bulletins and Rivers State Internal Revenue Service (RIRS) Report 2023. The researcher limited the study to ten companies for the purpose of convenience and accessibility. In the course of this study, the researcher interacted with two different levels of employees namely the supervisors and senior staff selected from the chemical companies. The sample size was projected as 214 participants which was determined through Taro Yamane's formula. Bowley's proportional allocation formula was adopted to distribute the questionnaire to employees in selected chemical companies in Rivers State. Accessible population of the study is illustrated in Table 1 which shows the names of chemical companies and status of the employees, and number of employees.

**Table 1**  
***Names of Chemical Companies and Number of Employees***

|   | <b>Names of chemical companies</b>    | <b>Population</b> |
|---|---------------------------------------|-------------------|
| 1 | Peritoneum Global Services Limited    | 50                |
| 2 | Auburn oil                            | 51                |
| 3 | Virgo energy Limited                  | 45                |
| 4 | Hech environmental services Ltd       | 48                |
| 5 | Giolee global resources Limited       | 40                |
| 6 | Epoxy Oilserv Ltd                     | 43                |
| 7 | M & P Nigeria Ltd                     | 44                |
| 8 | Well fluid services Ltd               | 42                |
| 9 | Crownhouse technologies Ltd           | 45                |
|   | 10. Omorine global resources Limited. | 54                |
|   | <b>TOTAL</b>                          | <b>462</b>        |

**Source:** Rivers State Internal Revenue Service Bulletin, 2023.

### **Sampling Techniques and Determination of Sample Size**

Sampling denotes the choice of a subgroup of individuals from the target population in order to enable the estimation of the characteristics of the entire population. The stratified random sampling was utilized in this study. This was done by segmenting the workers based on their job status within the level of supervisor and senior staff. The researcher utilized Taro Yamen's formula to determine the sample size.

The formula is stated as:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

$n$ = Sample size

$N$ = Population size

$e$ = level of significant (0.05)

$$\begin{aligned}n &= \frac{462}{1 + 462(0.05)^2} \\ &= \frac{462}{1+1.155} \\ &= \frac{462}{2.155} \\ n &= 214\end{aligned}$$

The sample size for the study was 214 employees selected from chemical companies in Rivers State, Nigeria.

The researcher adopted primary and secondary data for the study. Data collection involves gathering of relevant and important data used for conducting a particular research work. It is the basis for acquiring data. Primary source of data emanated from questionnaire distributed to the participants. The secondary source was possible through staff nominal rolls, official bulletin, and Rivers State internal revenue service (RIRS) bulletin, 2023.

The instrument used for data collection in this study is the questionnaire, the questionnaires were self-administered. The questionnaire is structured on workers motivation and organizational productivity (Mugenda&Mugenda, 2003). For the purpose of this research, the questionnaire was based on close-ended questions aimed at generating brief and specific answers from the participants. The questionnaire used for this study consists of three sections. Section A was based on the respondents profile, section B represented workers motivation and section C covered organizational productivity. The variables were measured through the ordinal scale using five-point Likert scale interpreted as (5-strongly agreed, 4- agree, 3-undecided, 2- disagree, 1- strongly disagree).

The researcher applied spearman rank correlation and descriptive statistics which are illustrated through the aid of statistical package for social sciences (SPSS). Ethical considerations regarding this study are the researcher notified the selected universities before questionnaire was distributed and participant's identity was kept secret.

## Results and Discussion

### Analysis of Research Questions

**Research question one:** What is the relationship between compensation and the level of effectiveness of the workers in chemical companies Rivers State, Nigeria?

**Table 2**  
**Mean Score of Respondents on Compensation**  
**Descriptive Statistics**

|  | N   | Minimum | Maximum | Mean | Std. Deviation |
|--|-----|---------|---------|------|----------------|
| Employees in this company receive adequate remuneration.                               | 214 | 1       | 5       | 4.13 | 1.051          |
| This company does not pay allowances for special duties and overtime.                  | 214 | 1       | 5       | 4.29 | .814           |
| Workers prefer cash rewards to praises and promises.                                   | 214 | 1       | 5       | 4.35 | .768           |
| Employees in this company need more incentives to increase their total reward package. | 214 | 1       | 5       | 4.47 | .702           |
| Reasonable compensation reduces anger, turnover, and low productivity                  | 214 | 1       | 5       | 4.55 | .654           |
| Valid N (listwise)   | 214 |         |         |      |                |

Table 2 illustrated the mean score of respondents on compensation as a measure of workers motivation. The grand mean score was 4.4 this means that majority of the employees in chemical companies Rivers State, Nigeria agreed that adequate salary leads to employee satisfaction and productivity.

**Research question two:** To what extent is the relationship between training and development and the level of efficiency of the workers in chemical companies Rivers State, Nigeria?

**Table 3**  
**Mean Score of Respondents on Training and Development**  
**Descriptive Statistics**

|   | N   | Minimum | Maximum | Mean | Std. Deviation |
|---|-----|---------|---------|------|----------------|
| This company has a training and development policy applicable to all employees.                               | 214 | 1       | 5       | 4.27 | 1.073          |
| Skills and knowledge workers acquired in training improve their job performance.                              | 214 | 1       | 5       | 4.39 | .824           |
| Supervisors support the implementation of the skills and techniques taught in training to achieve efficiency. | 214 | 1       | 5       | 4.49 | .781           |
| Training and development of workers is a company business strategy.   | 214 | 1       | 5       | 4.56 | .762           |
| Workers are not satisfied with the level of training and development offered by the company.                  | 214 | 1       | 5       | 4.64 | .685           |
| Valid N (listwise)  | 214 |         |         |      |                |

The results in Table 3 presented the mean score analysis of respondents on training and development. The findings showed a grand mean score of 4.4 which indicated that most of the employees in chemical companies Rivers State, Nigeria agreed that training and development promotes satisfaction, job performance, and efficiency in the organization.

**Research question three:** To what extent is the relationship between work environment and organizational productivity in chemical companies Rivers State, Nigeria?

**Table 4**  
*Mean Score of Respondents on Work Environment*  
**Descriptive Statistics**

|  | N   | Minimum | Maximum | Mean | Std. Deviation |
|--|-----|---------|---------|------|----------------|
| This company has a conducive and friendly work environment.                                      | 214 | 1       | 5       | 4.15 | 1.041          |
| Workers offices are spacious and decent.   | 214 | 1       | 5       | 4.24 | .912           |
| Employees enjoy a certain level of freedom and autonomy in discharging their duties.             | 214 | 1       | 5       | 4.32 | .881           |
| This company organizes routine and safety environmental programs for the employees.              | 214 | 1       | 5       | 4.51 | .769           |
| Afavourable work setting helps to transfer knowledge and guarantees the satisfaction of workers. | 214 | 1       | 5       | 4.67 | .687           |
| Valid N (listwise)   | 214 |         |         |      |                |

The results in Table 4 presented the mean score analysis of respondents on work environment. The findings showed that the grand mean score was 4.4 which unveiled that most of the employees in chemical companies Rivers State, Nigeria agreed that conducive work environments attract satisfaction and motivate employees to improve on their job.

**Test of Hypotheses**

**Hypothesis one**

H0<sub>1</sub>: There is no significant relationship between compensation and the level of effectiveness of the workers in chemical companies Rivers State, Nigeria.



**Table 5**  
***Spearman Rank Correlation of Compensation and Effectiveness***  
**Correlations**

|                |               |                         | Compensation | Effectiveness |
|----------------|---------------|-------------------------|--------------|---------------|
| Spearman's rho | Compensation  | Correlation Coefficient | 1.000        | .917**        |
|                |               | Sig. (2-tailed)         | .            | .000          |
|                |               | N                       | 214          | 214           |
|                | Effectiveness | Correlation Coefficient | .917**       | 1.000         |
|                |               | Sig. (2-tailed)         | .000         | .             |
|                |               | N                       | 214          | 214           |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The results in Table 5 clarified that the correlation coefficient  $r$ -value was .917 and the  $p$ -value was .000 which proved that the result was statistically significant different. It also indicated that there was significant positive relationship between compensation and effectiveness. Similarly, when  $p$ -value is .000 which is less than .005 the null hypothesis is rejected and alternative hypothesis accepted. Furthermore, this result established that compensation predicts effectiveness of workers in chemical companies.

### **Hypothesis two**

H0<sub>2</sub>: There is no significant relationship between training and development and the level of efficiency of the workers in chemical companies Rivers State, Nigeria.

**Table 6**  
***Spearman Rank Correlation of Training and Development and Efficiency***  
**Correlations**

|                |                          |                         | Training and development | Efficiency |
|----------------|--------------------------|-------------------------|--------------------------|------------|
| Spearman's rho | Training and development | Correlation Coefficient | 1.000                    | .912**     |
|                |                          | Sig. (2-tailed)         | .                        | .000       |
|                |                          | N                       | 214                      | 214        |
|                | Efficiency               | Correlation Coefficient | .912**                   | 1.000      |
|                |                          | Sig. (2-tailed)         | .000                     | .          |
|                |                          | N                       | 214                      | 214        |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The results in Table 6 explained that the correlation coefficient  $r$ -value was .912 and the  $p$ -value indicated .000 which proved that the result was statistically significant different. It also signified that there was significant positive relationship between training and development and efficiency. If  $p$ -value is .000 which is less than .005 the null hypothesis is rejected and alternative hypothesis accepted. Indeed, this result attested that training and development influences the efficiency of workers in chemical companies.

**Hypothesis three**

H03: There is no significant relationship between work environment and organizational productivity of the workers in chemical companies Rivers State, Nigeria.

HA3: There is significant relationship between work environment and organizational productivity of the workers in chemical companies Rivers State, Nigeria.

**Table 7**  
***Spearman Rank Correlation of Work Environment and Organizational Productivity***  
**Correlations**

|                |                             |                         | Work environment | Organizational productivity |
|----------------|-----------------------------|-------------------------|------------------|-----------------------------|
| Spearman's rho | Work environment            | Correlation Coefficient | 1.000            | .823**                      |
|                |                             | Sig. (2-tailed)         | .                | .000                        |
|                |                             | N                       | 214              | 214                         |
|                | Organizational productivity | Correlation Coefficient | .823**           | 1.000                       |
|                |                             | Sig. (2-tailed)         | .000             | .                           |
|                |                             | N                       | 214              | 214                         |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The results in Table 7 illustrated the correlation coefficient  $r$ -value as .823 and the  $p$ -value as .000 which means the result proved statistically significant different. It also indicated that there was significant positive relationship between work environment and organizational productivity. When the  $p$ -value is .000 which is less than .005 the null hypothesis is rejected and alternative hypothesis accepted. Moreover, this result signified that work environment influences the organizational productivity.

**Discussion of Findings**

The findings in the first hypothesis show that there is positive significant relationship between compensation and effectiveness of workers in chemical companies in Rivers State, Nigeria. This suggests that employees are motivated when they receive adequate pay and allowances which make them feel happy and satisfied. This finding is in line with Lumley et.al.(2011) they contended that compensation is the reward and financial benefits that satisfy material, social and psychological needs of the individual which is linked general satisfaction and pay satisfaction. Hypothesis two findings demonstrate a positive significant relationship between training and development and efficiency of workers in chemical companies. This implies that employees express satisfaction when the training gives them skills and knowledge

to improve job performance and productivity. This finding is in accordance with Mathis (2003) who stated that for workers in chemical firms to effectively carry out their responsibilities, there is need to constantly train and develop workers. Hypothesis three results indicate a positive significant relationship between work environment and organizational productivity of workers in chemical companies. This assumption stipulates that employees are motivated and satisfied when they work in comfortable office and pleasant work environment. This finding agrees with Akinyele (2007) who declared that a favourable work setting guarantees the satisfaction of workers which customarily may encourage them to display their skills, responsibilities with a high level of morale thereby creating higher productivity.

### **Conclusions**

Organizations that have motivational factors are capable of retaining talented and hard-working employees that may contribute to the success and sustainable production. Thus, the findings from this study disclosed that three measures of workers motivation namely compensation, training and development, and work environment have positive significant relationship with organizational productivity in chemical companies Rivers State, Nigeria. Indeed, the study concluded that compensation influences the effectiveness of workers in chemical companies and there is positive significant relationship between workers motivation and organizational productivity.

### **Recommendations**

1. Chemical companies and related manufacturing firms should ensure that workers are motivated with reasonable pay, incentives, and fringe benefits to enable the employees feel satisfied and in turn demonstrate their happiness to high job performance and productivity.
2. Organization should guarantee the safety of their workers at the workplace and provide favourable work environment with juicy work conditions, attractive offices, and technologies to boost job performance.
3. Chemical companies should minimize the high rate of turnover, disruptive behaviour, and low productivity by providing valence training programs to the workers which may help the employees acquire new skills, knowledge, information, and experience needed to transform and achieve set goals.

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## ASSESSING LEADERSHIP INTERJECTIONS IN NIGERIA'S TURBULENT POLITICAL ECONOMY.

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### **Abstract**

*This paper examines leadership decisions/indecisions taken in a bid to solving burgeoning problems occasioned in Nigeria political economy. It assesses the attributes and styles of leaders as it is brought to bear on decision making in a turbulent politico-economy milieu. The paper use qualitative design where data was only obtained from secondary sources including books, journals and internet materials. The paper discovered failure of leadership in assessing and correcting counter-productive decisions taken in turbulent periods. Thus, the paper recommends assessment and correction in decisions or policies by leadership as they bring their managerial attributes to bear on their democratic style.*

**Key words:** *Leadership, interjections, turbulences, political economy, Nigeria.*

### **Introduction**

Leadership constitute an integral management process in human organization. It has huge contributions to the effectiveness of organizations. It acts as inspiring agent in a group and capacity builder and utilizer for the purposes of organizational goals (Weibrich, and Kootz et al 1994)

Leadership is important also in vision and mission creation. It is vision that produces goals and marshal abilities and capabilities from the subordinates towards realizing them (Sharma, Sadana and Kaur, 2011). In this wise, Perthinger (1996) posits of basic but common characteristics that make effective leadership to include; communication, right decision making in particular situation, commitment, concern for staff, integrity and mutual dependence between the leaders, and staff.

In addition, there is internal and external environment from where stimuli emanate to organizations. These environments present veritable sources of contradictions or challenges to the organization and its goals. Thus, leadership comes handy in such situations to mitigate and mediate solutions.

Nigeria has had a great deal of leaders in her democratic experiment since 1999. The tenure of these leaders have been greeted with political and economic turmoils capable of truncating harmony and development. In a brief period from 2011-2023, turbulences have occurred in form of widespread diseases like COVID-19, strikes

affecting the health and education sectors and various forms of clashes in the civil space etc.

Consequently, government interjected with programmes aimed at managing the turbulences. Palliatives were administered, negotiations held and court orders issued. Yet discontentment grew, crisis and clashes subsist leaving leadership in a bewildered state. It is in this regard that the paper is set to assess the decisions or indecisions of the leadership on one hand while attributes and styles of leaders as was shown in the management of these turbulences will be assessed on the other hand.

### **Conceptual Clarification**

#### *Leadership:*

Leadership has many definitions. It is defined as ability or tactfulness in influencing others to follow or obey. Cole (1993,p52) defines it as “a dynamic process at work in a group whereby one individual over a particular period of time and in a particular organizational context, influences the other group members to commit themselves freely to the achievement of group task or goals”. In expatiation of the definition, Cole (1993) was able to identify embedded but salient features to include; dynamism, opposition to a single man's role performance, influencing others with organizational goals in view and contextual conditions. Robbins (1980) conceives leadership to mean those who have both the ability to influence others and administrative authority. Robbin's definition does not confine the influence to individuals but to administrative authorities. It means, a leader also compels administrative authorities like Ministries, Departments and Agencies (MDAs) towards established goals.

### **Theoretical Framework**

The leadership theorists in the like of Handy(1976) and Adair (1968) etc were emphatic about the traits or attributes that qualifies a successful leader. Those attributes include that of skills, knowledge, attitude, charisma etc. Though, these attributes are largely believed to be innate, they can also be acquired. By this submission, leaders should possess the knowledge and right attitude in governance. Knowing the right thing to do and considering responses from the governed is germane for leadership success.

Referencing the style of leadership in conjunction with leadership traits/attributes, autocratic instead of democratic style has been observed. Proponents of style theories are Kurt Lewin, Lippitt and White (1939). Autocratic leaders command and accept compliance (Onah, 2015). They rule with little or no consideration of the led.

They are task-centred and not employee or people-centred. They believe in foisting decision/s instead of participatory decisions.

The recent democratic experience under President MuhammeduBuhari presents intriguing leadership experience especially in Nigeria's turbulent times. In the turbulent period of COVID-19 hazard, palliatives in form of food items, cash transfer etc were unevenly distributed and some diverted for personal benefits. Yet, there was no knowledge of what transpired because, nothing was said or done to correct the wrong. Strikes were poorly handled, clashes especially herdsmen and farmers were explained away with clumsy reasons. Instead, cattle colonies, ruga settlements and resuscitation of grazing reserves were foisted. No dint of democratic flavour was mixed. Leadership of this nature is bound to fail given a people-driven context.

### **Methodology**

The method employed is qualitative in nature. It uses evidences sourced from books, journals and internet. The evidences support, substantiate and buttress various submissions of the paper.

### **Leadership and COVID-19 in Nigeria**

Corona Virus disease also known as Covid-19 first occurred in December, 2019 in China. With rapidity, it spread to other countries of the world including Nigeria. Precisely, on 27<sup>th</sup> February, 2020, the first Covid-19 case was reported in Lagos, Nigeria (Obiakor, Iheonu and Hezie, 2021). From one person identified with Covid-19, incidences increased steadily to 59,583 and the number of deaths to 873 in October 7, 2020 (Lain and Vishwanath, 2020).

The disease continue to ravage Nigeria cities and towns despite the measures at curbing its menace. At moment, total number of confirmed cases is at 266,675. Out of this figure, 259,953 have been discharged. Active cases are numbered at 3,569. While deaths arising from Covid-19 complications are numbered at 3,155 (NCDC, 2023).

With the noticeable hazards Covid-19 posed to the economy of Nigeria, several measures were taken in order to curtail its ravaging effects. As part of measures taken against Covid-19, a Presidential Task Force was swiftly constituted to initiate decision/s against Covid-19 and advise leadership on policy direction in tackling the disease.

Some of interventionist measures the Task Force introduced were lock-downs, and ban on mass gathering, creation of an agency to oversee testing, confirmation and treatment of Covid-19 cases (ie National Centre for Disease and Control), introduction of palliatives, stimulus packages and involvement of faith-based and



humanitarian organizations in encouraging compliance to rules and assisting in the provision of relief materials as much as possible (Okoye and Nwatu, 2022).

The most disappointing and humiliating of the government interjections is distribution of palliatives. The palliatives came in form of food rations, food vouchers and conditional cash transfer targeted at the vulnerable members of the society. Tsuwa and Yandev (2021) aver that the distribution of palliatives was highly politicized in the sense that no template was developed for even distribution among the States hence States that did not vote for president in 2015 general elections such as Ogun and Ebonyi States were not simply captured in the distribution of conditional cash transfer.

In addition, the distribution of food items to the vulnerable was diverted or hijacked by politicians e.g, in Lagos and Kano etc. In worst cases, food items meant for distribution were rather stored in the Maza-Maza area of Ojo LGA, Lagos State. It took the breakage of stores during the End Sars protest to uncover the deal and forcefully allocate the items to themselves through survival-of-the-fittest strategy. In River State, rice, grain and noodles were measured and distributed in cups. In Ogun State, top politicians took major share of the distributions etc (Fatoba, 2021).

The looters looted the stores, the diverters diverted what they could, the distributors also under distributed. Everybody did everything without arrest, prosecution or questioning. Leadership simply became inept in the policy it initiated. Knowledge and skills was proved to be absent in superintending government policies in a turbulent period of COVID-19

### **Leadership and Strikes in Democratic Nigeria:**

Strikes have become phenomenal in Nigeria political history. Hardly a government comes without being hard-hit of strikes. Education sector towers in the experience of strikes among others. The teaching arm at all levels of education including Academic Staff Union of Universities (ASUU) for university, Academic Staff Union of Polytechnic (ASUP) for Polytechnics and Colleges of Education Association Staff Union (COEASU) for Colleges of Education have all passed through the hurdle of strike till today. In early 1992, ASUU went on 9 months strike in pursuance of improved funding, condition of service, university autonomy and academic freedom (Anonaba, 2015).

Other sister unions, like Non-Academic Staff Union (NASU) joined to in the same manner push for the welfare of their numbers. These strikes snowballed into Nigeria new democratic era. ASUU went on strike in 2013 for 5 months, one month in 2017, 3 months in 2018 and 9 months in 2020. (School software pro, 2023)

ASUP on 15<sup>th</sup> May 2022 embark on two weeks warning strike among others (Alabi, 2022). In a related development, Nigeria doctors under the aegis of Nigeria Association of Residents Doctors (NARD) declared a strike in April and August 2021 etc. The list continues in the oil sector as well.

What is so disturbing considering the volume of strikes in the economy is the responses or reactions leadership accords the strikes. In the last prolonged strike by ASUU, several failed negotiations characterized the Union and Federal Government. Several times, the strike was rolled over to give government time to concretely address those areas of contention. Apart from being non-challant to the agreement, Federal Government went ahead and registered a break way union-the Congress of Nigeria University Academics (CONUA) to whittle down the powers and unity of ASUU (Tolu-Kolawole, 2022).

The draconianism did not stop. The Union's 8 months salaries were withheld apart from forcing them to resume work through a court order. In a similar circumstance, National Association of Medical and Dental Academics (NAMDA) -a break away union from Residents Doctors Association was registered. No work, no pay was also threatened for the doctors.

The situation where government uses its employer-power and her agencies to trample on people rights without due consideration to organizational goal attainment is simply using autocratic leadership style which have over the years produced less productive results (Cole, 1993).

### **Leadership and Clashes in Democratic Nigeria**

Clashes have assumed a greater dimension in Nigeria political space. The hitherto persistent communal clashes appear to give way to another dimension of clashes where a body or somebody external to the community attack, destroy lives and property and in most cases kidnapped victims unprovoked. Dominating the 'clashes economy' is Fulani herdsmen, Boko Haram and bandits that employ kidnapping and ransacking as their basic modus operandi.

Benue State, Plateaus state, Niger state apart from North Eastern states of Nigeria etc. have become theatre of clashes perpetrated by the above identified elements. Attacks on Benue Communities were recorded in Agatu, Kwande, Logo, Guma, Gwer west and Makurdi areas (Nongo, 2021). At the moment, the people are still attacked and killed on their farms (Sahara Reporters, 2023).

These attacks have produced 1.5 million people scattered in several internally displaced person camps (IDPs) in the state bringing untold hardship on victims and the government as well. In some States in the North and Niger state, its more worrisome. These places are said to be taken over by the extremists who compel

villagers to stay only at the expense of taxes they are paying to them (Hassan-Wuyo, 2022)

Leadership decisions on the other hand seems to be political, sectional and sentimental. As ransacking and killing continued, the killers proud themselves with AK 47, moving from the length and breathe of communities unchallenged. The puzzle still lingers, why physical human being with physical unhidden weapons cannot be checked in the midst of their ravaging catastrophes being inflicted.

Sentimental in the sense in which tribalism is seen to be remotely employed. The political leadership headed by a President from Fulani extraction could publicly respond to plea of a group from the 'slained extraction', "I am appealing to you to try to restrain your people. I ask you in the name of God to accommodate your country men" (Adetayo, 2018).

Contradiction still exist in this position maintained by the leadership having known and asserted earlier that the so called 'countrymen' are fall out of Lybian crisis (Nongo,2021).

To cap the sentiment, policies like establishment of cattle colonies, ruga settlements and resuscitation of grazing reserves to settle the invaders and displace the farmer-settlers were conversed. Leadership always focus on the Fulani herders at the expense of crop farmers.

Leadership in this case can best be interpreted as sectional, insensitive to the cry and aspirations of the led and autocratic. Government interjections read or interpreted by citizens as sectional, insensitive and autocratic will always be resisted except for the foisting or coercive forces of the government. Accordingly, Benue people enacted a State anti-grazing prohibition law to counter such bias and autocratic interjections. In a similar manner, Ekiti State and the entire Southern States Governors met and opted for enactment of laws in the respective States to prohibit open grazing in order to encourage ranching of animals (Kabir,2021). Obviously, the interjections in the tumultuous times of clashes rather exacerbate it or tensed-up the polity than palliate it.

## **Conclusion**

Leadership is strategic in managing affairs of countries at turbulent times. Nigeria has been greeted with problems of varying proportion in her new democratic experience. These problems include; COVID-19, strikes from various Trade Unions and sporadic clashes resulting from the dastardly acts of Boko Haram, Fulani herdsmen and other marauders.

A country with this horrendous experience need appropriate intervention measures by leadership to mitigate or palliate the suffering of the people. However, it is observed that leadership at this time gambled with those measures that did not actually work. Those measures ended up in empowering or favouring the few at the expense of the majority. Moreover, sentimental and sectional politics were seen to have played by leadership instead of interventions devoid of such. No retrospection and reconsideration was made to ensure the workability of such interventions.

### **Recommendations**

Recommendations arising from the papers discoveries are as follows:

1. Government policies meant to benefit the masses should be followed with strict supervision to ensure unbiased and impartial distribution of benefits regardless of voting pattern of electorates.
2. Repressive approach in addressing people's agitation in a democratic environment is not tenable. Trade Unionism is recognized in an employer-employee relationship. This relationship should be mutually protected one against the other not that the more advantaged represses the less advantaged.
3. Leadership should be seen to be impartial in clashes management. A sectional and partial leadership seen in her stance in clashes situation will always be counter-productive no matter the best of intentions behind leadership decisions. This kind of impartial perception mobilizes support and cooperation from the masses. It helps in dousing ethnic tension in pluralistic society like Nigeria.
4. Short and long-term assessment of government policies should be consistently carried out. This will help in identifying impediments to successful implementation of policies and tackling them accordingly rather than playing deaf and dumb to them.

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# FUEL SUBSIDY REMOVAL AND AGRICULTURAL COOPERATIVE BUSINESS PERFORMANCE IN IMO STATE.

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## **Abstract**

*This research focuses on the impact of fuel subsidy removal on cooperative business performance in Imo state, Nigeria. It examines the effects of fuel subsidy removal on cooperative members' income and input supply. The research investigates the intricate relationship between fuel subsidy policies and the operational dynamics of agricultural cooperatives input supply and members' income performance. The study used survey research methodology, collecting data from cooperative societies in Ehime Mbano local government area. The study employs a mixed-methods approach, combining quantitative surveys and qualitative interviews with members and leaders of selected agricultural cooperatives in Imo State. The area of the study is Ehime Mbano local government area of Imo state. Ehime Mbano is a Local Government Area of Imo State. The population of selected agricultural cooperative societies are total membership strength of 2,180. A sample size 338 derived using Taro Yamani formula. Descriptive statistics such as frequency distribution, means and percentages was used to analyze the data obtained to address the objectives of the study. Also inferential statistics, such as one sample f-test and regression was employed to address the research questions and to test the promulgated hypotheses. The findings reveal that fuel subsidy removal has significantly affected both cooperative farm input supply and member's income. The results support the notion that removing fuel subsidies all at once leads to short-term price increases, impacting cooperative businesses. **Keyword:** Fuel subsidy, agricultural cooperatives, performance, Imo State, Nigeria.*

## **Introduction**

Understanding all the circumstances and elements that influence and shape agriculture's functioning is important since it is essential to Africans' daily lives and the continent's development. This ideological approach to dealing with this vitally important subject results from the fact that, like all other human endeavors, agriculture operates in situated social contexts that have an impact on it both individually and collectively in a variety of ways. Cooperatives, according to Fernando, Garnevska, Ramilan, and Shadbolt (2021), assist farmers in utilizing economies of scale by lowering their costs for purchasing inputs or procuring services like storage and transportation. They also enable farmers to minimize risks and improve the quality of their goods and services. Farmers are given the freedom by cooperatives to own and democratically control the businesses they use to sell and acquire their wares. By purchasing and selling in bulk and raising prices, cooperatives help to increase members' returns (Getnet, Kefyalew & Berhanu,

2018). Cooperatives significantly contribute to social integration, job prospects, and a decline in poverty cases because of their democratic culture and advantageous economic placement. As a result, cooperatives help to sustain local economic cycles and create jobs in the area.

Energy is a crucial input and plays a significant part in the production of every output in an economy. Its effectiveness is essential for the expansion of any sector of the economy and for economic growth. This is so that all economic agents, including cooperative businesses and all sectors, can operate and meaningfully contribute to global progress. In order to diversify the economy and lessen overdependence on crude oil exports in Nigeria, a low-income nation with a high dependence on foreign trade, successive governments have taken a number of steps to reform the energy sector, including removing subsidies. The government's efforts to make the petroleum business more competitive are exemplified by the Petroleum business Bill (PIB). Nigeria still fails to gain meaningful profits from oil exploration and exports despite being blessed with an abundance of natural resources, including massive oil and gas reserves. The gasoline subsidy reform program was the outcome of these and other issues, particularly those in the downstream industry. The goal of these reforms and policy changes, though not without difficulties, is to quicken the pace of the economy's expansion. Redirecting the subsidy fund to high-priority industries including agriculture, health, infrastructure, and education achieves this. (Umar and Umar, 2013; Akinyemi, Alege, Ajayi, Amaghionye diwe and Ogundipe, 2015).

Ovaga and Okechukwu (2022) opined that fuel subsidy is a government discount applied to the market price of fossil fuels in order to force consumers to pay less than the current market price. In the presence of subsidies, consumers would pay less per litre of petroleum product than the market price. Due to the significant amount, impact on citizen welfare, and financial stability of a country, fuel subsidies are a topic of discussion on a global scale.

### **Statement of the Problem**

Despite being the largest country in Africa and the sixth-largest oil producer in the world, Nigeria has had difficulty using its oil wealth to significantly reduce poverty and offer the fundamental social and economic services that its people require (Ering & Akpan 2012). Prior to the election of Goodluck Jonathan, the Federal Government's fuel subsidy policy aimed to help the Nigerian people withstand the effects of economic hardship. The abolition of fuel subsidies has long been a goal of the federal government, which lobbied for it under Goodluck's administration, Buharia's administration, and is now implementing it under Tinubu's administration. The withdrawal of fuel subsidies, which has been a major source of contention for Nigerians, is an intriguing economic problem.

The removal of fuel subsidies has been a contentious issue in Nigeria for some time, with multiple governments attempting the reform but failing due to fierce public opposition, which frequently resulted in large-scale protests from the public and civil society who view such policy as a means of furthering the subjugation and impoverishment of the masses. Nevertheless, it seems that the longer the subsidies have existed, the more entrenched the opposition to their removal has become. Due to insufficient energy supply, Nigeria's population relies heavily on gasoline, which increases the impact of shifting fuel prices on cost of living and commercial operations. The sudden surge in fuel costs brought on by the elimination of the subsidy has made things much worse for the already struggling Nigerian masses, who are already dealing with high unemployment rates and prevalent economic issues. Many authors have written on fuel subsidy removal but to the best of my knowledge there is no known work on fuel subsidy removal and cooperative business performance in Imo state hence the need for this research to cover the gap.

### **Objective of the Study**

The broad objective of this study is to examine fuel subsidy removal and cooperative business performance in Imo state and the specific objectives are:

1. To examine the effect of fuel subsidy removal on Cooperative farm input supply to their members in the study area.
2. To determine the effect of fuel subsidy removal on Cooperative members income in the study area.

### **Hypothesis:**

**H<sub>01</sub>:** Fuel subsidy removal does not have any significant effect on cooperative farm input supply to their members.

**H<sub>02</sub>:** Fuel subsidy removal does not have any significant effect on cooperative member's income in the study area.

### **Review of Related Literature**

#### **Conceptual Review**

#### **Concept of Fuel Subsidy**

Soile, Tsaku, and Yar Adua (2014), observed that subsidies are stated to occur when the government assists customers in paying a portion of the product's current market price. Thus, the difference between the actual market price of gasoline and the price that final customers pay for the good can be defined as a fuel subsidy. Bazilian and Onyegi (2012) claim that developing nations have primarily used consumer subsidies for fossil fuels as a means of achieving specific economic, social, and



environmental goals, such as resource wealth redistribution, externality correction, poverty reduction, and inflation control. Numerous authors have written about and defined the idea of subsidy in the literature. To help particular businesses, sectors, or people, the government or other organizations may offer financial or non-financial incentives known as subsidies (Scott & Kvilhaug, 2022). They are designed to lessen financial strains, foster economic growth, and address market imperfections. IMF et al. (2020) state that subsidies can come in a variety of shapes, including direct government spending, equity infusions, tax incentives, lenient loans, government provision of products and services and preferential conditions in procurement, and pricing supports like price reduction.

It is essential for citizens to take advantage of the resource endowment because crude oil exports account for around 90% of the nation's foreign exchange profits. Government subsidies for petroleum products like gasoline, kerosene, and diesel have resulted as a result of this. The well-known goals of this fuel subsidy include promoting industrial development, wealth redistribution, and increasing domestic product consumption by households.

Despite being the largest country in Africa and the sixth-largest oil producer in the world, Nigeria has failed to significantly alleviate poverty or deliver the essential social and economic services to its people (Ering & Akpan 2012). Prior to the election of Goodluck Jonathan, the Federal Government's fuel subsidy policy aimed to help the Nigerian people withstand the effects of economic hardship. In Nigeria, gasoline subsidies were originally implemented in the 1970s as a reaction to the 1973 shock in the price of oil. In 1986, fuel subsidies were in part eliminated. The fuel subsidies have remained in effect ever since. The government abruptly ended the fuel subsidy in 2012. Massive demonstrations against the withdrawal were held in order to pressure the administration to bring back the fuel subsidy that had been cut. Due to the significant protests, the government subsequently resumed fuel subsidies in 2012. Nigeria's fuel subsidy payment has increased significantly since that time. Fuel subsidies amounted to 4 trillion (US\$6.088 billion) in 2022, or 23% of the country's total budget of 17.126 trillion (US\$25.87 billion). Because Nigeria could no longer afford fuel subsidies in 2023, the government declared that they would be eliminated in June of that year, which is exactly what happened. Recent research in Nigerian literature reveals conflicting results of fuel subsidies. While some research highlight the positive effects of fuel subsidies and ask for their administration to be transparent, other studies draw attention to their drawbacks and call for their abolition.

Adekunle and Oseni (2021), for instance, contend that eliminating fuel subsidies could lower the growth in carbon emissions through low energy consumption channels, even though it might result in higher energy costs. One negative macroeconomic implication of the removal of fuel subsidy is that the rate of

economic growth could decrease (Houeland, 2020). The fuel subsidy removal would lead to increase in price of essential goods and services. As a result, there would be fewer disposable income in the hands of individuals and small businesses due to rising prices, stagnant wages, and a fixed national minimum wage. This will lead to a reduction in consumption expenditure and would act as a drag on aggregate demand. The reduction in consumption would translate to weak consumer demand for the goods and services produced by firms. This, in turn, could decrease economic output and gross domestic product, and slow the rate of economic growth. Another negative macroeconomic implication of the removal of fuel subsidy is that the inflation rate would increase (Mohammed, Ahmed and Adedeji, 2020). The removal of fuel subsidy led to a rise in the price of petrol from a subsidized price of ₦190 in May 2023 to an unsubsidized price of ₦537 in June 2023 and ₦617 in July 2023 in Abuja. Meanwhile, the price of petrol could rise above ₦600 in the far North such as in Borno State due to high transportation cost. The implication is that the price of most consumer and industrial goods, which are produced or transported with petrol, will increase sharply. The cost of bread will increase, and the cost of local transportation will also increase, making it expensive to afford for poor individuals and low-income earners. The effect will also be felt by both the rich and the poor, but as always, the poor will suffer the most, through a significant reduction in their purchasing power. The inflation effect could be further worsened by the late rollout of palliatives by the Federal Government to support the poor and households who are affected by the rise in the price of essential goods and services immediately after fuel subsidy removal. Umeji and Eleanya (2021) contend that despite the introduction of fuel subsidies, Nigeria's oil wealth has not resulted in an improvement in the standard of living, and that the removal of fuel subsidies could have negative effects that can be lessened by the Theoretically, it is expected that the removal of fuel subsidy will influence the agricultural sector either positively or negatively. The negative effect is reflected in the increase in the cost of agricultural produce attributed to the high cost of transportation which is a crucial component of the logistics. government being transparent about how it plans to use the money saved from the removal of fuel subsidies for infrastructure improvement. Additionally, Ovaga and Okechukwu (2022) contend that fuel subsidies contribute to corruption in Nigeria because a group of corrupt individuals have been working to undermine efforts to build new refineries in Nigeria and to thwart the operation of existing ones in order to maintain fuel importation and fuel subsidies for the satisfaction of their own selfish interests. For example, Ansari, Salami and Veeman (2014) examined the distributional consequences of subsidy removal from the agricultural and food sectors using a price-based Social Accounting Matrix (SAM) analysis. They found that the low-income rural households will be most affected when these categories of subsidies are removed due to high prices of food and agricultural produce which is capable of affecting welfare negatively. In spite of this data, there is little to no discussion on the effects of the recent removal of fuel

in Nigeria in 2023. Concerns about how the loss of the fuel subsidy might impact the Nigerian economy, Nigerians, and cooperatives were raised because the subsidy was eliminated without first offering some palliatives.

### **Cooperative Input Supply**

The provision of seeds and fertilizer to farmers is a component of input supply. Cooperatives engaged in collaborative agricultural production operate on collectively owned farmland, according to Imobighein (2018). Cooperative societies act as channels for the distribution of input, according to Taiwo, Katagum, and Bilkisu (2017). They have created a solid and dependable system through their national organization for the distribution of food crops, fertilizers, agrochemicals, credits, seeds, and seedlings. The backbone of any agricultural revolution is access of farmers to modern agricultural inputs. Farm inputs are very important to farmers to boost their productivity and as such should be made available to them by cooperatives.

### **Cooperative Members Income and Fuel Subsidy Removal**

Fuel subsidy removal can have significant impact on the income and livelihood of cooperative members in Nigeria. By removing of fuel subsidies, the cost of petroleum products such as gasoline, diesel, tends to increase. This leads to higher transportation costs for cooperative members who rely on these fuel for commuting, whether for work or other daily activities. The increased cost of transportation can strain household budgets, reducing disposable income. (Nwachukwu & Ijewere, 2020). Higher fuel prices can also affect the income levels of cooperative members who operate businesses that rely on transportation for the distribution of their goods and services. Increased operational costs can lead to reduced profit margins, potentially resulting in lower income for business owners within cooperative communities. (Ijewere, 2012).

### **Fuel Subsidy Removal and Cooperative Business Performance**

Cooperatives helps farmers take advantage of economies of scale by decreasing their expenses of obtaining inputs or acquiring services like storage and logistics. They also allow farmers to enhance product or services quality and lower risks (Fernando, Garnevska, Ramilan and Shadbolt (2021).

In empirical literature, there is limited number of studies on the impact of fuel subsidy removal on the performance or output of the agricultural sector, even for Nigeria, with the exception of the study of Atoyebi et al. (2012) which used questionnaires to analyse how output in the agricultural sector will change with the removal of subsidy in Nigeria.

Ansari, Salami and Veeman (2014) examined the distributional consequences of subsidy removal from the agricultural and food sectors using a price-based Social Accounting Matrix (SAM) analysis. They found that the low-income rural households will be most affected when these categories of subsidies are removed due to high prices of food and agricultural produce which is capable of affecting welfare negatively. IMF et al. (2020) state that subsidies can come in a variety of shapes, including direct government spending, equity infusions, tax incentives, lenient loans, government provision of products and services and preferential conditions in procurement, and pricing supports like price reduction. The well-known goals of this fuel subsidy include promoting industrial development, wealth redistribution, and increasing domestic product consumption by households.

### **Theoretical Framework – System Theory**

Systems theory was first introduced in the 1940s by biologist Ludwig Von Bertalanffy. Systems theory is the trans-disciplinary study of systems, i.e. cohesive groups of interrelated, interdependent components that can be natural or human-made. Every system has causal boundaries, is influenced by its context, defined by its structure, function and role, and expressed through its relations with other systems. A system is "more than the sum of its parts" by expressing synergy or emergent behavior. Systems theory is an interdisciplinary theory about the nature of complex systems in nature, society, and science. It is a framework by which one can use to study, investigate and describe any group of objects that work in collaboration towards a common purpose/goal.

Changing one component of a system may affect other components or the whole system. It may be possible to predict these changes in patterns of behavior. For systems that learn and adapt, the growth and the degree of adaptation depend upon how well the system is engaged with its environment and other contexts influencing its organization. Some systems support other systems, maintaining the other system to prevent failure. The goals of systems theory are to model a system's dynamics, constraints, conditions, and relations; and to elucidate principles (such as purpose, measure, methods, tools) that can be discerned and applied to other systems at every level of nesting, and in a wide range of fields for achieving optimized equifinality.

Additionally, an essential assumption of systems theory is that it needs to be understood as a whole system, rather than only the mechanical portions mentioned above, as someone should reflect on how the system connects itself to its' environment.

### **Relevance of the Theory**

System theory says that a change in one component of a system may affect other components or the whole system. It may be possible to predict these changes in

patterns of behavior. This is relevant to the work because a removal in fuel subsidy will automatically affect the performance of cooperative business whether positively or negatively.

### **Empirical Studies**

Alege, Ajayi, Adediran, and Urhie (2017). Using a dynamic computing general equilibrium approach, simulate the removal of fuel subsidies and the agricultural sector's performance in Nigeria. Given its strategic importance as a crucial industry, this study examined the reaction of Nigeria's agriculture sector to the elimination of the subsidy on refined petroleum. The study shows the outcomes of how the agriculture sector responded to three different simulation scenarios using a dynamic energy-environment CGE model based on the 2006 Nigerian Social Accounting Matrix (SAM). These include the withdrawal of the subsidy on imported refined oil in Nigeria in three stages: partially (by 50%), gradually, and all at once (100 percent). As many of the important macroeconomic variables increased under the total removal simulation scenario, the results showed that a complete or one-shot elimination of fuel subsidies is more advantageous in terms of better agricultural sector performance. It is advised that, despite short-term price increases, removing fuel subsidies all at once will improve the output and performance of the agricultural sector. When resources are devoted to technological and infrastructural advancement, the industry will reap long-term rewards that will boost overall growth and improve food security in Nigeria.

Egbezien, Inegbedion, Inegbedion, Obadiaru & Asaleye, (2020). Fuel price increases, the elimination of petroleum subsidies, and the Nigerian economy. The goal of the study was to evaluate how much the elimination of petroleum subsidies contributed to rises in gasoline costs and product prices across other economic sectors in Nigeria. The computed table showing the flow of commodities was used to determine the value added per sector using an input-output model. The effects of decreasing petroleum subsidies by 10%, 20%, 30%, 40%, and 50% were then calculated on the costs of goods from the other sectors. The findings indicated that cutting back on petroleum subsidies causes an increase in the cost of petroleum products, which in turn causes an increase in the cost of transportation. Because of the degree of interdependence between the various sectors, an increase in transportation costs then causes an increase in the cost of other goods. Among other things, it was urged that policymakers should take the economic effects of subsidy elimination into consideration.

### **Methodology**

The research design adopted for this study is the survey research design. Data for this study was collected from the conventional sources; primary and secondary data. Data were gathered from the primary source through questionnaire that was self-

administered while secondary source of information were journals, textbooks and other records that are relevant to the study. The area of the study is Ehime Mbano local government area of Imo state. Ehime Mbano is a Local Government Area of Imo State, Nigeria. Its headquarters are in the town of Umuezeala Owerre. It has an area of 169 square km and a population of 130,931 at the 2006 census.

Among the active and functional Farmers’ cooperative in the area, 15 cooperative societies were purposively selected having a total membership strength of 2,180.

The sample size was determined using Taro- Yamani (1964:250) formula as this;

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Signifies sample size

N = Signifies the population under study

1 = Constant

e = The degree of error expected

N = 2180

e = 0.05

Therefore,

$$n = \frac{2180}{1 + 2180(0.05)^2}$$

$$n = \frac{2180}{1 + 2180 \times 0.0025}$$

$$n = \frac{2180}{6.45}$$

n = 337.9

n = 338 (approximately)

### **Method and Tools for Data Analysis**

Descriptive statistics such as frequency distribution, means and percentages was used to analyze the data obtained to address the objectives of the study. Also inferential statistics, such as one sample f-test and regression was employed to address the research questions and to test the promulgated hypotheses.

The response from the respondent were organized into frequency distribution and the collected data was tabulated and converted into mean rating using 5-point Likert scale as shown below.

Formula for mean:  $\frac{\sum NFX}{N}$  Where  $\sum$  - Sum of F - Frequency X - Normal Value N - Total number of respondent The nominal values assigned to the different scaling items used are as follows, Strongly Agree = 5, Agree = 4, Undecided = 3, Disagree = 2 Strongly Disagree = 1.  $X = \frac{5 + 4 + 3 + 2 + 1}{5} = 3$ , the cut-off point is 3.

**Decision Rule:** The cut-off point mean is 3. Any response that has a mean score of 3 and above is accepted while any response with a mean score below 3 is rejected. Using SPSS package, regression analysis was run at significance level of 0.05 with the degree of freedom (df) = (n-1).

Further analysis and tests of hypotheses one and two were done through the application of multiple regression models. The regression models were implicitly specified as in equations 1 and 2.

$$FAP = f(X_1, X_2, X_3, X_4, X_5) \quad 1$$

$$FAP = f(X_6, X_7, X_8, X_9, X_{10}, X_{11}, X_{12}, X_{13}, X_{14}, X_{15}) \quad 2$$

And further explicitly specified as in equations 3 and 4:

$$FAP = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e \quad 3$$

$$FAP = \alpha + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + \beta_{11} X_{11} + \beta_{12} X_{12} + \beta_{13} X_{13} + \beta_{14} X_{14} + \beta_{15} X_{15} + e \quad 4$$

Where:

FAP = Farm gross profit of cooperative members in Naira

X<sub>2</sub> to X<sub>5</sub> = Vectors of indicators of credit obtained from cooperatives (mean Likert scale responses).

X<sub>6</sub> to X<sub>15</sub> = Vectors of indicators of farm inputs from cooperatives (mean Likert scale responses)

The  $\alpha$  is the constant and the  $\beta$  s are the parameters to be estimated, while the e is the error term. All calculations and estimate were obtained through the use of version 21 of the SPSS package.

Table 1: Reported gross profit of farm operations of cooperative members in 2022 and 2023

| Range in N'000 2022 | Frequency  | Percentage | Range in N'000 2023 | Frequency  | Percentage |
|---------------------|------------|------------|---------------------|------------|------------|
| Less than 100       | 52         | 16.56      | Less than 100       | 67         | 21.34      |
| 100 - 199           | 60         | 19.11      | 100 – 199           | 81         | 25.80      |
| 200 – 299           | 63         | 20.06      | 200 – 299           | 54         | 17.20      |
| 300 – 399           | 65         | 20.7       | 300 – 399           | 57         | 18.15      |
| 400 and above       | 74         | 23.57      | 400 and above       | 55         | 17.52      |
| <b>Total</b>        | <b>314</b> | <b>100</b> | <b>Total</b>        | <b>314</b> | <b>100</b> |

Survey data, 2023.

Table 1, shows the reported gross profit made by the responding cooperative members in 2022 and 2023. It could be seen that majority of the members in 2022 (23.57%) reported gross profit of between N400,000 and above. They were closely followed by a group of 20.70% of the members who reported a higher gross profit of over N300,000 – N399,000. Other reported gross profit ranges included N200,000 to N299,000 by 63 members (20.06%), N100,000 to N199,000 by 60 members and less than N100,000 by 52 farmers (16.56%). In 2023, majority of the members (25.80%) reported gross profit between N100,000 and N199,000. They were closely followed by a group of (21.34%) of the members with a gross profit of less than N100,000. Other ranges included (18.15%) N300,000 to N399,000 and (17.52%) which is N400,000 and above. Certainly, the farm gross profit as reported shows a fluctuation in 2023. Without doubt fuel subsidy removal has in one way or the other negatively affected the performance of the members.

**Data Presentation and Analysis**

Of 338 questionnaires distributed 314 were returned, representing 92.96% responses. This implies that 92.96% of respondents returned their questionnaires.

**Table 2: Effect of fuel subsidy removal on the cooperative members’ income**

| S/N               | Items  | (5)<br>SA | (4)<br>A | (3)<br>UD | (2)<br>D | (1)<br>SD | Mean        | Decision |
|-------------------|--|-----------|----------|-----------|----------|-----------|-------------|----------|
| 1                 | Fuel subsidy removal led to increase in essential goods and services which affects the income of members.                      | 73        | 192      | 0         | 10       | 39        | 3.80        | Accepted |
| 2                 | Fuel subsidy removal caused high cost of living for members.   | 73        | 166      | 6         | 13       | 56        | 3.60        | Accepted |
| 3                 | The impact of fuel subsidy removal increased domestic price of fuel which adversely affects the income of cooperative members. | 74        | 166      | 6         | 17       | 51        | 3.62        | Accepted |
| 4                 | Fuel subsidy removal brought about high cost of transportation which adversely affect income.                                  | 65        | 150      | 11        | 20       | 68        | 3.74        | Accepted |
| 5                 | Fuel subsidy removal brought about fewer disposable income in the hands of members.  | 77        | 180      | 1         | 11       | 45        | 3.77        | Accepted |
| <b>Grand Mean</b> |  |           |          |           |          |           | <b>3.71</b> |          |

*Source: Field survey 2023*



Table 2 above analyzed the effect of fuel subsidy removal on the cooperative members' income. Out of the five (5) variables used for the effect of fuel subsidy removal, 5 were accepted because the mean score was above 3.00 which is the threshold for acceptance. Meaning that respondents are of the opinion that the fuel subsidy removal has generally affected the cooperative members' income. The grand mean is 3.71 which shows acceptance by the respondents.

**Table 3: Effect of fuel subsidy removal on the cooperative input supply to their members in the study area.**

| S/N               | Items   | (5)<br>SA | (4)<br>A | (3)<br>UD | (2)<br>D | (1)<br>SD | Mean        | Decision |
|-------------------|---|-----------|----------|-----------|----------|-----------|-------------|----------|
| 1                 | The effect of petrol subsidy removal is low supply of agricultural inputs such as fertilizer, improved seed to cooperative members. | 86        | 167      | 8         | 9        | 44        | 3.77        | Accepted |
| 2                 | Cost of inputs increased as a result of fuel subsidy removal.   | 73        | 172      | 8         | 19       | 42        | 3.68        | Accepted |
| 3                 | Petrol subsidy removal has negative impact on the overall productivity of your cooperative.   | 72        | 152      | 6         | 23       | 61        | 3.48        | Accepted |
| 4                 | Land made available for cultivation are not properly utilized as a result of high cost of cultivation                               | 49        | 118      | 49        | 32       | 66        | 3.17        | Accepted |
| <b>Grand Mean</b> |   |           |          |           |          |           | <b>3.53</b> |          |

Source: Field survey 2023

Table 3 above analyzed the fuel subsidy removal on the cooperative input supply to their members in the study area. Out of the four (4) variables used for the effect of fuel subsidy removal, 4 were accepted because the mean score was above 3.00 which is the threshold for acceptance. Meaning that respondents are of the opinion that the fuel subsidy removal has generally affected the cooperative input supply to their members in the study area. The grand mean is 3.53 which shows acceptance by the respondents.

### Test of Hypothesis Using SPSS Version 23

**H<sub>01</sub>:** Fuel subsidy removal does not have any significant effect on cooperative farm input supply to their members.

**H<sub>02</sub>:** Fuel subsidy removal does not have any significant effect on cooperative member’s income in the study area.

**Note:** Alpha value ( $\alpha$ ) = 0.05

**Decision Rule:** Where the Sig. value is less than the alpha value ( $\alpha$ ), H<sub>0</sub> is rejected and H<sub>1</sub> accepted.

**Table 4: Regression Output:** Fuel subsidy removal on Cooperative Business Performance

| Variables           | coefficients        | std. error | t. stat | Sig (Prob) |
|---------------------|---------------------|------------|---------|------------|
| Farm input supply   | .141                | .024       | 5.929   | .000       |
| Member’s income     | .595                | .023       | 26.007  | .000       |
| R                   | .922                |            |         |            |
| R <sup>2</sup>      | .861                |            |         |            |
| Adj. R <sup>2</sup> | .857                |            |         |            |
| F. ratio            | 485.214 Sig @ 0.000 |            |         |            |

Source: Computed from field survey, 2023.

The test reveals the correlation coefficient (R) of 0.922 signifying a strong positive relation between the dependent and the independent variables. This means that 92.2% strength of relationship exists between them.

The overall regression fit as measured by the coefficient of multiple determinations (R<sup>2</sup>) was 86.1% and measures the goodness of fit at a very high percentage. It means that 86.1% variation in the dependent variable was accounted for the variations in the independent variables.

**Discussion of Test hypothesis:** At various levels of probability, farm input supply and member’s income are statistically significant as indicated by their low probability values of 0.000 and 0.000, respectively.

To the general prediction of the F-test, P<0.05; this therefore rejects the null hypothesis and accepts the alternate that: “Fuel subsidy removal has significant effect on cooperative farm input supply to their members” and “Fuel subsidy removal has significant effect on cooperative member’s income in the study area.”

This outcome is consistent with the findings of Alege, Ajayi, Adediran, and Urhie (2017) and Egbezien, Inegbedion, Inegbedion, Obadiaru & Asaleye, (2020) whose observation is that a complete or one-shot elimination of fuel subsidies is more advantageous in terms of better agricultural sector performance in the long-run, yet causes an increase in the cost of petroleum products, which in turn causes an increase in the cost of transportation. Therefore, a short-term price increases will happen,

which will invariably significantly affect cooperative farm input supply and member's income.

### **Conclusion**

The study concludes that fuel subsidy removal in Nigeria has substantial implications for cooperative business performance. It has led to increased costs of essential goods and services, higher transportation costs, and reduced disposable income for cooperative members. Additionally, the removal of fuel subsidies has negatively affected the supply of agricultural inputs to cooperative members, impacting overall productivity. While the long-term benefits of subsidy removal may include improved agricultural sector performance, the short-term consequences are significant.

### **Recommendations**

Based on the findings, the following recommendations are made:

Instead of abrupt removal, policymakers should consider gradual or phased approaches to minimize the immediate impact on cooperative businesses and households. The government and relevant agencies should provide support to cooperative businesses, especially in terms of access to affordable inputs, financing, and capacity building, to help mitigate the negative effects of subsidy removal. Also, there should be continuous monitoring and evaluation of the impact of fuel subsidy removal on cooperative businesses should be carried out to inform policy adjustments and interventions.

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# STRATEGIES FOR FUNDING BUSINESS EDUCATION FOR SUSTAINABLE SKILL ACQUISITION

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## **Abstract**

*Business education has different strategies for its proper funding. Business education has as one of its aims, the empowerment of students with skills necessary to meet business challenges in our society in this digital era. One major challenge facing Business Education is inadequate funding to run the affairs of Business Education. Skill acquisition is the systematic and sequential development of skills that promotes efficiency and effectiveness. The paper examined the strategies for funding business education for sustainable skill acquisition. The concept of funding, business education, common features of business education, skill acquisition, relevance of skill acquisition in business education, means of financing business education for improved skill acquisition, benefits derived from skill acquisition in business education, challenges in funding business education for sustainable skill acquisition, and ways forward for funding business education for sustainable skill acquisition. Recommendations were made among others that the federal and state governments should adequately fund business education programme to overcome some of its challenges.*

**Keywords:** *Funding, Business Education and Sustainable Skills Acquisition*

## **Introduction**

In running our businesses effectively, we need proper funding. Funding is an integral part of business that we cannot ignore. From ancient times, human beings have been struggling to dominate and develop on their business endeavour so as to make goods and services readily available at all the nooks and crannies of the society. The system of education in our society may be different and dynamic according to the desire for educating, training and retraining of its people. With the help of education in the aspect of business and skill acquisition, this will thrive and help our country to grow maximally. Skill acquisition is the art of learning to do something in order to earn a living and or to survive in a way that does not affect other human and non human being negatively within the geographical operation of such businesses or transactions. Njoku and Nwachukwu (2017) stated that the mission of business education as outlined by “Policies Commissions for Business and Economic Education” in 1975 are as follows:

To educate individuals for and about business.

To provide a continuous programme of planned learning experience designed to equip individuals to fulfill effectively three roles as follows:

To produce and distribute goods and services as workers.

To use the results of production as consumer.

To make judicious socio-economic decision as citizens.

To provide educational opportunities for students preparing for careers in fields other than business to acquire business knowledge and skills needed to succeed in those careers.

### **Concept of Funding**

A major challenge facing most businesses is the issue of financing/funding and this has been the major hindrance to the success or investment of business especially in Nigeria. Major area of concern for any business deals with financial management on financial issues in any business entity such as sources and application of fund. As a result of its uniqueness, majority of business investors lack adequate funding to allow skill acquisition enterprises have solid ground/foundation in our country and even opportunity to raise capital needed by the serious minded skill acquisition entrepreneurs are not being encouraging at all. By discussing this sub-topic, one can, but result to say that if our business education is well financed it will improve more establishment of good skill acquisitions and thereby, increasing the country's Gross Domestic Product (GDP) annually. Funding is the act of providing resources, usually in form of money, or other values such as effort or time, for a project, a person, a business, or any other private or public institutions. Funding is a way of providing resources to finance a need, programme, or project. Most times, the funding may usually be in the form of money, it can also take the form of effort or time from an organisation or company. Universally, this word is used when a firm uses its internal saving or reserve to fulfil its importance for cash, while the term financing is used when the company or business organisation acquires capital from external sources or inflow.

The act of soliciting and gathering fund is known as fundraising. Sources of funding include credit, venture capital, donations, grants, savings, subsidies, and taxes. Funding such as donations, subsidies, and grants that have no direct requirement for return of investment are described as "soft funding" or "crowdfunding". Funding that facilitates the exchange of equity ownership in a company for capital investment via an online funding portal as per the Jumpstart Our Business Startups Act is known as equity crowdfunding. Funds can be allocated for either short-term or long-term purposes.

### **Business Education**

Osuala (1989) sees Business Education as an essential part of the preparation of youths for life and living. In 2004, Osuala gave another definition as a programme of instruction which consist of two parts (1) Office education - a vocational programme of office career through initial, refresher and upgrading education and (2) General business education - a programme to provide students with information

and competence which are needed by all in managing personal business affairs and in using the services of the business. Osuala (1987), Popham (1975) and Njoku (2006) were of the view that the type of training given to the learners was apprenticeship training. At that time an individual had to learn a trade under another person who had the skill for the trade, or who was experienced in a particular area such as were craft, bookkeeping, farming, sales etc. The period of training varied from one trade to another. Sometimes the length of time was based on how fast the apprentice could learn the skill for instantly sole traders were privileged to take apprentices to assist in the sale of wears through the learning of how it was done. Presently, this category of skill is carried and accepted through apprenticeship training. As time passed, the apprentice became free and was either a salesman or bookkeeper. In some instances, the apprentices paid for the period of training, but where it was not possible, the family of the apprentice paid for the period of training, but where it was not possible, the family of the apprentice was required to mortgage land or any valuable property.

By the time the training ended, it was an option put forward to the apprentice whether to remain with his master and be paid a token sum, which might be complicated with material items. The second option was that of the freed-apprentice whose master was obliged to feed him/her and supplied him/her with routine help. In all, he/her was still responsible to the master and must emulate and we lack in our society today, was that the apprentice must be worthy in character and learning. As times went on, business began, Popham (1975) stated that more people were needed in businesses and the idea restricting the training to certain places was not achieving much and itinerant tutors started travelling around the country (USA) giving instruction in book keeping, penmanship and commercial arithmetic in their curricula as a result of demands for commercial training.

### **Common Importance of Business Education**

The following are some common importance of Business education:

1. Business education helps graduates to facilitate their ideas into visible and viable businesses after graduating from the College. If this rightly done, the graduates do not need to beg or queue up in the labour market for paid employment, but rather create jobs for themselves and others.
2. Business Education is a course that prepares students for entry into and advancement in jobs within business and it is equally important because it prepares students to handle their own business affairs and to function intelligently as consumers and citizens in a business economy.
3. Business education programme builds students/pupils because at the level of junior secondary school, most of the subjects have been incorporated into the programme.



4. Business education is an area of education that deals with the study of the subject of related disciplines. It involves combination of two or more disciplines dealing with the art of shorthand writing, typewriting, accounting, business mathematics, secretarial duties, entrepreneurship, commerce and office practice. The field of study offers every individual an opportunity to develop those abilities, skills and understanding of the vocational opportunity available.
5. Business education programme helps to reduce the rate of unemployment and poverty which have brought about the dire need to carry out some modifications in the curriculum of Business education programme in Nigerian tertiary institutions so that the students will not only be exposed to a particular skills but also be creative in thinking which will be sufficient enough to establish and run a business at least at the small scale level.
6. It helps in the promotion of entrepreneurship education and provides additional skills, resources, and methodologies.
7. Business education helps significantly in economic growth and development, thereby contributing to the country's advancement.
8. Business education serves as personal qualities and builds the attitudes of individuals that are necessary for the adjustment to personal and employment situations, and also provides knowledge, skills and competencies for individuals that are necessary to function well in office occupation and also create jobs for themselves and others (Amoor and Udoh, 2008).

### **Skill Acquisition**

The term skill acquisition can be seen as the process of learning to do something in order to earn a living and or to survive. Skill can be acquired from several sources depending on the skills and the environment e.g a person who is interested in acquiring the skills of repairing cars, motorcycle or anything motor related would likely acquire such skill from professionals in that field. Omidiji and Ogwu (2019) viewed skill acquisition as a systematic and sequential development of skills that promotes efficiency and effectiveness in the performance of a specified job.

Skill acquisition is the process of developing capacities through all levels of education and training, occurring in formal, non-formal, and on-the-job settings, which enable individuals in all areas of the economy to be fully and productively engaged in livelihoods and to have the capacity to adapt their skills to meet the changing demands and opportunities of the economy and labour market especially in the e-world (Enang and Okute, 2019). Oladunjoye (2018) opined that skill acquisition should be perceived as a catalyst to increase the rate of economic growth, create job opportunities, reduce import of manufactured goods and decrease trade deficits that results from such import.

### **Relevance of Skill Acquisition in Business Education**

1. **Improved Strategic Planning:** To start a business does not automatically make one good at planning for growth. Planning skills are tools that would tie the vision of getting practical step that business can take to realize its vision.
2. **Better Financial Management:** Skill acquisition allows Business educators to have advantages of accounting skills and know how to manage both cash flow, inflow and outflow so that the business does not run into losses
3. **Improved Communication with Stakeholders:** Skill acquisition allows us to have either direct or indirect communication with various stakeholders thereby allowing the skills acquisition expert to always update his or her communication skills to form alliances and consensus. It aids improvement of written, verbal and nonverbal communication daily so that one can lead ones work team successfully and receiving support in the business environment.
4. **Crisis Management Capabilities:** Skill acquisition envisions a smooth rise to the top when one starts a business, but the truth is that challenges will arise, but such skills acquired bring calmness in times of turmoil and maintain one's ability to make effective decisions. This is very imperative because one has to learn to overcome when it looks like one could be defeated.
5. **Improvement in all Ramifications:** It helps an individual in all areas of the economy to be fully and productivity engaged in livelihoods and to have the capacity to adapt skills to meet the changing demands and opportunities of the economy.
6. **Management of Emergency Situation:** It can be used to manage an emergency situation when the need arises.
7. **Adequately Self-Employed:** It is an instrument that can be used to be adequately self-employed
8. **Improvement in Quality of Life:** It improves quality of lives of individuals
9. **Reduction in the Rate Of Unemployment:** It can help reduce rate of unemployment in our lives and nation
10. **Means of Survival:** It is a means of survival for those that do not lose their focus in their chosen field of skill acquisition.

### **Means of Financing Business Education for Improved Skill Acquisition**

1. **Loan from Commercial Banks:** Most of commercial banks grant very short loan to the business educators which is equally to minimize the improvement of some of our skill acquisition businesses to succeed
2. **Trade Creditors:** It is another way of getting fund to run businesses by allowing skill acquisition owners to buy their needed products and materials on credit from suppliers and later pay at a convenient time in the future. No formal collateral security is needed and interest is implied in this system of financing business education.

3. **Loan from Supplier of the Business:** It is leased to get fund to run business education and pave way for the skill acquisition in our nations. The promoter of this aspect of the business buys equipment from the supplier and pays instalmentally. This is used to finance capital asset that can in turn allow more skills acquisition in our nations.
4. **Development and Financial Institution:** Government assists by establishing financial institutions that go into partnership that will aid economic development.
5. **Venture Capital:** It is a form of funding business education and enhances skills acquisition whereby stakeholders financing business education provide start-up capital to companies and small businesses that are believed to have long-term growth desire.
6. **Stakeholders' Personal Saving:** The promoters of business education have to contribute certain quota to their skill acquisition business. Any business educator venture is regarded as useful venture when the owner comes up with at least one third of the total financial requirement of its take off.
7. **Borrowing from Sister Institution:** It is a cheap way of getting fund by avoiding all procedures that have to be followed if one turns to the bank for financial borrowings transaction. The promoter of skills acquisition should consider this loan as a temporary one and adequate provision must be made to return such fund at a short period of time.
8. **Subsidies:** Business education can be funded by direct or indirect payment, economic concession, or privilege granted by a government to private firms, households, or other governmental units like business education sector.
9. **Taxes:** It is the compulsory contribution to state revenue levied by the government on workers income and business profits or added to the cost of some goods, services, and transactions which in turn can be used to make our business education and skills acquisition to be more successful.
10. **Government Direct Sponsored Scheme:** The government can sponsor business education and allow skill acquisition to improve in nations whereby the entire setback that used to hinder the growth of business education will be eliminated.

### **Benefits Derived from Skill Acquisition in Business Education**

1. **Employment Generation:** Skill acquisition in business education helps in employment generation for our teeming population.
2. **Self-Employment:** Using various acquisition outlets in the country, those that are unable to secure white-collar jobs are able to find something doing.
3. **Diverse job Opportunities:** It helps to promote various job opportunities to different fields of endeavour as all aspects of various professions are carried along at all times.

4. **Crime Reduction:** Crime rate has been reduced to certain percentage level through promotion and support of skills acquisition in our society at large.
5. **Wealth Creation:** You will agree with me that many people in our society have been self dependent as a result of skills acquisition they are having and increase rate of money in circulation which in turns increase income tax to the government.
6. **Effective Function:** Skill acquisition effectively functions in our society and improves our standard of living.

### **Challenges in Funding Business Education for Sustainable Skill Acquisition**

The following are some challenges faced in funding business education for sustainable skill acquisition:

1. **Lack of Economic Self-Reliance Awareness:** Many youths and adults do not know that vocational and technical education is the only branch of education that can provide gainful and immediate employment to graduates and that liberal arts education only makes graduates to be job seekers. This is due to erroneous belief that the course is offered to the never do well members of the society and it has greatly affected the interest of students in both secondary and tertiary institutions toward vocational and technical education
2. **Poor Economic Condition:** Vocational and technical education is very expensive as it is capital equipment based. Even though all the tiers of government in Nigeria are interested in funding the course, the government has lean resources to implement it. That is why the training of students right from the secondary level to tertiary institution are theory-based rather than practice. Practical courses that are supposed to expose students to real practical training in order to match the theory learnt in the classroom with real work situation have become a mirage.
3. **Lack of Mobilization:** There is also inadequate mass mobilization by way of publicity campaigns to raise awareness in vocational skills acquisition. This lack of mobilization and advocacy campaigns has tended to stunt the growth of vocational training education.
4. **Inadequate Workshops/ Laboratories for Training:** Laboratories/workshops which house the tools, machines and equipment for the training of students are hardly available and the available ones are obsolete. This is why many vocational and technical education teachers resort to theoretical teaching. Where few functioning equipment or machines are available, students are divided into groups. This system is not effective, as many students do not have access to such equipment for practice as much as they want/can.
5. **Parental Influence:** Some parents have cultivated an undue influence over their children or wards by counseling them on the type of course(s) to be taken due to their educational status.

6. **Consumption of Foreign Products in Preference to Home Made Products:** Many Nigerians still prefer the consumption of foreign products to that of Nigerian made ones. This is invariably killing our infant industries by making such industries to close down while employees become jobless.
7. **Lack of Appropriately Trained Personnel and Rigid Curriculum Requirements of Vocational and Technical Education Courses and Programmes:** Ezenwafor and Onokpanunu (2017) asserted that Nigerian business education graduates are roaming the streets unemployed not because they do not have the correct credentials, but because employers of labour maintain that their expertise is paper-oriented and not skill-based. These business education graduates were trained based on the rigid curriculum content developed for students' theoretical learning and not for acquisition of skills for appropriate application after graduation. The government and supervisory bodies should revisit the contents of business education curriculum to emphasize more on practical skills for skill training of the graduates.
8. **Policy and Legislative Inadequacies Contribute to Poor Performance of Vocational and Technical Education:** Some policy provisions like amorphous merger of science and technology education, where science over shadow and trampled most considerations disregarding occupational orientations of vocational and technical education subject area.

#### **Ways Forward for Funding Business Education for Sustainable Skill Acquisition**

1. Annual contributions by the users of business education products and services for the improvement of skills acquisitions.
2. Establishment of endowment fund by the community where the programme is situated for the facilitation of more skill acquisition.
3. Reserving a certain percentage of property tax collected by the state for the funding of business education and thereby improving skills acquisition programmes.
4. Reserving a certain percentage company tax to business education and skill acquisition programmes.
5. Establishment and operating by the departments.
6. Organising in-service training at cost especially on Information and Communication Technology (ICT)
7. Special technology education tax levy on operators of business centre and cyber cafes within the local government area where the programme is situated
8. Special technology education levy by business education students
9. Establishment of a commercialized relaxation centre such as cinema and video clubs by the business education department and skill acquisition
10. Donations from Alumni Associations

11. Organising short term courses for secretarial staff
12. Special allocation of funds to the department of Business education
13. Offering secretarial services at low cost to the public
14. Donations from clubs and organisations
15. Launching of departmental journals
16. Establishment of bookshop.
17. Periodic fund raising by the management.
18. Proceed from organizing social activities.

### **Conclusion**

Different strategies can be employed in the funding of business education for sustainable skill acquisition in the midst of so many challenges bedeviling our economy. This is why business education is a course based on practical skills which needs to be impacted in students for them to be efficiently and effectively skillful in this area. If business education is to provide students with the required skills which would enable them fit in properly, there must be improvement of funding method for business education programmes; thus the Federal, State and Local Governments, including private sectors, financial institutions, etc need to be fully involved in the funding of the programmes rather than depending on the government allocations alone. Regulatory bodies of business education should work on the curriculum with a view to incorporating most of the courses they feel that would help in skill acquisition thereby improving their competencies.

### **Recommendations**

Based on the research, the following recommendations were made by the researchers:

1. Federal and State Governments should adequately fund business education programme to overcome some of its challenges.
2. Business education students should be willing to cultivate keen interest in acquiring the skills and competences in the Business education programme.
3. Students should be committed and dedicated to the practical contents of Business education.
4. For Business education and skills acquisition to be successfully harnessed, there has to be a drive to re-focus our debate on sustainability and improvement on our existing level of business, thereby improving our standard of living.

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## **EFFECTS OF SOCIOECONOMIC CHARACTERISTICS ON ACCESSIBILITY TO CREDIT IN COOPERATIVE THRIFT AND CREDIT SOCIETIES IN ILORIN-SOUTH LOCAL GOVERNMENT AREA OF KWARA STATE, NIGERIA.**

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### **Abstract**

*In Nigeria today, majority of the organizations, financial institutions, establishment, parastatals, Educational Institutions of learning have some yardstick using before considering people for loan or employment to any service. As a result of this Cooperative organization has some cogent tools using as collateral securities before granting members loan by Loan Committee through the final decision of Cooperative management. Simple random sampling technique was used to select sixty (60) Cooperators. This study employs the use of descriptive analytical tool such as: frequency count, means scores, percentage, cumulative to investigate the factors considering before given loan to members of the cooperative society. The result of the findings revealed that the major accessibility factors, that are significant to the study are, Age, Male, married, ordinary member, Christianity, Two bedroom apartment, Education, Maximum credit limit, Surety, Loan Defaulters, Favoritism, Loan Committee report, Repayment Period, Credit facility. It indicates that the management Committee considers the report of the Loan Committee before granting members final approval for loan in the Cooperative Society. It shows that all these factors have positive significant accessibility of loan in the study area. The minor factors that are not significant to the study are female, Traditional Religion, Large scale unqualified members and Loan Form. In conclusion, the accessibility to credit facilities by members in the study area is very important to the study.*

**Keywords:** *Socioeconomic, accessibility, credit, cooperatives, Kwara State, Nigeria*

### **Introduction**

A Cooperative society is a voluntary association of people who come together and invest their small savings to form the organization. The Cooperative Society is formed for the mutual benefit of all the members. The members of the cooperative society are people who come together and invest small savings to form the organization which will work towards their common causes. The Cooperative Society is formed with an idea of supporting each other to achieve a common economic objective. A Cooperative Society is a group of individual who have specific common needs. It is an economic enterprise, the purpose of which is to improve the economic status of owners or members, Most cooperative Societies offer their products to their members. Raychelle, (2011). Some factors are responsible for the poor access of cooperative societies to the intervention fund domiciled with the NACRDB Ltd. The Socio Economic Cooperative Societies have



been singled out as the major constraint to cooperative societies access to service of agencies established to help them in Nigeria (Ijere 1977, Okafor, 1979) such socio economics characteristic include membership size, the cooperative's asset base and membership participation.

The International Cooperative Alliance ICA (2005)notes that cooperatives serve their members most effectively whilst state the same time strengthening the cooperative movement to work together through local, national, regional, and international structures. National Cooperative Business Association (NCBA) (2005) argues that cooperatives are formed by their members especially when the market fails to provide the much needed goods and services at affordable price and of acceptable quality. Kurmar et al, (2015). The next part looks at the challenges that are commonly faced by cooperatives in the rural communities of Shurugwi in their bid to sustain the livelihoods of the rural populace. The main concern of social performance measure is to ensure that social goal of cooperative societies are accomplished (Ntayi,Luganda, &Nkote-Nabeta,2014) Cooperative need a supportive policy framework to be sustainable in developing economic since it create a large and vibrant Cooperative sector (Mwanja,Marangu, Wanjere, Kuria, &Thuo, 2014)

Lack of accessibility to credit facilities in financial institutions due to collateral security that many people cannot afford make people to face financial crisis in establishing businesses and lack knowledge of entrepreneurial skills, which contribute to increase in unemployment rate in Nigeria.

The broad objective of this study is THE EFFECTS OF SOCIO-ECONOMIC CHARACTERISTICS ON ACCESSIBILITY OF CREDIT IN COOPERATIVE THRIFT AND CREDIT SOCIETY, KWARA STATE, NIGERIA. The specific objectives are: to describe the socio economic characteristic of members in the study areas and to examine the credit accessibility in Cooperative Thrift and Credit Society.

## **Review of Related Literature**

### **Conceptual Framework**

#### **The History of Cooperative Thrift and Credit Society In Nigeria**

In Nigeria, Cooperative Thrift and Credit Society emanated in the year 1940, among Roman Catholic Teachers that earn salary and the primary purpose of this, was to take care of them at retirement period and when they are old. Then, members' make regular thrift savings for special purpose such as, children education fee savings, vacation savings, leave savings, etc.

The Society also grant loans to members and such loans are repaid monthly, installment basis while regular savings continue. The members of the society cannot withdraw while still under employment and the society deposits their money with post office saving banks.

Moreover, the modern thrift credit society contribution are not necessarily the same, minimum monthly saving are under fixed and members who share contribution as a regular monthly savings some are deducted from their salaries.

### **The Concept of Credit and Thrift**

The Research work, pin-points two cogent words from the above topic “Credit “and “Thrift”. The word Credit postulates contractual agreement in which the borrower receives something of value and agrees to repay the lender at some date in future. Thrift symbolizes careful management of money and savings. Cooperative Thrift and Credit is an organization that provide its members with convenient and secured means of saving money and obtained credit at a reasonable rate of interest without collateral security but deduct from monthly salary. There are different names given to CTCS such as Cooperative Credit and Thrift, Cooperative Thrift and Credit, Cooperative Thrift and Loan, Cooperative Loan and Savings.

### **Accessibilities of Credit in Cooperative Thrift and Credit Society**

- Members contribute what they can afford and their savings and reputation serve as collateral.
- There are usually social ties among members for people to abscond from the repayment of their loans
- The interest rate is 5% and is deducted before the applicant receives the loan. Loan recipient usually given a year to repay their debt.
- They invest in other business venture and do profit sharing at the end of the year based on the share of each member.
- They give different types of loans such as Materials loan, Commodity Loan, Education Loan, Building Loan, Investment Loan, Vehicle Loan, Emergency Loan, etc. base on the salary of member.
- They do not sell commodity to members they rather give Loan
- They have both formal and informal attribute and are registered under recognized by government.
- They have different types of committee that monitor the affair of the society such as Management Committee, Supervisory Committee, Loan Committee.
- Loan Committee must securitize member form critically to ensure that such members are qualify or not before sending his /her form to the management committee for final screening.

- Credit Facilities is the Major Concept of Cooperative Thrift and Credit Society

### **Theoretical Framework: The Collective Action Theory**

The Collective Action theory was propounded by Mancur Olson in 1965. According to Uzonwane (2015:488), the theory states that “individuals under certain institutional arrangements and shared norms are capable of organizing and sustaining cooperation that advances the common interest of the group in which they belong.” This means that individuals can organize and govern themselves to attain benefits which may not be individualized but which benefit the entire group. The theory is applied widely to groups, organizations, agencies, as well as community action. Olson saw collective action as a voluntary action taken by a group to achieve perceived common needs of members which help in reducing the challenges of the group. According to Uzonwane (2015), such collective action has a lot of positive impact on the society, for instance, by bridging the gap created by poverty inequalities and improving the livelihood of marginalized and vulnerable group such as the elderly and widowed. Although the collective action theory is lauded, it has some weaknesses. The proponent in his model of the ‘rational’ individual suggests that where individuals believe that they can enjoy the benefits of cooperation without contributing to the costs, they will free-ride and leave the cooperation to others.

This theory is important for this study in that it explains how collective actions of Cooperative thrift and credit societies can be utilised to achieve their common goals; and their individual member’s goals. In the same manner, in cooperative thrift and credit societies, all their activities are channeled towards helping each other.

### **Empirical Review**

Kimberly, (2002) outlines Cooperative Societies as a registered voluntary association of persons with membership not less than ten persons, with a common interest formed and operated along democratic principles, for the purpose of economic and social interests at least costs, to its members who contribute the capital and manage the business so established by delegating some powers to elected management.

Toffael, (2012) narrated the existing problems and recommendations for the enrichment of cooperative sector in Bangladesh. But the social and economical aspects, the prospects of cooperative have not been discussed.

Shahin, (2012) narrates the problems & opportunities of marginal cooperative members. But to the letter the contribution, problems and prospects of cooperative has not been reflected in this article. It is a business enterprise that aims at complete identity of the component factors of ownership, control and use of service, three distinct features that differentiate cooperatives from other businesses (Faruk, 1983).

Even though co-operatives appeared in the century previous, Rochdale is seen as the first ‘modern’ cooperative since it was where the co-operative principles were developed (Gibson, 2005; and Abell, 2004).

### **Methodology**

This research study was carried out from the three (3) Senatorial district in Kwara State. One (1) Local Government Area was selected from each senatorial district and one community was randomly selected from each Local Government Area and simple random sample were used to select sixty respondents in the study area. Both Primary and secondary data were used for the study. Primary data were used through the use of structured questionnaire, which were used to collect data and information from respondents on socio economic characteristics, accessibility to Credit facilities. Secondary data were obtained from Textbooks, Journal, Internet, Past project, Handout, Bulletins, Newspaper.

### **Sampling Technique and Sample Size**

The Geo-political zone of the state. There were three senatorial district in the state. A local Government called Ilorin-south was selected out of the sixteen local, which Simple random sample was used to select sixty (60) respondents in cooperative society.

### **Methods of Analysis**

Descriptive statistic and inferential statistics analytical technical were employed to analyze the data collected from the study area. Descriptive statistics which entails percentages and frequency distribution tables were use, to analyze the socio-economic characteristics of the respondents. Also the descriptive statistic was used to analyze the accessibility to credit facilities in the society.

### **Result and Discussion**

**Table 1:1 The Socio-Economic Characteristic Of members Of CTCS In The Study Area**

| <b>Group</b> | <b>Frequency</b> | <b>Percentage</b> | <b>Cumulative</b> |
|--------------|------------------|-------------------|-------------------|
| <b>Age</b>   |                  |                   |                   |
| 30 ABOVE     | 44               | 73.33             | 73.33             |
| 40 - 50      | 8                | 13.33             | 86.33             |
| 50 - 60      | 5                | 8.33              | 94.99             |
| 60 –Above    | 8                | 5.00              | 100.00            |
| <b>Sex</b>   |                  |                   |                   |
| Male         | 38               | 63.33             | 63.33             |
| Female       | 22               | 36.66             | 100:00            |
|              |                  |                   |                   |

|                       |    |       |        |
|-----------------------|----|-------|--------|
| <b>Marital Status</b> |    |       |        |
| Single                | 11 | 18.33 | 18.33  |
| Married               | 46 | 76.67 | 95.00  |
| Divorced              | 3  | 5:00  | 100:00 |
|                       |    |       |        |
| <b>Household Size</b> |    |       |        |
| 1 - 2                 | 21 | 35:00 | 35.00  |
| 3 – 4                 | 19 | 31.67 | 66.67  |
| 5- 6                  | 20 | 33.33 | 100.00 |
|                       |    |       |        |
| <b>Position Held</b>  |    |       |        |
| Ordinary              | 23 | 38.33 | 38.33  |
| Household held        | 18 | 30.00 | 68.33  |
| Traditional ruler     | 3  | 3.00  | 73.33  |
| Civil servant         | 5  | 5.00  | 78.33  |
| Oba/ community head   | 11 | 18:33 | 100:00 |
|                       |    |       |        |
| <b>Religion</b>       |    |       |        |
| Christianity          | 30 | 50.00 | 50.00  |
| Islam                 | 24 | 40:00 | 90.00  |
| Traditional           | 2  | 3.33  | 93.33  |
| Athesist              | 4  | 6.67  | 100.00 |
|                       |    |       |        |
| <b>Accommodation</b>  |    |       |        |
| A room apartment      | 19 | 31.67 | 31.67  |
| 2 room apartment      | 23 | 38.33 | 70.00  |
| 3room apartment       | 17 | 18.00 | 100.00 |
|                       |    |       |        |
| <b>Education</b>      |    |       |        |
| Primary school        | 6  | 10.00 | 10.00  |
| Secondary school      | 13 | 21.67 | 37.67  |
| College of education  | 3  | 5.00  | 42.67  |
| Polytechnic           | 21 | 35.00 | 77.67  |
| University            | 17 | 28.33 | 100.00 |

**Source: Field work, 2023**

The socio-economic Characteristic is one of the predominant factors of any research work carry out in any organization or establishment. The demographic variables are Age, Gender, Marital Status, Religion, Household size, Accommodation, Position Held and Education, maximum credit Limit, surety, loan defaulters, unqualified member, Favourtizm, Loan Form, bye-law, report of loan Committee, period of repayment and credit facilities.

In the distribution of Age, Sex, Marital Status, Household Head, Position Held Religion, Accommodation, Education of respondent is present in table 1:1

Cooperative required agile men and women that are competent in handling the cooperative matter. The table 1.1 indicates that 73.33% were in the age range of (30-40) are active in running the affair of cooperative. It shows that these people have access in assessing credit facilities in cooperatives.

Moreover, 76.76% Married Men (Cooperators) have more chance to credit facilities than their female counter part.

In addition, 50% of Christian men also have more access to credit facilities in the study area than female; they see this as big advantages to established businesses of their own in the community they reside.

**Members Accessibility to Credit In Cooperative Thrift And Credit Society.**

| <b>Accessibilities Variables Of Credit</b>                            | <b>F</b> | <b>Percentage</b> | <b>Degree of Accessibilities</b> |
|---|----------|-------------------|----------------------------------|
| Cooperative Society Gives maximum credit limit                        | 37       | 61.7%             | <b>10.27<sup>0</sup></b>         |
| Cooperative Society gives loan base on surety                         | 42       | 70.0%             | <b>11.66<sup>0</sup></b>         |
| Cooperative society give loan base on loan defaulters                 | 42       | 70%               | <b>11.66<sup>0</sup></b>         |
| Cooperative society issue loan base on favourizm                      | 38       | 63.3%             | <b>10.55<sup>0</sup></b>         |
| Cooperative Society gives loan base on the bye – Law of the society   | 44       | 73.3%             | <b>12.22<sup>0</sup></b>         |
| Cooperative Society issues loan by the report of Loan Committee       | 55       | 91.7%             | <b>25.5<sup>0</sup></b>          |
| Cooperative Society issue loan base on period of repayment.           | 51       | 85%               | <b>23.6<sup>0</sup></b>          |
| Cooperative Society Consider credit as a major concept of the Society | 46       | 76%               | <b>21<sup>0</sup></b>            |
| Cooperative Society gives loan to qualify members                     | 21       | 35%               | <b>9.7<sup>0</sup></b>           |
| Cooperative Society issue Loan base on Loan Form.                     | 29       | 51.7%             | <b>14.4<sup>0</sup></b>          |

**Source: Field work, 2023**

In the table 1.2 above show the variables that create accessibilities for members in obtaining loans in the society. the table 1.2 reveal that 61.7% of respondents obtained loan maximum credit Limit. 70% of Cooperative members obtain credit with surety signing for them. 70% of respondents are not Loan defaulters because they know that once they default they cannot have access to credit in the society. 63.3% of the respondents agreed that there is element of favourizm in the cooperative that

management committee will favour some members in collecting loan without meeting the necessary requirements.

In addition, 73.3% of respondents agreed that the management Committee, Supervisory Committee and Loan Committee follow the Bye-law of the society before credit facilities can be offered to members. 91.7% of the respondents agreed that the management Committee agreed with the critical report of Loan Committee and supervisory Committee before giving out Loan to Members of the Society. 76% of the respondents were agreed that the major operation that take place in Cooperative Thrift and Credit Society is provision of credit facilities to members at convenient and secured way of obtaining loan in the Cooperative Society.

Besides, 85% of respondents accepted that without repayment period in loan form, the Loan Committee will not accept the form, not to talk of forwarding it to Management for Credit Facilities. 51% of respondent in the study area agree that Loan forms are very crucial in the society, it is used to generate income to society and it is the only way members used to express their credit information to the loan Committee, Supervisory Committee and Management Committee before can have access to credit facilities. Business cannot fulfil their corporate goals as well as economic roles without available of easily accessible finance (Pandula, 2011). Several empirical studies have investigated the characteristics of firm, owners and managers when accessing credit from banks and other financiers (Bekaert et.al., 2011; Pandula, 2011)

### **Conclusion**

The research work revealed that members of the cooperative Society have predominant factors that make them to have access to credit facilities in the society. There are some guidelines that members must follows in accessing loan in cooperative. 91.7% of respondents that report of the Loan Committee is the major Cogent factors that Management Committee will Consider before any members can access credit facilities. 85% of respondents agreed that members Loan repayment is very important in the society. 73.3% of respondents response that bye-Law of the Society is the major factors that bind members and all committee of the society in making decision on any matter arising in cooperative. 73% of respondents are male and married that they will like to carter for their family and improve their standard living by obtaining credit facilities to establishing businesses in their communities. Therefore, there is cordial relationship between demographic variable and accessibilities variables in the study area.

### **Recommendations**

Government should support cooperative in term of establishing more Cooperative Banking to encourage people to obtain to loan at reduce rate e. i. 5%, so that more people can participate in entrepreneurial.

Cooperative Organization needs the assistance of Cooperative in term of supervising in order to encourage people to join and enjoy the benefit.

Cooperative Society should maintain interest rate on loan so that members can be encouraged to obtain credit facilities, in order to create more job opportunities for the people.

Management Committee Cooperative Society should be encouraged to go for more seminar and workshop on cooperative matter since its contribute to national development.

1Federal Government should give supporting hand to cooperative in term of monitoring and supervisory the society.

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## GREEN INNOVATION AND STAKEHOLDERS' SATISFACTION IN DEPOSIT MONEY BANKS IN OWERRI

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### **Abstract**

*Ideally, organizations that go green appear to stand better chances of being the true custodians of sustainability in predetermined corporate outcomes. However, a lot of research gaps have been observed in the area of green innovation in business organizations. This situation calls for this study on green innovation as a predictor of stakeholders' satisfaction in Deposit Money Banks in Owerri. The objectives of the study are to examine the relationship between use of solar panels(USP) and employee satisfaction; evaluate the level of correlation between use of solar panels(USP) and customer satisfaction; assess the extent to which eco-friendly business conferences(EBC) influences employee satisfaction and determine the level of correlation between eco-friendly business conferences(EBC) and customer satisfaction. The study develops a problem statement that captures the research gaps which call for the empirical investigation. The study is guided by four research objectives, four research questions and four hypotheses. Empirical reviews are used to beef up the study. The research employs the survey research design in the research. A five-point Likert Scale structured questionnaire is the major instrument for data collection. The researchers determined the validity of the instrument by showing the questionnaire to research experts for their corrections and inputs. The study uses Cronbach Alpha statistic for obtaining 0.86 as the reliability ratio of the survey instrument. The research commits data analysis to descriptive statistics of mean and standard deviation and employs correlation analysis for testing hypotheses. The findings show that there is a significant relationship between use of solar panels(USP) and employee satisfaction; there is significant level of correlation between use of solar panels(USP) and customer satisfaction; it is to a great extent that eco-friendly business conferences(ESC) influences employee satisfaction and there is significant level of correlation between eco-friendly business conferences(ESC) and customer satisfaction. The study concludes that green innovation predicts stakeholders' satisfaction in Deposit Money Banks in Owerri. The study recommends that management of Deposit Money Banks should always use solar panels to eliminate severe noise pollution for greater stakeholders' satisfaction. Deposit Money Banks should always use zoom and allied facilities for their conferences since such is eco-friendly.*

**Keywords:** green innovation, employee, customer, stakeholders' satisfaction, deposit money bank, Owerri.

## **Introduction**

It is a truism that any organization that sincerely desires to be a higher flyer in the corporate world in this 21<sup>st</sup> Century also yearns to go green for the seamless achievement of its objectives. Generally speaking, green innovation is the use of creative or technological solutions to reduce negative environmental impacts and maximize sustainability.

Roue (2023) opines that green innovation is an instrument to position the world to be a very sustainable and pleasant place despite the fact that it is expensive. Hasna, Jaumotte and Pienknagura (2023) are of the view that to reduce harmful emissions, it is essential to make low-carbon technologies more affordable and more available.

Green innovation is therefore the development of new technologies and processes that are environmentally friendly and sustainable (Institute of Innovation & Knowledge Exchange, 2023). It implies anything that ranges from development of new renewable energy source to the creation of more efficient way of materials recycling. In the context of this study, green innovation is the use of solar panels and eco-friendly business conference to improve stakeholders' satisfaction.

This accounts for the reason why Sun, Gao, Titan, and Guan (2023) describes green innovation as an essential driver in achieving an economic growth that is sustainable in developing countries.

This study focuses on the use of solar panels and eco-friendly business conferences as the indices of green innovation. Chanchangi, Adu, and Mallick (2023) lament the high level of energy poverty in Nigeria while associating same with population increase and consequent energy supply gap which have created the need for clean, reliable and stable energy supply. Indeed, Adedeji, Deveci, Saiman and Abiola (2023) maintain that the most abundant form of energy in the planet earth is solar energy. The most populous African country, Nigeria obtains about 19.8 MJm<sup>2</sup> per day of equally distributed solar energy as solar energy is progressively used for electrification, communications, lightening and even irrigation. With the use of photoelectric effect, solar cell (a photovoltaic) has the capacity to convert sunlight wholly into electricity. Diemuodeke, Mulugetta, Njoku, Briggs and Ojapah (2021) opine that the solar resource potential across the six geo-political zones in Nigeria ranges from 3.393 – 6.669 KWh/m<sup>2</sup> per day with the Northern zones exhibiting better potentials over the Southern zones. There is a growing interest in the development and deployment of renewable energy technologies as a result of the rapidly declining cost of solar pv, the intensified climate change challenges, breakthrough in battery technologies and energy security.

Another index of green innovation which this study handles is eco-friendly business. EcoSmart (2023) maintains that 'eco' comes from the Latin root 'oeco' meaning household. Eco is often used now to mean habitat, home or earth. Eco-friendly is

therefore being earth-friendly. Eco-friendly products are designed to do the least possible damage to the environment. It is all about doing no harm to the environment. According to Events (2023), organizing eco-friendly events is a growing trend in the event industry, driven by increasing awareness of environmental issues and the desire to create a more sustainable future. By prioritizing sustainability and environmental responsibility in any event planning, one can reduce one's firm's impact on the environment while also improving one's brand reputation and attracting a more engaged and enthusiastic audience. Eco-friendly conferences save costs associated with events while enhancing attendee experience. When planning an eco-friendly conference, it is important to consider ways to reduce waste, conserve energy and minimize carbon footprint.

Stewart (2023) opines that the benefits of sustainable corporate events planning are reduced environmental impact, cost reduction, improved reputation, better stakeholder partnerships and it pioneers change in the industry. The strategies for hosting sustainable corporate conferences include to create an eco-friendly event policy and budget, organize a virtual conference, opt for a hybrid conference model, choose a green and accessible event venue, work with sustainable event vendors, offer eco-friendly event transportation service, combine accommodations with the venue, use digital event invites, design an App for corporate events, focus on recycling practices, and donate leftover food from the corporate events. Others are: keep recyclable giveaways, choose sustainable décor for corporate events, share eco-friendly messaging with event attendees and stakeholders and encouraging others in the industry to organize sustainable corporate events.

Green innovation may in fact, influence stakeholders' satisfaction in Deposit Money Banks. In the context of this study, satisfaction is the use of solar panels and eco-friendly business conference to improve employee satisfaction and customer satisfaction in Deposit Money Banks. Employee satisfaction, a broad term used to describe how satisfied or content employees are with elements like their jobs, their employee experience, and the organization they work for, is a critical aspect of corporate management. Alig (2023) opines that a satisfied workforce has greater potential to drive productivity and efficiency while leading to greater employee retention. Improving employee satisfaction means more than just monetary compensation – it requires the improvement of various factors that impact a person's overall well-being, engagement and motivation. Employee satisfaction is therefore the degree of contentment that team members experience concerning their roles in the organization. Qualee (2023) reveals that the most impactful ways employee satisfaction can be promoted in the workplace are by recognition, work-life balance, improved company values, nurturing autonomy among employees, fair remuneration, ensuring that employees are performing within the scope of their job descriptions and expectations, effective management, creation of opportunities for career development, process efficiency and flexibility. Agubosim, Arshad, Alias and

Mousavi (2023) opine that job satisfaction encourages employee confidence while boosting job performance.

Customer satisfaction is another measure of stakeholders' satisfaction which this study investigates. Szyndlar (2023) opines that customer satisfaction is a measurement that determines how well a company's products or services meet customer expectations. It is one of the most important indicators of purchase intentions and customer loyalty. Perzynska (2023) maintains that a high level of customer satisfaction is a business goal for every brand and a key to its success. Customer satisfaction affects business revenue. To improve customer satisfaction, there is need to collect customer feedback, turn customer feedback into action, improve the product or service and follow up with the customers. There is need to offer multi-channel support; make collecting feedback a company process; measure customer satisfaction regularly; ask for feedback across all touchpoints; actively ask customers for feedback; share feedback across all the teams; reply to all feedback and act on complaints and negative reviews. In fact, Staff (2023) asserts that by collecting data about the customers' expectations, needs, and desires, the business can improve its products, services and overall customer experience.

This study on green innovation and stakeholders' satisfaction in Deposit Money Banks in Owerri is geared towards investigating how the use of solar panels and eco-friendly business conferences may influence and indeed aid employee satisfaction and customer satisfaction. It is with a view to not only bridging existing research gaps but it is also intended to contribute to knowledge.

Sustainability has become a driving force for any business that intends to remain relevant in the 21<sup>st</sup> century global economy. This may have also become the reason why green innovation may be the desire of any enterprise that sincerely desires to consistently satisfy its key stakeholders. This remains the ideal situation in modern business management. The researcher has however observed that many businesses relegate to the background, the use of solar panels and eco-friendly business conferences in their operations. They are yet to fully embrace green innovation strategies in their going concerns and such attitude to green innovation has been further observed to have adversely influenced both employee satisfaction and customer satisfaction. This cannot be to the best interest of business stakeholders in the present day world when the global economy is heading towards sustainability and green. Many businesses seem to have insisted on using environmentally unfriendly energy sources in their day to day operations thereby causing air and noise pollutions while unnecessarily raising the cost of doing business while adopting eco-friendly approaches to their business conferences. These situations have the capacity to trigger employee turnover and dissatisfaction as well as customer defections and disloyalty.

In fact, empirical studies accessed by the researcher in the area of innovation and sustainability did not show how the use of solar panels influenced employee satisfaction neither did they indicate the relationship between the use of solar panels and customer satisfaction in Deposit Money Banks in Owerri. Also, the studies did not show how eco-friendly business conferences influenced employee satisfaction and customer satisfaction in Deposit Money Banks. This shows that a wide research gap exists. It is based on these research gaps that this present study was conducted to bridge the gaps and contribute to knowledge.

The researchers have observed that managements of many quoted companies are yet to embrace green innovation dimensions of use of solar panels and eco-friendly business conferences for enhanced stakeholders' satisfaction. This seems to have adversely influenced employee satisfaction and customer satisfaction in the public limited liability companies. Empirical studies assessed by the researchers on green innovation did not show how use of solar panels and eco-friendly business conferences influenced employee satisfaction and customer satisfaction in quoted firms especially beverage firms in Owerri. A research gap therefore exists. The research gap therefore constitutes the major problem of this study.

The objectives of the study are to examine the relationship between use of solar panels and employee satisfaction; to evaluate the level of correlation between use of solar panels and customer satisfaction; to assess the extent to which eco-friendly business conferences influence employee satisfaction; and to determine the level of correlation between eco-friendly business conferences and customer satisfaction.

The researcher developed the following research questions: What is the relationship between use of solar panels and employee satisfaction? What is the level of correlation between use of solar panels and customer satisfaction? To what extent do eco-friendly business conferences influence employee satisfaction? What is the level of correlation between ecofriendly business conferences and customer satisfaction?

### **Hypotheses**

**H<sub>01</sub>:** There is no significant relationship between use of solar panels and employee satisfaction. **H<sub>02</sub>:** There is no significant level of correlation between use of solar panels and customer satisfaction.

**H<sub>03</sub>:** There is no significant extent to which eco-friendly business conferences influence employee satisfaction.

**H<sub>04</sub>:** There is no significant level of correlation between eco-friendly business conferences and customer satisfaction.

The geographical scope of the study is Owerri Municipal, Imo State. For the content scope, the study concentrates on the relationship between use of solar panels and employee satisfaction; use of solar panels and customer satisfaction; eco-friendly business conferences and employee satisfaction; eco-friendly business conferences and customer satisfaction. The unit scope comprises of the Managers and other workers in the Deposit Money Banks.

## **REVIEW OF RELATED LITERATURE**

### **Conceptual Framework**

#### **- Use of Solar Panels**

Solar panels, by definition, are those devices designed to absorb the rays of the sun while converting same to heat or electricity. It is indeed, a collection of solar or photovoltaic used for the generation of electricity via photovoltaic effect. In fact, it is in a grid-like pattern that the cells are arranged on the panels' surface. One can also explain a solar panel to be a set of photovoltaic modules which is mounted on a structure that supports it. It is important to state further that a photovoltaic module is a packaged and connected assembly of 6 x 10 solar cells. It is characterized by wearing out very slowly hence in a period of twelve months, a panel's effectiveness only decreases about 1 to 2 percent or even less than that. Most of the panels are composed of crystalline silicon solar cells.

The very act of installing solar panels in offices is a tool for fighting lethal emissions of greenhouse gases and indeed it helps in reducing global warming. The solar panels never allow for pollution of any kind and they are very clean. The panels reduce the rate at which human rely on fossil fuels and traditional or conventional sources of power. Thought expensive, solar panels are fixed outdoors since they require sunlight to get charged(economicstimes.com). Ashok (2024) describes solar energy as radiation from the sun which has the capacity to produce heat, leading to chemical reactions and generates electricity. The aggregate amount of solar energy incident in the world is quite in excess of the global present and anticipated energy needs. If prudently harnessed, solar energy, a very seriously diffused source, has the ability to take care of all future energy needs. In the 21<sup>st</sup> Century, this source of energy could become expansively attractive as a renewable energy source over its unending supply as well as its zero pollution characteristic as against finite fossil fuels, coal, natural gas and petroleum. Collins and Mack (2023) reveal that solar energy exposes people to savings in their energy bills; it makes offices and home self-reliant and independent from the electric grid; it avails enterprises of the opportunity to have cleaner energy source; and the installation of solar panels increases the value of business houses.

### **Eco-friendly Business Conferences**

Chomsky (2023) reveals the top 10 sustainability conferences around the world in 2023. The must-attend sustainability events in 2023 include sustainability Live London (September 6-7 at London); Sustainable Development Goals Summits (September 18-19) at New York, USA; Climate Week NYC 2023 (Sept. 17-24) at New York, USA; Sustainable Development of Energy, Water and Environment Systems (SDEWES) (Sept 24-29 at Dubrovnik, Croatia); Sustainable Brands SB'23 (October 16-19) at San Diego, USA; PSX which focuses on product stewardship and its commitment to reducing the impact of consumer goods on health, safety and environment (Oct 17-19) at Boston, USA; Verge 23 (October 24-26) at California, USA; UN Climate Change Conference – UNFCCC (Nov 30-Dec., 12) at UAE; ACESD 2023 which facilitated expert discussions (Nov. 3-5) at Sapporo, Japan; and Cleantech Forum Europe (Nov. 14-16) at Tallin, Estonia. The key topics discussed at the eco-friendly business conferences are climate change and sustainability, supply chain sustainability and achieving net zero emissions.

Fohet (2023) opines that ideally, conferences are characterized by large consumption of energy, water, materials and other resources and the conferences lead to the generation of much waste; they contribute to emissions of carbon via transportation and operations at the venue while adopting heavily, non-renewable resources. It is by way of prioritizing sustainability that their effect on the environment may be adequately reduced. Again, once conferences are made to be more sustainable, it implies that there is minimization of resource usage and optimization of resource management. The employment of technologies that are efficient energy-wise, the reduction of the consumption of water and the implementation of those options that reduce waste give rise to major conservation of resources. This method is beneficial to the environment and makes the event more cost-effective for the organizers and the exhibitors. Also, by the implementation of practices that are sustainable like local participation promotion, aiding public transportation and the use of renewables; adoption of waste reduction and recycling programmes, the conferences can effectively reduce their carbon-emissions. Eco-friendly conferences enhance positive brand image, engages and educates attendees, encourages sound industry leadership and innovation.

### **Employee Satisfaction**

Alig (2023) maintains that employee satisfaction is the degree of contentment that employees or organizational workers experience with regards to their roles in the organization. Employee satisfaction breeds happier customers and encourages employee retention. Connolly (2023) opines that employee satisfaction is a factor in employee motivation, employee goal achievement, cost savings, customer satisfaction, employee productivity, positive employee morale, and more in the workplace. Some of the factors that drive employee satisfaction include when workers feel energized/strengthened by work; when they have sense of belonging;

when there is sense of purpose; when they achieve goals; and when there is inclusiveness by management. Employee satisfaction is achievable when management gives workers greater autonomy; when employees are allowed to shape their own roles; by stopping micro-management; by way of employee recognition; by way of driving communication and transparency; by promoting good health among employees; providing standard facilities to employees; training and investment, use of strong sociable culture and reduction of bureaucracy, rep-tape and time-wastes.

### **Customer Satisfaction**

Barron (2022) defines customer satisfaction as a metric used to quantify the level to which a customer is happy with a product, service or experience as it relates to a business. It is a measure of how a customer feels about interacting with the business brand. Tomas, Hult, and Morgeson (2023) opines that customer satisfaction is a key corporate asset and it ought to be optimized. The organization must strive to understand the expectations of the customers while insisting on quality corporate performance and being conscious of the link between value and price. Management must appreciate complaining customers because satisfied customers become loyal customers and drive financials. There is therefore need to fix company-customer disconnects while understanding and indeed knowing the eco-system.

This accounts for the reason why Smith (2022) reveals that customer satisfaction is an index that enables businesses appreciate the way happy customers who are also satisfied patronizers are with their tangible and intangible products or even functionalities. Customer satisfaction is measured using surveys. To improve customer satisfaction, the organization needs to focus on education and onboarding; ask customers questions and listen to their answers; train up support team; make use of personalization which in turn drives loyalty; implement omni channel support; and provide proactive support.

### **Theoretical Framework**

#### **Theory of Planned Behaviour (1985)**

The Icek Ajzen theory of planned behavior which holds that behavior is a function of intentions, attitudes (beliefs about a behaviour) and subjective norms (beliefs about the attitudes of others toward a behavior) has remained a popular theory in behavioural, management and clinical literatures. It was propounded in 1985. The theory predicts human behavior based on personal attitudes, subjective norms and perceived behavioural control. Bosnjak, Ajzen and Schmidt (2020) opine that human behavior is guided by behavioural beliefs, normative beliefs and control beliefs. Behavioural belief is the belief about the behavioural consequences of the behavior. Normative beliefs are the beliefs about the normative expectations of others. Control



beliefs are beliefs about factors that facilitate or inhibit the performance of the behavior. LaMorte (2022) maintains that the theory of planned behavior has been effectively utilized to forecast and give explanation of a variety of behaviours. The theory supposes that behavioural achievement is a function of motivation (intention) and ability (behavioural control). It is characterized by six dimensions which altogether show a person's actual control over the behavior and these constructs are: attitudes, behavioural intention, subjective norms, social norms, perceived power and perceived behavioural control. The theory of planned behavior relates to this study which emphasizes green innovation and stakeholders' satisfaction in Deposit Money Banks hence the use of solar panels and adoption of eco-friendly business conferences are all planned behaviors (Njoku, Udo-Orji and Anyanwu, 2023).

### **Empirical Review**

Asubiojo, Dagundoro and Falana (2023) evaluated environmental conservation cost and corporate performance of quarry companies in Nigeria: an empirical analysis. It was a survey research. A structured questionnaire was their major instrument for data collection. Descriptive and inferential statistics were used for data analysis. It was found that research and development, legal and regulatory compliance costs exhibited a significant positive relationship with the corporate performance of quarry firms in Nigeria.

Su, Bei-Bei, Shan, Xu and Jin-Long (2023) did an empirical analysis of green finance and high-quality economic development in the Yangtze River Delta based on VAR and coupling coordination model. It was an ex post facto study. VAR, gray correlation method and gray prediction method were used for data analysis. It was found that green finance has short-term mutual promotion effects with high-quality economic development. It was recommended that more professionals need to be involved in green finance innovation.

Li, Wang and Nutakor (2023) did an empirical research on the influence of corporate digitalization on green innovation. They used ex post facto research design. Resource-based theory was employed. Regression analysis was used for data analysis. It was found that corporate digitalization improved green innovation by improving human capital. It was concluded that enterprises that boost their digital strategies do better in green innovation. It was recommended that organizations need to encourage green innovation for sustainable business development.

Elshaer, Azazz and Fayyad (2023) evaluated green management and sustainable performance of small and medium-sized hospitality businesses: moderating the role of an employee's pro-environmental behavior. It was a survey research. The study used the Smart PLS-structural equation modelling technique to analyze data. It was found that green management improved environmental, economic and social performance of businesses. It was recommended that enterprises should concentrate

on creating the culture of environmental stewardships and involvement in green initiatives for improved sustainable corporate outcomes.

Goni, Binti, Isa and Abdullah (2023) investigated green innovations and environmental performance of hotels in Kano, Nigeria: moderating role of green transformational leadership. It was a survey research. PLS-SEM was used for data analysis. It was found that green innovation positively and significantly influenced environmental performance of Kano-based hotels. The study concludes that green innovations affect environmental performance. It was recommended that management should use facilities that do not expose the environment to pollutions.

Wiredu, Agyemang and Agbadzidah (2023) handled the topic: Does green accounting influence ecological sustainability: evidence from a developing economy? The survey research design was used in the study that focused on pharmaceutical enterprises. Data analysis was committed to PLS-SEM and SMART-PLS 4 was used to test hypotheses. It was found that environmental compliance and business efficiency have major and constructive effect on sustainability.

Soyeye, Makinde and Akinlabi (2023) examined green supply chain management and organizational performance of fast moving consumer goods firms in Lagos Nigeria. It was a survey research. Data analysis was committed to multiple regressions, Cronbach Alpha and descriptive statistics. It was found that green supply chain management had positive and significant effect on the performance of fast-moving consumer goods companies in Lagos.

Osaloni and Oso (2023) did an evaluation of environmental accounting information and financial performance of listed manufacturing firms in Nigeria. It was an ex post facto research. Data analysis was committed to descriptive statistics and multiple regression analysis. It was found that environmental accounting information had a significant influence on the financial performance of the manufacturing enterprises. It was recommended that manufacturing firms should make investments in ecological development a top priority.

Ali, Gyamfi, Bekun, Ozturk and Nketiah (2023) did an empirical assessment of the tripartite nexus between environmental pollution, economic growth and agricultural production in sub-Saharan African countries. It was an ex post facto research. It employed the panel econometrics method of the generalized method of moments (two-step difference GMM). It was found that economic growth contributes significantly to environmental pollution in Africa. Food Price Index capital and FDI enhance pollution. Also, agricultural production and labour reduce pollution.

Si and Tiwari (2023) did a study on understanding the green procurement behavior of household appliance manufacturing industry: an empirical study of the enablers.

It is a survey research. Data analysis was committed to Structural Equation Model(SEM). The findings show that exogenous driving powers are more inclined to encourage household appliance manufacturers to perform green procurement strategy compared with endogenous factors. Business strategy, governmental regulations and customer awareness show greater influence on green purchasing behavior unlike the little impact of corporate culture, production system and suppliers. Taxation policies, environmental awareness and green strategies are the key driving forces for promoting green procurement from the government, individual and organizational dimensions.

Alao, Adegbe and Joshua (2023) examined green intellectual capital and environmental sustainability of listed manufacturing companies in Nigeria. It was a research. Multiple regression was used to handle data analysis. It was found that green intellectual capital positively and significantly influenced environmental sustainability. It was recommended that corporate entities need to invest in environmental systems.

Njoku and Uzodimma (2023) conducted a study on organizational development and corporate outcomes in Owerri-based health facilities. It was a survey research. Data analysis was committed to descriptive statistics of mean and standard deviation. Spearman product moment correlation was used to test hypotheses. It was found that sensitivity training and team building positively and significantly influenced employee retention and capacity expansion.

Njoku, Donatus; and Salamatu (2023) examined employee recognition as a correlate of employee retention in hospitality enterprises in Owerri. It was a survey research. Their study employed the Kenneth Chukwudi Njoku's Ken-C theory of Social Honour. Data analysis was committed to descriptive statistics of mean and standard deviation. Spearman product moment correlation coefficient was used to test hypotheses. It was found that public recognition, monetary recognition and promotional recognition positively and significantly influenced employee retention in hospitality enterprises. The researchers concluded that employee recognition influenced employee retention in the enterprises.

### **Gap Identified in Literature**

The gap identified in literature is that, based on studies the researcher was able to access, empirical studies were not conducted on the relationships in the conceptual model as can be seen in conceptual model of the study. The relationships include: use of solar panels and employee satisfaction; use of solar panels and customer satisfaction; eco-friendly business conferences and employee satisfaction; eco-friendly business conferences and customer satisfaction. This present study bridges the gaps.

### **Methodology**

The researchers used the survey research design in the study. The population of the study was made up of the managers and workers of 10 DMBs in Owerri. The total population of the study was 150. The researcher used the Taro Yamen's formula for sample size determination to obtain a sample size of 109 for the study. Accordingly, 109 copies of the questionnaire were administered to respondents in the study DMBs. The sources of data included the primary and secondary sources. While the questionnaire was the major instrument of data collection used for the study as a primary data tool, the researchers relied on texts, journals and internet sources for secondary data. The validity of the instrument was done by showing the instrument to research experts for their inputs and by ensuring that the study focused on the research questions. The reliability ratio of the instrument was done with the use of pilot study whose results were committed to Cronbach alpha statistic. A ratio of 0.72 was obtained. The instrument was therefore 72% reliable. The study employed the descriptive statistics of mean and standard deviation for data analysis. Spearman Product Moment Correlation analysis was used to test hypotheses. The rejection of null hypothesis was based on  $P < 0.05$ .

### **Data Presentation & Analysis/Discussion of results**

Out of the 109 questionnaire copies distributed to the respondents, only 85 copies were properly filled and returned. This means 78% return.

**Research Question 1:**

What is the relationship between use of solar panels and employee satisfaction?

**Table 1: Respondents' responses on the level of correlation between use of solar panels and employee satisfaction**

| Q/No | Item   | SA | A  | UN | D | SD | N  | Mean | Std. Dev. |
|------|--|----|----|----|---|----|----|------|-----------|
| 1    | Use of solar panels increases employee satisfaction in business organizations.   | 41 | 28 | 7  | 4 | 5  | 85 | 4.13 | 0.712     |
| 2    | Many satisfied employees in the organization do not practice employee turnover over the availability of solar panels and uninterrupted power supply. | 38 | 25 | 9  | 7 | 6  | 85 | 3.96 | 0.749     |

Field Survey (2023)

The Table 1 above presents data from responses by the respondents under study. The result also disclosed a strong agreement by the respondents on their opinion on the level of correlation between use of solar panels and employee satisfaction. The results further shows that the respondents agreed to the facts that: use of solar panels increases employee satisfaction in business organizations ( $\bar{x} \pm S.D$  of  $4.13 \pm 0.712$ ); many satisfied employees in the organization do not practice employee turnover over the availability of solar panels and uninterrupted power supply (with a  $\bar{x} \pm S.D$  of  $3.96 \pm 0.749$ ).

**Research Question 2:**

What is the level of correlation between use of solar panels and customer satisfaction?

**Table 2: Respondents' responses on the level of correlation between use of solar panels and customer satisfaction**

| Q/No. | Item  | SA | A  | UN | D | SD | N  | Mean | Std. Dev. |
|-------|---|----|----|----|---|----|----|------|-----------|
| 3     | Availability of solar panels helps to reduce the costs of business services hence improved customer satisfaction. | 40 | 29 | 8  | 5 | 3  | 85 | 4.15 | 0.804     |
| 4     | Management saves a lot from the efficiencies created by the use of  | 32 | 21 | 20 | 9 | 3  | 85 | 3.82 | 0.813     |

|  |   |  |  |  |  |  |  |  |  |
|--|---|--|--|--|--|--|--|--|--|
|  | solar panels hence improved quality delivery and customer satisfaction. |  |  |  |  |  |  |  |  |
|--|---|--|--|--|--|--|--|--|--|

Field Survey (2023)

The Table 2 above presents data from responses by respondents on the level of correlation between use of solar panels and customer satisfaction. The results show that majority of the respondents affirmed to the statements. There is a high level agreement by the respondents on the opinion that availability of solar panels helps to reduce the costs of business services hence improved customer satisfaction as the result accounted for a mean of 3.82 and a standard deviation of 0.813. The result has indicated that the majority of the respondents agreed to the item statement that management saves a lot from the efficiencies created by the use of solar panels hence improved quality delivery and customer satisfaction (with a  $\bar{x} \pm S.D$  of 3.69  $\pm$  0.788).

**Research Question 3:**

To what extent do eco-friendly business conferences influence employee satisfaction?

Report on Research Question 3 is presented on Table 3

**Table 3: Respondents’ responses on the level of correlation between eco-friendly business conferences and employee satisfaction**

| Q/No. | Item   | SA | A  | UN | D  | SD | N  | Mean | Std. Dev. |
|-------|--|----|----|----|----|----|----|------|-----------|
| 5     | Eco-friendly business conferences improve hygienic conditions in the workplace hence improved employee satisfaction.   | 29 | 26 | 14 | 7  | 9  | 85 | 3.69 | 0.788     |
| 6     | Employees gain job satisfaction each time they are exposed to eco-friendly business conferences hence a lot of knowledge flow into the employees during the conferences. | 31 | 21 | 17 | 11 | 5  | 85 | 3.73 | 0.851     |

Field Survey (2023)

The Table 3 above presents data from responses by the respondents under study. The result also disclosed a good agreement by the respondents on their opinion on the level of correlation between eco-friendly business conferences and employee satisfaction. The results further show that the respondents agreed to the facts that: eco-friendly business conferences improve hygienic conditions in the workplace hence improved employee satisfaction with a ( $\bar{x} \pm S. D$  of  $3.69 \pm 0.788$ ); employees gain job satisfaction each time they are exposed to eco-friendly business conferences hence a lot of knowledge flow into the employees during the conferences (with a  $\bar{x} \pm S. D$  of  $3.73 \pm 0.851$ ).

**Research Question 4:**

What is the level of correlation between ecofriendly business conferences and customer satisfaction?

**Table 4: Respondents’ responses on the relationship between ecofriendly business conferences and customer satisfaction**

| Q/No. | Item  | SA | A  | UN | D | SD | N  | Mean | Std. Dev. |
|-------|---|----|----|----|---|----|----|------|-----------|
| 7     | Eco-friendly business conferences keep customers informed of what they stand to benefit from the business hence improved customer satisfaction. | 36 | 24 | 19 | 4 | 2  | 85 | 4.04 | 0.866     |
| 8     | Management sometimes sponsors customers to eco-friendly conferences in various branches and such boosts customer satisfaction.                  | 33 | 27 | 21 | 2 | 2  | 85 | 4.02 | 0.793     |

Field Survey (2023)

The Table 4 above presents data from responses by respondents on the relationship between ecofriendly business conferences and customer satisfaction. The results show that majority of the respondents affirmed to the statements. There is a high level agreement by the respondents on the opinion that eco-friendly business conferences keep customers informed of what they stand to benefit from the business hence improved customer satisfaction as the result accounted for a mean of 4.04 and a standard deviation of 0.866. The result has indicated that the majority of the respondents agreed to the item statement that management sometimes sponsors

customers to eco-friendly conferences in various branches and such boosts customer satisfaction (with a  $\bar{x} \pm S. D$  of  $4.02 \pm 0.793$ ).

**Testing of Hypotheses**

**H<sub>01</sub>:** There is no significant relationship between use of solar panels and employee satisfaction.

**Table 5: Correlation analysis between use of solar panels and employee satisfaction**

| Item                  | Mean | Standard Deviation | Correlation Coefficient | P-value |
|-----------------------|------|--------------------|-------------------------|---------|
| Use of solar panels   | 4.13 | 0.712              | 0.822                   | 0.001   |
| Employee satisfaction | 3.96 | 0.749              |                         |         |

SPSS Correlation Analysis Output (2023).

The result on Table 5 presents the correlation analysis between use of solar panels and employee satisfaction in Deposit Money Banks in Owerri. The result shows a p-value of 0.001 and correlation coefficient of 0.822. The result shows a p-value less than 0.05 being the level of significance; therefore, rejecting the null hypothesis and accepting the alternative hypothesis. Therefore, the correlation coefficient between use of solar panels and employee satisfaction in Deposit Money Banks in Owerri is statistically significant. Therefore, there is a significant relationship between use of solar panels and employee satisfaction in Deposit Money Banks in Owerri.

**H<sub>02</sub>:** There is no significant level of correlation between use of solar panels and customer satisfaction.

**Table 6: Correlation analysis between use of solar panels and customer satisfaction**

| Item                  | Mean | Standard Deviation | Correlation Coefficient | P-value |
|-----------------------|------|--------------------|-------------------------|---------|
| Use of solar panels   | 4.15 | 0.804              | 0.743                   | 0.001   |
| Customer satisfaction | 3.82 | 0.813              |                         |         |

SPSS Correlation Analysis Output (2023).

The result on Table 6 presents the correlation analysis use of solar panels and customer satisfaction. The result shows a p-value of 0.001 and correlation coefficient of 0.743. The result shows a  $p - value \leq 0.05$  level of significance, thereby rejecting the null hypothesis and accepting the alternative which states that there is



a significant level of correlation between use of solar panels and customer satisfaction.

**H03:** There is no significant extent to which eco-friendly business conferences influence employee satisfaction.

**Table 7: Correlation analysis between eco-friendly business conferences and employee satisfaction**

| Item                              | Mean | Standard Deviation | Correlation Coefficient | P-value |
|-----------------------------------|------|--------------------|-------------------------|---------|
| Eco-friendly business conferences | 3.69 | 0.788              | 0.807                   | 0.001   |
| Employee satisfaction             | 3.73 | 0.851              |                         |         |

SPSS Correlation Analysis Output (2023).

sult on Table 7 presents the correlation analysis between eco-friendly business conferences and employee satisfaction. The result shows a p-value of 0.001 and correlation coefficient of 0.807. The result shows a p-value less  $\leq 0.05$  level of significance; therefore, rejecting the null hypothesis and accepting the alternative which states that there is a significant extent to which eco-friendly business conferences influence employee satisfaction.

**H04:** There is no significant level of correlation between eco-friendly business conferences and customer satisfaction.

**Table 8: Correlation analysis between eco-friendly business conferences and customer satisfaction**

| Item                              | Mean | Standard Deviation | Correlation Coefficient | P-value |
|-----------------------------------|------|--------------------|-------------------------|---------|
| Eco-friendly business conferences | 4.04 | 0.866              | 0.809                   | 0.001   |
| Customer satisfaction             | 4.02 | 0.793              |                         |         |

SPSS Correlation Analysis Output (2023).

The result on Table 8 presents the correlation analysis between eco-friendly business conferences and customer satisfaction. The result shows a p-value of 0.001 and correlation coefficient of 0.809. The result shows a p-value less  $\leq 0.05$  level of significance; therefore, rejecting the null hypothesis and accepting the alternative which states that there is a significant level of correlation between eco-friendly business conferences and customer satisfaction.

**Findings**

After the data analysis, the study found that:

1. There is a significant relationship between use of solar panels and employee satisfaction.
2. There is a significant level of correlation between use of solar panels and customer satisfaction.
3. There is a significant extent to which eco-friendly business conferences influence employee satisfaction.
4. There is a significant level of correlation between eco-friendly business conferences and customer satisfaction.

### **Conclusion**

This study concludes that green innovation is a predictor of stakeholders' satisfaction in Deposit Money Banks in Owerri. The use of solar panels is very useful to both employees and customers as it enhances employee satisfaction while boosting customer satisfaction. Eco-friendly business conference is essential for effective practice of green innovation in organizations hence it enhances both employee satisfaction and customer satisfaction. The study therefore submits that any organization that relegates the green innovation indices of use of solar panels and eco-friendly business conferences to the background exposes itself to avoidable stakeholders' dissatisfaction especially as it affects employees and customers.

### **Recommendations**

Based on the findings, the researcher made the following recommendations:

- i. Management of Deposit Money Banks should always use solar panels to eliminate severe noise pollution for greater stakeholders' satisfaction.
- ii. Management of Deposit Money Banks should manage all available solar panels in the enterprises very effectively for enhanced customer satisfaction.
- iii. Eco-friendly business conferences should be always employed by Deposit Money Banks so as to boost employee satisfaction.
- iv. Deposit Money Banks should always use zoom and allied facilities for their conferences since such is eco-friendly.

### **Contribution to Knowledge**

The researcher further infers that this study contributes to knowledge by providing empirical literature and by bridging research gaps on the relationships between each of use of solar panels and employee satisfaction; use of solar panels and customer satisfaction; eco-friendly business conferences and employee satisfaction and eco-friendly business conferences and customer satisfaction. The study adds to the body of existing knowledge in the field of green innovation.

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## **IMPACT OF DISRUPTION ON SUSTAINABLE MANAGEMENT PRACTICES IN AFRICA: ANALYZING CRITICAL ISSUES AND EVALUATING STRATEGIC CHOICES FOR THE FUTURE.**

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### ***Abstract***

*Africa's journey towards sustainable management practices is marked by a dynamic interplay of disruptive forces that present both challenges and opportunities. This study explores the multifaceted impacts of disruption on sustainability in Africa, considering factors such as technological advancements, climate change, geopolitical shifts, demographic dynamics, and global health crises. Through the lens of resilience theory, this examination provides insights into how complex systems respond to disruptions and adapt to change, offering a valuable framework for guiding sustainable practices. The challenges faced by Africa are diverse, including issues related to technology, environmental concerns, and healthcare vulnerabilities. However, these challenges also bring opportunities for innovation, green initiatives, and economic growth. Informed decision-making, collaboration, and resilience are essential as Africa shapes its path to sustainability. The decisions made today will influence future generations, making it crucial for policymakers, businesses, civil society, and individuals to make informed choices, develop resilient strategies, and contribute to a more sustainable and inclusive future for the continent. This comprehensive assessment serves as a reference point and an inspiration for collective action and collaboration, fostering a more sustainable and prosperous future for Africa.*

**Keywords:** *Disruption, Sustainable Management, Strategic Choices, Africa.*

### **Introduction**

In recent years, Africa has been undergoing a transformative journey characterized by a wave of disruptive forces that have brought about profound changes in sustainable management practices across the continent (United State Agency for International Development, 2022). These disruptions, stemming from both internal and external sources, have presented intricate challenges while simultaneously unveiling new opportunities for sustainable development. As African nations navigate this ever-evolving terrain, it becomes increasingly imperative to undertake a comprehensive assessment of the impacts of disruption on sustainable management practices. This assessment serves as a compass, guiding us through an exploration of the critical issues and strategic choices that will shape Africa's future. Africa's distinctive blend of abundant natural resources, diverse cultures, and complex socio-economic contexts has long made it a focal point in global sustainability discussions (Mensah & Casadevall, 2019). The region not only boasts

an expanding population but also houses some of the world's fastest-growing economies (United Nations, 2021). However, alongside these promising indicators, Africa grapples with environmental degradation, social inequalities, and political instability, hindering its progress toward sustainable management practices.

Disruption, within the framework of this discussion, refers to a wide range of influential factors that have the capacity to significantly impact Africa's journey towards sustainable management. These disruptive forces encompass various dimensions, such as technological advancements, which can either propel innovation and development or create new challenges and inequalities (Mormina 2019). Climate change is another critical factor, posing threats like extreme weather events and resource scarcity, but also offering opportunities for green initiatives and renewable energy (Abbass, Qasim, Song, Murshed, Mahmood & Younis, 2022). Geopolitical shifts play a role as well, as changes in global power dynamics can affect Africa's economic and political stability, shaping its ability to manage resources sustainably. Demographic dynamics, including population growth and urbanization, can strain resources and infrastructure but also bring about economic opportunities and a burgeoning consumer market. Moreover, global health crises, as exemplified by the COVID-19 pandemic, underscore the vulnerability of Africa's healthcare systems and the importance of preparedness and resilience (United Nations, 2020). In sum, these diverse disruptive forces have the potential to either catalyze Africa's progress towards sustainable management or act as formidable obstacles, depending on how they are navigated and addressed. On one hand, they offer opportunities for innovation, increased resilience, and novel approaches to address age-old problems. On the other hand, they can exacerbate existing vulnerabilities, deepen inequalities, and place additional strains on already fragile ecosystems.

This study embarks on a journey to explore the multifaceted impacts of disruption on sustainable management practices in Africa. By delving into critical issues such as resource scarcity, urbanization, renewable energy adoption, governance structures, and the role of international partnerships, we aim to provide a holistic perspective on the challenges and opportunities faced by the continent. Moreover, through rigorous analysis and data-driven insights, we will endeavor to evaluate the strategic choices available to African nations and organizations as they chart their course toward a sustainable and prosperous future. As Africa continues to evolve in the face of disruption, the decisions made today will reverberate for generations to come. This examination seeks to empower policymakers, businesses, civil society, and individuals with the knowledge and understanding needed to make informed choices, shape resilient strategies, and contribute to the ongoing dialogue on sustainable management in Africa. It is our hope that the insights presented here will not only serve as a point of reference but also inspire collective action and

collaboration, fostering a more sustainable and inclusive future for all who call Africa home.

### **Conceptual and Theoretical Explanations**

Disruption, as defined in the literature, refers to a profound and often tumultuous transformation that occurs within an established industry or market, primarily driven by technological advancements or the depletion of critical resources. Additionally, disruptions can stem from natural phenomena or changes beyond human control, such as the rapid spread of viruses or diseases (Braunshcheidel & Suresh, 2009). Braunshcheidel and Suresh (2009) assert that disruptions typically manifest as unanticipated and undesirable occurrences, taking various forms that encompass natural disasters, industrial accidents, shifts in technology, and political upheavals. These events can exert a pervasive influence on businesses, necessitating rapid and often drastic adaptations to survive and thrive in their wake. As articulated by Munir, Jajja, Chatha, and Farooq (2020), organizations regularly find themselves confronted by disruptions that have the potential to induce distress and significant losses across the entire operational spectrum. These disruptions can undermine established routines and challenge the conventional practices of businesses, compelling them to devise novel strategies and approaches to navigate the turbulent landscape effectively.

According to a report from Henley Business School Denmark (2022), disruptions in the business world can take on various forms, each requiring a unique approach to leadership. These disruptions can be categorized into four main types: Transformational, Reputational, Hostile, and Creative. This type of disruption is characterized by being planned and internal to the organization. It often involves strategic changes, turnarounds, or major transformations within the company itself. Leaders facing transformational disruptions must possess visionary qualities and the ability to drive change effectively (Henley Business School Denmark, 2022). Reputational disruptions are unplanned and internal, arising from issues such as fraud, misconduct, management conflicts, compromised product integrity, or safety concerns. Managing such disruptions demands a different set of leadership skills, including crisis management, communication, and the ability to rebuild trust within the organization and among stakeholders (Henley Business School Denmark, 2022). Hostile disruptions occur when the disruption is unplanned and originates from an external source. Examples include the credit crunch, hostile takeover bids, cyberattacks, or interventions by active investors. Leaders dealing with hostile disruptions need to be adept at crisis response, negotiation, and protecting the organization's interests (Henley Business School Denmark, 2022).

In this category, the organization itself acts as the disruptor. Start-ups challenging established industry players are a prime example of creative disruption. Leaders in such situations must foster innovation, adapt to rapid changes, and encourage a



culture of entrepreneurship within the organization (Henley Business School Denmark, 2022). Importantly, it is worth noting that these disruption categories are not mutually exclusive, and large-scale disruptions can evolve from one category to another. For instance, a reputational crisis, if not managed effectively, can transform into a transformational disruption as the organization undergoes a significant overhaul to regain its reputation and stability. Therefore, leaders must remain agile and flexible in their approaches to navigate these evolving challenges (Henley Business School Denmark, 2022).

Schaltegger (2013) highlights the remarkable trajectory that sustainability management has experienced over the past decade. This concept has evolved into a multifaceted framework that encompasses various dimensions, and its significance extends beyond a mere organizational activity. In essence, sustainability management encapsulates two fundamental dimensions: the act of managing sustainability issues within organizations and the individuals or groups responsible for orchestrating these activities. One of the pivotal aims of sustainability management, as elucidated by Schaltegger (2013), is to achieve the harmonious integration of ecological, social, and economic considerations within a company's operational framework. This integration serves as a cornerstone for organizations striving to navigate the complex landscape of sustainable development. This holistic approach to management recognizes the interdependence of these three key dimensions and acknowledges that their effective convergence is indispensable for achieving long-term environmental, societal, and financial sustainability. Sustainability management ensures the use of natural resources without putting them at the risk of exhaustion and allowing them to recover for further requirements. Sustainable management is the application of sustainable practices in the categories of businesses, agriculture, society, environment, and personal life by managing them in a way that will benefit current generations and future generations.

Ecological sustainability is a central facet of sustainability management. It involves the responsible stewardship of natural resources, reduction of environmental impacts, and the promotion of environmentally friendly practices. Fostering ecological sustainability not only aligns with environmental regulations but also contributes to resource efficiency, cost savings, and competitive advantage in the market. Social sustainability, another critical dimension, emphasizes the well-being and equitable treatment of stakeholders, including employees, communities, and customers. This dimension entails fair labor practices, diversity and inclusion initiatives, and community engagement efforts. By prioritizing social sustainability, organizations can enhance their reputation, build trust, and mitigate risks associated with social issues. Economic sustainability, the third pillar, centers on maintaining financial viability and resilience. It entails prudent financial management, responsible investment practices, and strategies for long-term profitability.

Embracing economic sustainability ensures an organization's ability to weather economic downturns, invest in innovation, and generate value for shareholders over the long haul. The multifaceted nature of sustainability management means that organizations must adopt a strategic and systemic approach to address these interconnected dimensions. This involves setting clear sustainability goals, establishing metrics to measure progress, and integrating sustainability considerations into decision-making processes at all levels of the organization.

### **Theoretical Framework**

This study adopted Resilience theory, it has multiple contributors and does not have a single originator. The concept of resilience has been developed and applied in various fields, including psychology, ecology, and disaster management. In each of these fields, different researchers have contributed to the development of resilience theory. In ecology, for example, researchers like C.S. Holling and Lance H. Gunderson have made significant contributions to the understanding of ecological resilience. They have explored the ability of ecosystems to absorb and recover from disturbances. In psychology, the development of resilience theory is attributed to multiple researchers, including Norman Garmezy, Emmy Werner, and Michael Rutter, who studied resilience in the context of human development and mental health. Their work focuses on how individuals can adapt and thrive in the face of adversity.

According to Hurley (2022), resilience theory encompasses a multifaceted set of concepts and principles that delve into the intricate dynamics of how individuals respond to and navigate the myriad complexities of life, particularly in the face of adversity, change, loss, and risk. This overarching theory has been a subject of profound inquiry and exploration within a diverse array of disciplines, including psychiatry, human development, and change management. Within the realms of psychiatry, resilience theory plays a pivotal role in understanding how individuals' mental and emotional well-being can not only withstand but also thrive in the presence of various stressors and challenges. It delves into the psychological mechanisms that empower people to bounce back from traumatic experiences, adapt to new circumstances, and ultimately forge a path toward recovery and growth. In the field of human development, resilience theory serves as a cornerstone for unraveling the intricate tapestry of how individuals evolve and mature throughout the various stages of life. It sheds light on the factors that contribute to the development of resilience, fostering the capacity for personal growth and emotional strength in the face of life's trials and tribulations. Additionally, in the context of change management, resilience theory is a vital tool for organizations seeking to implement transformative initiatives and navigate the inherent uncertainties that come with change. By comprehending the psychological and emotional dimensions of resilience, change managers can better support individuals and teams as they

adapt to new processes, technologies, and paradigms, ultimately enhancing the organization's overall resilience in a dynamic and ever-evolving environment.

Resilience theory, when applied to the study of disruptions in sustainable management practices in Africa, provides essential tools for comprehending how complex systems work. It helps in assessing how these practices can adapt and recover from disturbances like environmental changes, economic crises, and political instability. The theory aids in pinpointing critical thresholds, the points where systems shift, allowing for informed intervention and mitigation. Additionally, it sheds light on the interplay between social and ecological systems, essential in understanding how they respond to disruptions. Moreover, it offers guidance on crafting policies and strategies that can enhance resilience. Finally, the theory supports a multi-level analysis, which is particularly important in the diverse and dynamic African context, where different scales and factors impact sustainable management practices during disruptions.

### **Methodology**

Content analysis method was employed to illustrate the relationships which exist between the dependent and independent variables. The researchers reviewed and analysed more than 43 literatures to establish the nexus between disruption and sustainable management practices in African. The main goal of the researchers in the descriptive study is to accurately and effectively describe the impacts of disruptions on sustainable management practices in Africa, analysing critical issues and evaluating strategic choices for the future and understanding the issue under investigation. Secondary sources of data were completely relied upon in the study which was sourced from academics' literature on the subject matter.

### **Challenges of Sustainable Management in Africa**

Sustainability is about striking a delicate balance between economic growth and environmental protection, prioritizing the fulfillment of current needs while ensuring that future generations' needs aren't compromised. Sustainable management practices are those that address disruptions related to sustainability, which encompass challenges like technological advancements, climate change, and global health crises. In essence, sustainable management should navigate and adapt to these disruptions to ensure long-term viability and well-being for all. In the context of our discussion, "disruption" encompasses a diverse array of influential factors with the potential to greatly affect Africa's pursuit of sustainable management.

The disruptive forces mentioned here encompass a wide array of factors, and among these, technological advancements stand out as a pivotal dimension. Technological progress, characterized by constant change and evolution, holds the potential to serve as a catalyst for innovation and advancement, ushering in new eras of growth and development. However, this dynamism can also give rise to a host of new challenges and disparities within society, as noted by Mormina (2019).

Technological advancement in Africa presents both opportunities and challenges. Limited access to technology and infrastructure, combined with a significant digital divide, hinders the equitable distribution of benefits. Cybersecurity threats and data privacy concerns arise as technology usage increases. Economic disruption, job displacement, and an education and skills gap challenge the workforce. Ensuring digital government services are accessible to all is another hurdle, as is addressing intellectual property and e-waste issues. Regulatory and policy challenges persist in governing the technology sector while fostering innovation, and ethical concerns arise with the integration of technology into daily life, especially in fields like AI and biotechnology. Within this ever-shifting and dynamic landscape, the trajectory of Africa's journey towards sustainability is profoundly influenced by its capacity to harness these disruptive technological forces for the betterment of its people and environment. This involves not only leveraging these advancements to spur positive changes in various sectors but also navigating the associated risks and addressing the disparities they can create. In other words, Africa's sustainable future hinges on its ability to strike a delicate balance between embracing technological progress as a force for good while concurrently mitigating its potential negative consequences, thus paving the way for a more equitable and sustainable future.

Climate change is a pressing concern of our time, representing a paramount factor with multifaceted implications. It introduces a host of challenges, such as the heightened risk of extreme weather events and the looming specter of resource scarcity. Yet, paradoxically, it also beckons forth a silver lining in the form of opportunities for forward-thinking green initiatives and the flourishing promise of renewable energy sources (Abbass, Qasim, Song, Murshed, Mahmood & Younis, 2022). Concurrently, geopolitics plays an integral role in the grand tapestry of Africa's future. The shifts in global power dynamics hold the potential to exert a profound impact on the continent's economic and political stability. Consequently, these geopolitical transformations wield considerable influence in shaping Africa's capacity to sustainably manage its vital resources. Demographic dynamics, the ever-shifting patterns of population growth and urbanization, represent another pivotal dimension. These demographic shifts can strain both resources and infrastructure, potentially posing formidable challenges. Yet, they simultaneously herald the advent of new economic opportunities, fueled by a burgeoning consumer market that has the potential to propel Africa's growth and development. Moreover, Climatic Variability and Natural Environmental Hazards, as highlighted by the Intergovernmental Panel on Climate Change (IPCC), suggest that Africa will suffer greater effects of climate change than any other region of the world. Projections include the decrease in rainfall in the already arid areas of Eastern and Southern Africa, and increasing drought and desertification in the north of Central Africa. In West Africa, the countries of Benin, Burkina Faso, Ghana, Mauritania, Niger, and Nigeria all shall face water scarcity by 2025. Africa needs to step up its anti-climate

change actions as a legacy to future generations. These climatic challenges further underscore the importance of addressing climate change and its far-reaching impacts on the continent.

The COVID-19 pandemic has served as a stark reminder of the vulnerability of Africa's healthcare systems. As the virus swept across the globe, it exposed significant weaknesses in many countries' abilities to respond effectively to such a crisis. This vulnerability stemmed from various factors, including inadequate healthcare infrastructure, limited access to medical resources, and a shortage of healthcare professionals (United Nations, 2020). However, it is crucial to recognize that the pandemic also highlighted the resilience and innovation that can emerge in the face of adversity. Africa's healthcare systems faced immense challenges during the pandemic, with limited testing capacity, a shortage of personal protective equipment (PPE), and a lack of critical care facilities. These shortcomings were exacerbated by pre-existing issues, such as underfunding, an insufficient number of healthcare workers, and an overall lack of preparedness for a public health emergency of this magnitude (Filip, Gheorghita, Anchidin-Norocel, Dimian & Savage, 2022). As a result, the continent struggled to control the spread of the virus and provide adequate care for those who fell ill. Nonetheless, the pandemic also showcased the resourcefulness and adaptability of many African nations. Several countries implemented innovative strategies to mitigate the impact of COVID-19, from leveraging mobile technology for contact tracing to rapidly building field hospitals. Moreover, the pandemic prompted a renewed focus on strengthening healthcare systems, with various stakeholders working together to address deficiencies and enhance preparedness for future health crises. The United Nations, among other international organizations, emphasized the need for global cooperation and support for African nations in their efforts to combat the pandemic. Through initiatives like COVAX, which aimed to provide equitable access to vaccines, the international community sought to ensure that Africa had fair access to the tools needed to control the virus's spread.

### **Conclusion**

This comprehensive assessment of the impacts of disruption on sustainable management practices in Africa has shed light on the intricate challenges and opportunities that the continent faces. Africa's unique blend of abundant natural resources, diverse cultures, and complex socio-economic contexts has positioned it at the center of global sustainability discussions. The disruptions, stemming from a multitude of sources, have the potential to either catalyze progress or act as formidable obstacles, depending on how they are managed. This study has explored critical issues such as resource scarcity, urbanization, renewable energy adoption, governance structures, and international partnerships, providing a holistic perspective on the challenges and strategic choices that Africa confronts. Resilience theory has served as a valuable framework for understanding how complex systems

respond to disruptions and adapt to change, offering insights that can guide sustainable management practices. The challenges Africa faces in its pursuit of sustainability are diverse, including technological advancements, climate change, geopolitical shifts, demographic dynamics, and the vulnerabilities highlighted by the COVID-19 pandemic. However, these challenges are also accompanied by opportunities for innovation, green initiatives, economic growth, and enhanced resilience. In the face of these challenges, informed decision-making, collaboration, and a commitment to resilience are essential. Africa's journey toward sustainable management practices is a dynamic and evolving process. The decisions made today will have far-reaching consequences for future generations. It is our hope that the insights presented in this assessment will empower policymakers, businesses, civil society, and individuals to make informed choices, develop resilient strategies, and contribute to a more sustainable and inclusive future for Africa. Africa's path to sustainability is a shared responsibility, and with concerted efforts, the continent can navigate disruptions and shape a more prosperous and sustainable future for all.

### **Recommendations**

In an era marked by rapid technological advancements, environmental concerns, and global health crises, Africa stands at a crossroads, facing a unique array of challenges and opportunities. To navigate this complex landscape effectively, it is imperative for African nations to adopt forward-thinking strategies that promote progress and resilience. This set of recommendations outlines key steps that can help African countries harness the potential of technology, sustainably manage their resources, and respond effectively to health crises.

1. To address the challenges and opportunities posed by technological advancements in Africa, it's essential to prioritize digital literacy education. This should be integrated into formal education curricula and promoted through adult education programs. By equipping people with digital skills, they can access technology more effectively, participate in the digital economy, and make informed decisions about their online activities.
2. Africa should promote sustainable resource management practices. This involves setting clear regulations and incentives for businesses and individuals to use resources responsibly. It also includes protecting vital ecosystems and investing in green technologies. Sustainable resource management can help mitigate the environmental impact of climate change and ensure long-term prosperity.
3. African nations should consider forming regional health response coalitions. These collaborative initiatives can pool resources, share best practices, and coordinate responses to health crises. Such coalitions can enhance healthcare system resilience and ensure a more effective response to future pandemics and health emergencies.

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# ROLE OF TRANSFORMATIONAL LEADERSHIP FOR GOOD GOVERNANCE AND SUSTAINABLE DEVELOPMENT IN NIGERIA

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## **Abstract**

*The predicament of Nigeria in terms of underdevelopment can be linked to the problem of leadership and governance. The objectives of the study is on the issue of transformational leadership and good governance in the actualization of the overall development in Nigeria, for the for the purpose of well-being of all in the society. Data for this study were chiefly secondary sources. The disillusionment on bad leadership and governance in Nigeria is the crux for the study. It is pertinent therefore, to note that every nation (developed and developing) continuously strive to meet the expectations of her citizens, while upholding her core values and ethics. Admittedly, visionary and transformational leadership is a role model key to unlock any meaningful sustainable development of a contemporary society. The study anchors on Erickson theory of motivation and clients' needs as a framework for analysis. The paper identified corruption, lack of political will on the part of leaders and lack of patriotism in the rule of law in national service as the major disruptions and constraints to good governance and sustainable development in the society. It recommends above all, the need for quality education for all and proper leadership training, patriotism and value re-orientation on the part of individuals and political leaders as part of solutions to the above problems. Transformational leadership and good governance is affective for motivation, revival and national development in Nigeria, especially in this present situation of the country where so much is going wrong against the ethics.*

**Keywords:** *Transformational leadership, motivation, good governance, sustainable development.*

## **Introduction**

The role of nation-states in modern world is to deliver essential political goods to their citizenry, these political goods include; safety and security, rule of law and protection of fundamental human rights, human development and creating conducive environment for sustainable economic development (Rotberg, 2004). Transformational leadership and good governance however, “amounts to transparency, accountability, rule of law, effective and efficient delivery of public services, widening of democratic space or political participation” (Adebisi, 2012). From the point of view of democracy, it is wrong to say that Nigeria has leaders that people look up to them to implement respect for the law and rights of citizens as contained in the constitution. The average Nigerian leader is not well intentioned, not encouraging and neither is he or she an instrument of motivation. They go in with wrong notion that the Nigerian leaders are law itself, a special caste with power

to ignore the law and impose their own selfish interest in decision making, rather than public interest. Leadership is one of the major management processes. According to Wehrich and Koontz (1994), explained leadership as the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals. Nnablife (2010) avers that the survival of a system rests with leadership. Everything rise and fall on leadership because leadership effectiveness is an engine that move institutions to heights of development and productivity by the application of good governance (Folarin, 2010). Man is innately driven by the quest to create values, produce and reproduce his material values to conform to his expectations. Iyaya and Iyaya (2004) explicated that good leadership and governance is a vital pre-requisite for the improvement of well-being of the citizen in the society. Basu (2004) view leadership as the process influencing and energizing people to work together in a common effort to achieve the purpose of the organization. Leadership and good governance as axiom is an indispensable component among the approaches adopted world-wide for the socio-economic transformation of any nation, especially developing nations like Nigeria (Anyanwu, 1992). With the present situation in the country, no Nigerian can really boast of having the right and positive mental picture of the leadership and good governance. However, transformational leadership for good governance can be regarded as the cornerstone of Nigeria's hope for democracy. The inability of Nigeria's leadership to harness the nation's vast resources and reserves towards socio-economic development continuously call to question the composition of the system of the nation's leadership and governance. There seems to be a total collapse of ethical governance with the abuse of every moral norm of administration and a loss of conscience towards 'rightness' and objectivism in polity.

One way of measuring the success or failure of governments in modern societies is to assess how successful such governments are in developing the conditions for satisfying the basic needs of the people they govern in a giving society. These needs include basic infrastructure, social services, public services and helping to create an efficient and productive economy (Nwankwo, 2009). It is obvious that good governance is the missing link in Nigerian leadership today. It could be observed that the communities have continued to suffer neglect due to bad governance in Nigeria. Development has eluded most communities due to lack of “good governance”, for the interest of all citizens” (Ozor and Nwankwo, 2008). This is to say that lack of transformational, visionary and integrity leadership, which is the catalyst to integrate and drive the wheel of development, is the bane of development in Nigeria.

The purpose of this study is to critically look into the appalling situation of bad governance and the need for the sustainable development through good leadership and good governance. The challenging problem of this study is to examine why

Nigerian society have continued to remain underdeveloped despite abundant mineral resources and approaches used to develop them, especially through the adoption of community development strategy. The primary focus here is the role of transformational leadership and good governance for sustainable development in Nigeria; to identify the functions and roles of a transformational leadership in development; to emphasize the relevance of good governance on community development of Nigeria. To ascertain the causes of bad governance and to ascertain gains achievable for community development if the governance is good

Khan, (2007) noted that good governance has been understood as the most significant factor in eradicating poverty, inequality as well as promoting development. Many Nigerians are of the opinion that good governance is the only assurance to combat corruption, insurgency, political instability and electoral malpractice; however, it is viewed as the only means to deliver the dividend of democracy in the country. What is lacking in Nigeria today is the good governance and transformational leadership that will successfully improve the well-being of people for sustainable growth and development in the society. Ayo (2000:19), noted that the crisis the nation is facing prevent good governance from flowing essentially from faulty pattern of governance adopted by the elites since the political independence in Nigeria in 1960 till date 2023, Nigeria @ 63. The implications is that the Nigerian leaders contributed to the fast declining of the basic amenities in the society, such as; education, health and agriculture especially to the people at local communities, uncertain for the future generation in the nation. The leaders needed in Nigerian governments should be integral part of the people in terms of infrastructural development and vision of a better future for all citizens in the society.

## **Review of Related Literature**

### **Nigeria and Democracy**

Can we say that Nigerian leaders are upholding democracy? Against this backdrop, Ocheni and Nwankwo (2012) noted that “the rampant and complex nature of political instability and socio-economic malaise being experienced in most African states today has recourse to the nature and character of classes introduced in Africa by colonialism”, in which Nigeria is one of them. Having been independent since 1960, the political structure of Nigeria is still in shambles.

Nigerian transitioning from military rule to civilian rule, the current democracy she experiences, it is not bad to say that lessons have been learnt and transformational leaders would have emerged but that is far from reality as the present democracy which kicked off in 1999 is an adulterated democracy, lacking in itself democratic participation of citizens, arbitrary use of power and subjugation of the rule of law, as seen in February, 2023 general election. “The crop of leaders that have attained leadership position since independence had in one way or the other lacked vision and transformation, most of them have been engraved with corruption and political

bickering leading to the enthronement of maladministration and mismanagement of public resources, and consequently economic and development setback and abject poverty as nation's heritage", (Lawal and Owolabi, 2012:2). By democratic government people normally refer to an all-inclusive type of rule that works with rules and procedures and gets the people to participate actively in the day-to-day activities of government. Transformational leadership is there to remove all obstacles that could impede free and full participation of citizen in government, but it is lacking in Nigerian context today. The obligations of transformational leadership include; provision of basic amenities, protection of citizen's civic right, security of lives and properties. These are expected to go in line with democratic expectations in Nigeria.

**Nature and types of leadership:**

Leadership is an indispensable factor for the achievement of group goals. Accordingly, Ogunna (2004), defines leadership as 'a strategy for achieving group goals as no group can effectively realize its goals without leadership'. Leadership as 'the art of coordinating and motivating individuals and group to achieve desired ends'.

The study will deal on three main types of leadership, which includes; democratic, authoritarian and laissez faire. It is appropriate here to merely explain authoritarian and laissez faire which are not relevant to national development. It will also be relevant to discuss in details the democratic leadership which a transformational leader should adopt in other to succeed in a country like Nigeria.

- Democratic Leadership; this is one in which the leadership operate strictly on democratic principles. He care and carries members of the organization along in day-to-day activities for development. The leader runs an open administration and motivates and encourages the people to participate fully in the work of the organization. The leader places more emphasis on public interest rather than personal interest, he uses 'we' instead of 'I'.
- Authoritarian Leadership; this is a leader who stand outside the organization, issues commands and orders to members which should be obeyed without question in the process of achieving the group goals. Apparently, he does not consider himself as part of the group. The leader places more emphasis on personal interest rather than public interest, he uses 'I' instead of 'we'. The leader uses command, threat and bossism as a means of achieving his goals.
- Laissez Faire; this is a leader who is not much involved in the activities of the organization. He does not control, direct nor motivate. The leader merely remains not fully concerned about the activities of the organizations, he supply information to the members and leave them to take decision and work without direction and supervision.

Transformational leadership is a leadership characterized by the ability to inspire and motivate followers to achieve extraordinary outcomes and personal development. The leader act as a role model and gain respect, trust and admiration

of their followers. They exhibit high ethical standards and integrity, setting an example for others to follow.

Transformational leadership and good governance for sustainable development in Nigeria is strictly based on true democratic leadership. Any community leader that try to adopt laissez faire and authoritarian style of leadership is bound to fail in his administration.

### **Ethical Leadership Responsibilities for Good Governance**

There seems to be a total collapse of ethical governance in Nigeria with the abuse of every moral norm of administration and a loss of conscience towards 'rightness' and objectivism in polity. To this end, it becomes a pertinent question, if Nigeria can ever rise out of her underdevelopment state? if leaders that are meant to drive the affairs towards the nation's emancipation lack the morality, sanity and political will to do so. It is against the backdrop that this study reflects on the issue of role of transformational leadership and good governance that will motivate and enhance development in Nigeria. According to Osioma, (2021), who noted that be it the personal, organizational or national level, the abuse of rule of law have the potential to wreck the best laid-out plans and make irrelevant of the nation's democracy.

On this note that Nnablife (2010), expressed that transformational leadership sets the tone and standard of governance. In the concept of Nigerian leadership, indiscipline to rule of law, lack of professionalism and widespread corruption has been the bane of the leaders over the years, which impede development in the society.

Ethical leader as axiom, strive to further social or institutional goals that supersede the goals of the individual in the society. The transformational leadership responsibility in this context requires the ethical leader to serve a greater good by attending to the needs of others for national development (Osioma, 2021). National and community development has been a subject of much theoretical discussion. Some of the literature on national and community development tends to view it as idealism while others view it as a new concept of sustainability. However, transformational leadership and good governance is a nexus to development which is concerned with the improvement of the living standards of the low-income population living in local areas on a self-sustaining basis.

Nigerian sectoral underdevelopment and leadership is the question-power. According to Kalu (1994), Nigeria is a wealthy African country where billions of dollars are made annually from the sale of crude oil, but what is lacking is the ability of a leader to utilize the wealth for general development in the country. Kalu identified leadership in Nigeria, as continues been synonymous with success in plundering the national wealth. However, Kalu summarized his findings about the governance of Nigeria by her leaders as equivalent to the lunatic contradictions

identified in the side Hussein Alata concept of “the fool in government”. A fool in power sleeps comfortably on a heap of debts, allows the quality of life of its own people to degenerate at a frightening rate, facilitates the collapse of moral responsibility; and connives with private interlopers or multinational financial institutions to subject the national economy to an unyielding massive plunder, with neither a thought for tomorrow nor a merciful concession to the generations unborn in the country. Who then, are the “fools” of Nigerian government? (Nwankwo, 2009). If transformational leadership needed is service oriented, how many leaders in Nigeria today are really servants to the core? If indeed transformational leadership is service and integrity, how many Nigerian leaders are examples in character as a role model to citizens to emulate in governance?

### **Role of transformational leadership for good governance in Nigeria.**

The new theoretical framework of Motivational Theory of Role Modeling highlights ways in which the power of transformational leaders can be harnessed to increase role aspirants' motivation, reinforce their existing goals, and facilitate their adoption of new goals. The Theory of Modeling and Role-Modeling (Erickson, Tomlin, & Swain, 1983), enables nurses to care for and nurture each client with an awareness of and respect for the individual's uniqueness. This type of care giving exemplifies theory-based clinical practice that focuses on the clients' needs. According to Barndard (1939) in Osioma (2021), explain value-based leadership as one that inspires “cooperative personal decisions by creating faith in common understanding, faith in the probability of success, faith in the ultimate satisfaction of personal motives, and faith in the integrity of common purpose”. Thus vision, mission and values are foundational in guiding oneself.

A transformational leader is an individual who displays certain behaviours of motivation or has achieved certain success of development that other people look up to and wish to (or try to) emulate. Because a transformational leader, is a role model who sets an example that others try to follow, and a role model is thus a mentor and a leader. Good transformational leaders typically exhibit the following personality traits or qualities: self-awareness, positivity, humility, empathy, professionalism, and integrity. If the true nature of the above mentioned exist in leadership, that means that Nigerian leaders should strive to ensure that social and institutional goals are achieved than that of personal goals that citizen's disillusionment our government officials in the society. Nwankwo (2009) is of the opinion that “African leaders pay lip service to good governance. For him, Nigeria and other African countries, ‘the indicator of good governance is lacking or very low when evaluated their performance in administration (office). However, all levels of government institutions in the country are in disarray state and dilapidation of infrastructure due to bad leadership and bad governance.

Presently, no Nigerian leader who is worthy of imitation, because they lack the requisite ability to uphold citizens trust — like your beloved teacher or a well-behaved celebrity in the society, who motivate and inculcate value knowledge in individuals.

**Qualities that make transformational leaders exemplary and worth following:**

- **Humility;** Contrary to popular perception, humility is not weakness, but an indicator of personal strength, self-awareness, positivity, resilience, and confidence in an individual in the society.
- **Kindness;** The ability to behave kindly in the practice of tendency to be sympathetic and compassionate in discharging daily activities, which motivate and encourage others in the society.
- **Respect;** The esteem of feeling or attitudes of admiration toward somebody. However, satisfactory in human life is every respect. A good role model leader commands respect in organization to achieve the set objectives
- **Accountability;** Is the ability to be responsible to somebody; it is the ability of one being capable to explain things formally
- **Courage;** The quality of being brave and the ability to face danger, difficult, uncertainty or pain without being overcome by fear or being deflected from a chosen course of action and emerge in solving his daily needs
- **Inclusion;** The ability of being presence in group. A role model leader should be integral part of the people he governs for the success or development in the society.

Going by the decision rule of the above mentioned qualities of Transformational Leadership; A transformational leader is a person who inspires others because of their various attributes, with their followers keen to emulate them. Transformational leadership usually encourages and inspires others, such as the youth in a contemporary society like Nigeria.

**Presently, Nigeria Needs Visionary and Transformational Leaders**

Hence Nigerian citizens are not allowed to choose their leaders through a transparent electoral process; they have leaders imposed upon on them by corrupt godfathers who are only interested in plundering, pillaging and looting the people's treasury. In the process, national development is sacrificed for self aggrandizement, national wealth is converted to family wealth, education is sacrificed for bogus project and corruption is enthroned as a dominant way of life in Nigeria (Nebo, 2010). Most individuals have the aspirations and burning desire to impact their community positively and make an exceptional impact among their generations, but were unable to do so due to bad leadership influence that is ravaging the country for over the years. Unfortunately, February 2023, general election in Nigeria, is a clear cut of imposing a leader against the citizens' wish. The protagonist of Nigeria's failure to

develop and match with other developed countries is basically a leadership problem. Politicians see power acquisition as a means of self-aggrandizement, sometimes means of another end. With the above view, many see Nigerian government as system not as a democracy, but as a kleptomaniocracy (Nebo, 2010). Authoritarian has been the mode of leadership in Nigeria for over the years, personal interest rather than public interest. Citizens' voice is no longer integral part of the system. According to Osisioma, (2021), "public leaders must act quickly in a gray, marginal area where laws are silent or confusing. It is not really very complicated; it's a question of distinguishing right from wrong and avoiding conflicts of interest, these are the ones amenable leaders' citizens view as transformational and role model leader in the society.

Nwanze (2020) offers some points on the above subject matter;

- 1) Nigeria needs rules that set out the terms of governance and the parameters behaviours of leaders in the office.
- 2) It must build institutions; these refer to "terms of people with clear mandate" and the right values and motivation to make the rules work, which will aid people with right wisdom, norms and values to distinguish from right or wrong.
- 3) Nigeria needs role model leadership that will bring all of this together. Historically, we glance into the inspirational and effective leadership of Martin Luther king in USA, Lee Kuan Yew in Singapore, Nelson Mandela in South Africa, Julius Nyerere in Tanzania and Nnennaya Otti, a woman who announced the 2023 governorship election result in Abia state Nigeria, uncompromised as she has been clamoring for true democracy in the country.

Leaders in Nigeria should take inspirational and effective leadership style of the above mentioned leaders to develop and deploy rules and institutions that will strategically and systematically develop and transform their society where they belong. They should stress on public interest rather than self-interest for good governance and development to thrive in the nation. Akanba (2001), expressed that good governance is the capability of leaders to sustain social peace, guarantee law and order, promote conditions for generating economic growth and ascertain a minimum level of social security. Development will be a mirage where good leadership and good governance is lacking.

### **Leadership for sustaining our statehood and unity**

With reference to the true nature and definitions of sovereignty, which implies as the supreme power of a state over citizens and subject, unrestrained by laws (Nzelibe, Amobi & Emejulu, 2017), according to them, a state loses her sovereignty when she is placed under the authority of another state either by mutual consent or by loss of impenetrability of its territory. Philosophical perspectives at work, well-meaning



leaders sometimes find themselves sincerely baffled and needing to bounce decisions off someone or something else. Presently, true reflection is needed for an ethically sound decision for good governance to thrive in Nigeria.

### **Vision and Mission Integration:**

**Vision Integration:-** describes the desired future position of transformational leadership and good governance for sustainable development in the society. Vision in this context is the true democratic leadership practice that leads in the satisfaction of basic amenities, security, humanitarian needs and promoting human dignity in the society. This implies that vision is an integration of strategic intent that describes the transformational leadership as aspiration for prospect.

**Mission Integration:-** To provide timely, appropriate and acceptable infrastructural services to the people in the society, through well quality leaders that will enhance public facilities on Technology, Health Care, Security, Education, Road and Housing, Rural Electricity, Water Supply, Agriculture” for the benefit of the citizens in the country. This defines the transformational leadership and good governance for sustainable development of public projects, its objectives and its approach to reach those goals for the well-being of all in the society.

### **Conclusion**

In international development, leadership and good governance is a way of measuring how public institutions conduct public affairs and manage public resources in a preferred way. Thus, it emerges as a model to compare ineffective economies or political bodies with viable economies and political bodies. One of the fundamental objectives of the 1976 local government reforms in Nigeria, is the use of veritable vehicles for the transformation of community development projects in the rural areas through the provision of social services and other financial assistance for self-help projects, which can ultimately improve the people’s standard of living, but it is lack in the system today due to bad leadership that could not uphold the standard and trust from the citizens.

Leaders in Nigeria should endeavour to bring back the state dignity and glory of industries and agricultural merchant for socio-economic growth and development, as it was the inspire pride of the nation in the 1950s and 1960s as to gain citizens respect in the society whom they govern. This is the same disposition that today should strengthens our citizens and enlivens their spirit and hope against the menace of unemployment, terrorism, insecurity, economic hardship and other leadership challenges facing the country’s development over the years.

### **Recommendations**

The leaders needed in Nigeria for national development, should be integral part of the people in terms of the socio-economic growth and development, vision for a

better tomorrow for all in the society. The leaders in Nigeria must exhibit good moral life in order to bring about good governance in their leadership through integrity, transparency and accountability for sustainable growth and development in the society.

### **How to Improve Leadership qualities for good governance and sustainable development:**

Leadership in Nigeria will improve her quality as a role model in the society's position for the future by the training and re-orientation of leaders and citizens for national development actions which are expected to ensure;

- 1) Increased productivity delivery of local services. The services to the people which must include security and good governance (dividends of democracy)
- 2) Improved quality of basic amenities and social investment plans for the well-being of people in the society
- 3) Improved morale of citizens by good leadership qualities of ease economic hardship, boosting employment rates and equipping the security forces to combat the present menace of insurgency ravaging the country's development.
- 4) Leaders entrusted with government resources should improve the living conditions of the citizens in their society.

This was the spirit that pushed Nigerians in 1970s & 1980s to excel on the global stage in sports, medicine, music, arts, technology and scholarship.

### **Changes to Make for Prospect:**

- 1) Economic reforms as to prevent and alleviate citizens suffering wherever it may be found in the society.
- 2) To incorporate the skills and capabilities that distinguishes the leadership service performance by motivation of citizens in the society where they belong.
- 3) To make changes in the area of insecurity challenges for protecting life, health and properties of the people in the society and ensure respect for the human dignity.
- 4) To spot leaders with private interest masquerading as a public good. "That's illegitimate legal way leaders".

### **How to Implement These Changes**

- Leaders shall remain committed to promoting good corporate governance and best practices in the conduct of government's affairs.
- To ensure that government leaders shall take responsibility to focus their support on national development and capacity building efforts in the core

areas of Strategy for the well-being of the citizens especially those in the local communities. This is because the good corporate governance engenders public trust and ultimately ensures that the government meets the expectation of all the basic needs of the people.

- There is also the need for the citizens in the society to be more committed in managing rural development process for their well-being.
- Government should improve our standard of education. As education is very important to the development of any society or a country in general. Government should also offer mandatory scholarship to students that outlive to enable them attend any tertiary institution in any part of the world like what other western countries does to her citizens.

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# CHALLENGES AND OPPORTUNITIES IN IMPLEMENTING DIGITAL TRANSFORMATION IN NIGERIAN PUBLIC SERVICE

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## **Abstract**

*In the age of rapid technological advancements, digital transformation has become a defining force reshaping global sectors. The Nigerian public service, as a fundamental element of the country's administrative framework, is no exception. This study delved into the multifaceted challenges and opportunities that arise when implementing digital transformation in the Nigerian public service. Despite its importance, the public service has long grappled with inefficiency, corruption, and service delivery issues. Digital transformation, facilitated by technologies like AI and data analytics, presents a solution to these problems. This research adopted a qualitative approach, gathering data from secondary sources including journals and online resources while using Technology Acceptance Model (TAM), originally proposed by Davis in 1989 as a guide. The study focused on the integration of digital technologies in administrative processes and examined its dimensions in the contemporary context. Digital transformation offers the Nigerian public service numerous advantages, including streamlined service delivery, transparency, data-driven decision-making, citizen engagement, remote access, and cost savings. However, several barriers impeded its adoption. Infrastructure deficit in rural areas limits equitable access to digital services. A lack of digital skills among employees and leadership gaps hinder seamless integration. Frequent power outages disrupt digital initiatives, while political dynamics, inadequate policies, and resistance slow progress. Theft and vandalization of infrastructure exacerbate challenges. To advance digital transformation in Nigeria, a comprehensive approach is required. Prioritizing telecommunications and internet infrastructure in rural areas, establishing training programs, investing in reliable power supply, creating secure digital databases, formulating supportive policies, and enhancing security measures around critical infrastructure are essential steps. Successful implementation of these recommendations can pave the way for improved efficiency, transparency, and service delivery in the Nigerian public service, while also serving as an example for similar endeavors in the region.*

**Keywords:** Digital transformation, public service, infrastructure, Nigeria.

## **Introduction**

In an era characterized by rapid technological advancements, digital transformation has emerged as a pivotal force reshaping various sectors worldwide (Verhoef et al., 2021). The Nigerian public service, as a critical component of the country's administrative framework, is no exception to this paradigm shift. This research aims to delve into the multifaceted challenges and opportunities that arise in the context of implementing digital transformation within the Nigerian public service. The Nigerian public service is a cornerstone of the country's governance structure,

responsible for the implementation of policies, public service delivery, and administrative functions at various levels of government (Oyedele, 2015; Bello, 2021). However, despite its significance, the public service has faced long-standing challenges related to inefficiency, corruption, bureaucratic bottlenecks, and inadequate service delivery. These challenges have impeded Nigeria's socio-economic progress and undermined citizens' trust in government institutions. Digital transformation, driven by technological innovations such as artificial intelligence, data analytics, and cloud computing, has emerged as a potential solution to these issues (Wu et al., 202; Akter et al., 2022). Through the integration of digital technologies into administrative processes, the public service could streamline operations, enhance transparency, and improve service delivery. Nevertheless, Abdulkareem (2015) argued that the adoption of digital transformation in the Nigerian public service has been met with several obstacles, ranging from technological barriers to resistance to change within bureaucratic structures.

The motivation behind this research stems from the pressing need to enhance the efficiency, transparency, and effectiveness of the Nigerian public service. The current state of affairs in the Nigeria public service, characterized by bureaucratic bottlenecks and inadequate service delivery, calls for innovative solutions that can address these systemic issues (Asaju and Ayeni, 2021). Digital transformation, with its promise of process optimization and data-driven decision-making, presents an enticing prospect for catalyzing positive change. The unique socio-economic and political context of Nigeria adds another layer of significance to this research. According to West Africa Gateway (2012), Nigeria is not only Africa's most populous country but also one of its largest economies. As such, the successful implementation of digital transformation in the Nigerian public service has the potential to set a precedent for other countries in the region, demonstrating how technology can be leveraged to address governance and service delivery challenges.

While the global discourse on digital transformation has gained significant traction, there remains a research gap concerning its implementation within the specific context of the Nigerian public service. Existing literature has explored digital transformation in various sectors and countries, but there is a dearth of comprehensive studies that specifically examine the challenges and opportunities unique to Nigeria's administrative landscape. This research aims to address this gap by providing an in-depth analysis of the intricacies involved in implementing digital transformation in the Nigerian public service. This paper seeks to contribute to the existing body of knowledge by offering a nuanced understanding of the challenges and opportunities associated with digital transformation in the Nigerian public service. By identifying and dissecting the barriers that impede the effective adoption of digital technologies, the research can offer insights into potential strategies for overcoming these obstacles. Similarly, by highlighting the specific advantages and

opportunities that digital transformation presents, the study can guide policymakers and administrators in harnessing these technologies to drive positive change.

### **Conceptual Clarifications**

#### **The concept of Digital transformation and Nigerian Public service**

Kraus et al., (2022) defined digital transformation as a profound integration of digital technologies, processes, and strategies into all aspects of an organization's operations, leading to fundamental changes in how it delivers value to stakeholders. It involves the adoption of innovative digital tools, automation, data analytics, and reimagined processes to enhance efficiency, effectiveness, and user experience. Digital transformation is a profound and multifaceted evolution that entails the seamless infusion of digital technology across every facet of a business, resulting in a sweeping overhaul of operational methodologies and the very manner in which value is bestowed upon customers. Beyond being a mere technological transition, it constitutes a paradigmatic cultural shift that compels organizations to embark on an unceasing journey of questioning conventional norms, conducting audacious experiments, and embracing failure as a stepping stone towards growth and innovation (Enterprisers Project, 2016). In essence, digital transformation signifies more than the mere adoption of new tools and systems; it embodies a holistic alteration of the organizational DNA. It mandates a reimagining of established business models, processes, and strategies, thereby fostering an environment that thrives on flexibility, adaptability, and rapid responsiveness to the ever-changing demands of the digital age. Through this metamorphosis, companies transcend traditional boundaries, leading to enhanced customer experiences, optimized operational efficiencies, and the unearthing of novel avenues for value creation.

In the study conducted by Fitzgerald et al. (2014), the concept of digital transformation is illuminated as a strategic utilization of emerging digital technologies. These technologies encompass a spectrum of innovations, ranging from social media and mobile technology to analytics and embedded devices. Through their seamless integration into existing business frameworks, these digital advancements empower organizations to achieve profound and impactful enhancements. These improvements encompass a myriad of dimensions, including but not limited to enriched customer experiences, the optimization of operational processes, and the cultivation of innovative business models. By harnessing the potential of digital transformation, enterprises can navigate the dynamic landscape of the digital age and position themselves at the forefront of competitiveness and innovation. Digital transformation refers to a multifaceted phenomenon that arises from the synergistic impact of various digital innovations. These innovations give rise to new participants and configurations of participants, as well as fresh organizational structures, operational methods, core principles, and underlying convictions. As a result, this comprehensive change can either disrupt, endanger,



supplant, or enhance the prevailing norms and regulations that govern operations in entities, interconnected networks, sectors, or domains (Hinings et al., 2018).

In the perspective presented by Nadkarni and Prügl (2021), they conceptualize digital transformation as a profound process characterized by the profound impact digital technologies can exert on various facets of a company. They emphasize that this transformation encompasses not only the integration of digital tools but also encompasses the fundamental alteration of a company's business model, its range of products and services, as well as the very structures that underpin its organizational framework. In essence, Nadkarni and Prügl's viewpoint portrays digital transformation as a holistic and dynamic evolution driven by the potential of digital technologies to reshape every aspect of how a company operates, interacts with its environment, and delivers value to its stakeholders.

Public service, as delineated by Oyedele (2015), assumes a pivotal role as the principal apparatus within government responsible for orchestrating and executing the intricate web of public policies. This pivotal function is actualized through the intricate process of transforming the abstract designs and agendas of the government into tangible manifestations of public welfare—namely, essential public goods and services meticulously fashioned to cater to the needs and aspirations of the populace at large. In essence, public service becomes the conduit through which the governmental vision transmutes into palpable societal betterment, thereby cementing its status as an indispensable cornerstone of effective governance and societal progress. Also, public service encompasses all government agencies, ministries, and departments responsible for delivering public services and executing government policies. It serves as a critical interface between the government and citizens, addressing various needs such as education, healthcare, infrastructure, and public administration.

Arowolo (cited in Osawe, 2015) presents a comprehensive perspective on the concept of Public Service. Within this framework, Public Service is defined as a vital component or department situated within the executive branch of government. Its core mission revolves around facilitating the formulation and execution of government policies. Unlike profit-driven entities, Public Service operates with a distinct objective: to provide indispensable services to the populace. This characterization underscores the primary purpose of Public Service as being oriented towards the welfare and well-being of the citizens it serves, contributing to the betterment of society as a whole. Shittu (2020) emphasized the encompassing essence of public service, defining it as the collective array of actions and provisions carried out within a governmental context, aimed at serving the greater good of society. This broad spectrum of activities operates within the domain of the public, and its overarching objective is to advance the well-being and interests of the populace at large. The scope of these services ranges from the safeguarding of

citizens through policing and defense, to the enhancement of quality of life through the provision of essential services such as healthcare and education. In essence, public service stands as the bedrock upon which a functional and responsive government builds its commitment to societal welfare.

Spicker (2009) presented a thought-provoking argument that seeks to redefine the conventional understanding of public services. Contrary to the prevailing notion that public services solely reside within the public sector due to instances of "market failure," Spicker introduced a paradigm shift by emphasizing that their essence transcends this narrow categorization. He posited that evaluating public services through the same lens as market-based provisions is fundamentally flawed. Spicker identified four pivotal characteristics that collectively shape the nature of public services. Firstly, their existence is rooted in policy objectives, reflecting deliberate societal choices rather than mere market dynamics. Secondly, their primary function is to cater to the needs of the public, exemplifying a commitment to enhancing the welfare of citizens. Thirdly, these services exhibit a redistributive quality, consciously aiming to address disparities in access and opportunity. Perhaps most notably, Spicker introduced the concept of public services as a trust, underscoring their role as custodians of societal well-being. This unique characteristic sets them apart from profit-oriented endeavors. Consequently, the operational dynamics of public services differ significantly, encompassing distinct priorities, cost considerations, capacity management, and outcomes assessment when compared to profit-driven enterprises.

Marshall and Murtala (2015) provided a comprehensive definition of Public Service as outlined in section 277 (91) of the 1979 Constitution of the Federal Republic of Nigeria, which has since been transitioned into section 169 of the 1999 Constitution. This definition encompasses a wide spectrum of governmental entities and institutions. These include not only the civil service, comprised of ministerial departments, but also extend to encompass various statutory corporations or parastatals. Additionally, the definition encompasses core pillars of governance, such as the judiciary and the legislature, which play pivotal roles in upholding the rule of law and democratic processes. Furthermore, the scope of the definition encompasses educational institutions that are significantly government-owned at the State, Local, and Federal levels. This extends the umbrella to cover establishments that contribute to the nation's educational development. Notably, entities that are either wholly or predominantly owned by the government at different tiers, including State, Local, and Federal levels, are enveloped within this definition. This incorporates a range of organizations, thereby recognizing their significance in the public service landscape. Expanding the horizon of the definition, it includes integral law enforcement bodies like the Nigeria Police and the Armed Forces, reflecting their vital roles in safeguarding national security and maintaining order. Finally, the definition acknowledges the impact of governmental control by incorporating

organizations where either Federal or state governments possess controlling shares or interests. This acknowledgment underscores the broader spectrum of government involvement in various sectors of the nation's socio-economic landscape.

### **Theoretical Underpinning**

This study adopted the Technology Acceptance Model (TAM), originally proposed by Davis in 1989, provides a structured framework for understanding and predicting individuals' intentions to use a new technology. TAM is rooted in the idea that people's perceptions of a technology's usefulness and ease of use significantly influence their decision to adopt and use that technology. In the context of digital transformation in the Nigerian public service, TAM can serve as a valuable lens for examining how individuals within the public service organization perceive and accept the new digital tools and systems being introduced. In the context of the Nigerian public service, employees and stakeholders will likely consider whether the digital transformation initiatives will lead to improved service delivery, streamlined processes, and better decision-making. The research can delve into how these perceived usefulness factors are influenced by specific challenges and opportunities unique to the Nigerian context. It considers the user-friendliness, simplicity, and accessibility of the technology. In the context of the Nigerian public service, where digital literacy levels might vary, understanding how employees perceive the ease of use of new digital tools is crucial. The research can explore how challenges such as lack of digital skills or complicated user interfaces impact the perceived ease of use and subsequent technology adoption. TAM acknowledges that external factors beyond perceived usefulness and ease of use also influence technology adoption. These factors include individual characteristics, organizational support, and facilitating conditions. In the context of the Nigerian public service, external variables could include the availability of training and support, top-down leadership commitment, and the alignment of digital initiatives with the broader organizational goals. Exploring how these external factors interact with challenges and opportunities will provide a comprehensive understanding of the technology adoption process. For each identified challenge and opportunity in the implementation of digital transformation in the Nigerian public service, TAM can be applied to analyze its impact on perceived usefulness and ease of use. For instance, the challenge of inadequate technological infrastructure could lead to lower perceived ease of use, hindering adoption. Alternatively, an opportunity like enhanced service delivery through digital platforms could increase the perceived usefulness, facilitating adoption.

### **Materials and methodology**

The study adopted a qualitative research approach, delving into an exploration that is both innovative and enlightening. Gathering data through secondary sources, encompassing a spectrum of pertinent journals and the vast expanse of internet resources, the research is intricately designed to unveil challenges and opportunities

in implementing digital transformation in Nigerian public service. In a stride toward progress, this study focuses on the integration of digital technologies and tools, unearthing insights that transcend the conventional and venture into the realms of the contemporary, all while shedding light on the different dimensions that underlie this critical facet of governance.

### **Benefits/opportunities that digital transformation presents**

Digital transformation in the Nigerian public service offers several advantages and opportunities that can significantly improve efficiency, transparency, and service delivery. Here are six key points highlighting these benefits:

1. **Efficient Service Delivery:** Adopting digital technologies can streamline bureaucratic processes and reduce manual paperwork, leading to quicker and more efficient service delivery. Citizens can access government services online, reducing the need for physical visits and saving time for both the public and government officials.
2. **Transparency and Accountability:** Digital platforms enable real-time data collection and reporting, enhancing transparency and accountability in the public service. This can help minimize corruption, as transactions and interactions are recorded electronically and can be audited more easily.
3. **Data-Driven Decision-Making:** Digital transformation allows for the collection, analysis, and utilization of vast amounts of data. Nigerian government agencies can use this data to make informed decisions, identify trends, and allocate resources more effectively, leading to better policy formulation and implementation.
4. **E-Governance and Citizen Engagement:** Digital platforms provide opportunities for greater citizen engagement and participation in governance. Online portals, social media, and mobile apps can facilitate communication between citizens and government, enabling feedback, suggestions, and collaboration on various initiatives.
5. **Remote Access and Inclusion:** Digital services can reach remote and underserved areas of Nigeria, bridging the digital divide and ensuring that all citizens have access to government services. This can lead to more inclusive development and equitable distribution of resources.
6. **Cost Savings:** Over time, digital transformation can result in significant cost savings. Reductions in paperwork, streamlined processes, and optimized resource allocation can lead to more efficient resource use, ultimately saving taxpayer money.

Embracing digital transformation in the Nigerian public service has the potential to revolutionize governance, improve service delivery, enhance citizen engagement, and promote more accountable and transparent government operations. However, it's essential to ensure proper cybersecurity measures, infrastructure development, and capacity building to maximize the benefits of this transformation.

### **Barriers that impede the effective adoption of digital technologies in Nigeria**

In any transformation that is deeply rooted, the process of transition is invariably accompanied by challenges and obstacles, much like how our eyes guide us through the intricacies of our traditional practices. As we endeavor to shift towards a digital paradigm, the same holds true. This shift is met with resistance from a fraction of individuals who persistently question its viability. Certain segments of the population remain hesitant to align themselves with governmental initiatives aimed at ushering in this digital era. This interplay between change and resistance underscores the complex nature of cultural evolution and its interaction with contemporary technological advancements.

One of the challenges facing digital transformation in Nigeria is chronic infrastructural deficit in Rural Areas. The existing infrastructural deficit within rural areas compared to their urban counterparts is a glaring concern, particularly in regions where the rural populace accounts for over 60 percent of the total population. This discrepancy in infrastructural development raises pressing questions about equitable access to essential amenities and services. Notably, the imbalance is starkly evident in the telecommunications sector, where a significant number of telecom base stations are concentrated in urban locales, leaving rural regions grappling with inadequate or even nonexistent telecommunication facilities (Abdulkareem, 2015). An analysis of internet usage in Nigeria reveals a disheartening reality, characterized by a disparity between urban and rural regions. This inequity is rooted in various factors, including the aforementioned infrastructural limitations. According to a comprehensive study conducted by the Nigerian Communication Commission in 2011, only a mere 17 percent of rural communities possessed access to internet facilities, juxtaposed with a significantly higher 79 percent in urban centers (Abdulkareem, 2015).

Another barrier is that a significant portion of individuals who are tasked with executing crucial responsibilities often lack the essential competencies required for the job, especially in the realm of digital skills. Within this group, there exists a subset that does not possess a background in information technology, necessitating the implementation of comprehensive training programs (Oye cited in Nwozor et al. 2022; Abdulkareem, 2015). Essentially, the requirement to be adaptable to the prevailing technological advancements prompts the need for training interventions. In essence, this translates to the imperative of equipping certain individuals with the requisite proficiencies to harmonize with contemporary trends. However, the challenge goes beyond mere skill acquisition. The underpinning element that orchestrates successful digital transformation is effective leadership. A critical evaluation of the landscape reveals that the entirety of the digital transformation paradigm pivots on astute leadership. The question arises: do we have access to individuals equipped with the insightful acumen essential for steering this transformation forward? The prevailing reality points to the fact that a substantial

number of both leaders and employees are bereft of the indispensable leadership aptitudes necessary for this endeavor. This scarcity of leadership competencies underscores a looming predicament—the scarcity of intellectual capacity needed to catalyze profound change. According to Oye (cited in Nwozor et al. 2022), the predicament is compounded by the observation that the individuals accountable for spearheading this transformation are deficient in the quality of empathy. The profound challenge here is their inability to effectively rally individuals and foster a shared understanding of the rationale behind these transformative efforts. The prevailing situation indicates that these leaders lack the skill to connect with their teams on a level that engenders a collective comprehension of the need for change. Consequently, a deficit of empathetic leadership further complicates the ongoing global challenge of instigating sufficient intelligence and capability to usher in a new era of transformation.

Persistent Power Failure is a barrier that casts a shadow over the seamless realization of e-government initiatives in Nigeria is the unrelenting challenge of inconsistent power supply. This ceaseless struggle with power outages poses a significant impediment to the unhindered success of digital governance implementation across the nation. The unfortunate reality is that power blackouts have transformed into a distressingly commonplace occurrence, infiltrating and affecting the fabric of Nigerian cities, towns, and even remote villages (Abdulkareem, 2015). These pervasive disruptions cast a pall over the efficacy of Information and Communication Technology (ICT) systems, undermining their capacity to function robustly and efficiently. The critical synergy between digital governance and reliable power supply is crucial for the harmonious functioning of e-government mechanisms, making the persistent energy deficiency a substantial roadblock to the aspirations of a technologically-driven governance model. Within this landscape of unreliable power, telecommunication infrastructure emerges as a prime illustration of the quandary at hand. In a proactive response to the erratic energy situation, telecommunication companies have resorted to the deployment of power generating plants as a viable alternative power source to fuel their indispensable equipment. These backup generators, while serving as a lifeline for maintaining connectivity, inadvertently contribute to the burgeoning operational costs borne by these corporations. The intricate interplay between procurement, maintenance, and fueling of these power-generating apparatus places a substantial financial burden on the telecommunication companies, an encumbrance that ultimately trickles down to the end-users and consumers of their services.

When discussing the dynamics of change within the realm of human beings, there emerges a complex interplay between the inclination for change and the propensity for resistance. This dichotomy is particularly pronounced in the context of Nigeria's contemporary civil service landscape. In this setting, the prevailing inclination often leans towards maintaining the existing status quo (Oye cited in Nwozor et al. 2022).

The average civil servant in Nigeria today, driven by a variety of factors, tends to exhibit resistance to transformative shifts. Central to the reluctance for change are multifaceted challenges that act as formidable obstacles. These challenges are manifold, with one of the foremost impediments being the absence of a robust and all-encompassing database dedicated to the public service domain. The lacuna in reliable information infrastructure further compounds the issue. It is observed that civil servants frequently engage in the manipulation of information, even when it pertains to their own records. A striking manifestation of this phenomenon becomes evident in discussions concerning retirement age. A considerable number of civil servants resort to the continuous manipulation of their recorded years of service and birth dates in a bid to align these details with their personal preferences and desires. This prevailing practice significantly exacerbates the challenges that afflict the public sector.

The intricate interplay between politics and policies presents a formidable barrier on the path to achieving optimal results through digitalization (Signore cited in Nwozor et al., 2022). As Nigeria earnestly strive to initiate transformative endeavors, a stark reality emerges—certain government officials stand as obstacles to the seamless realization of these ambitions. Their reluctance to facilitate the successful implementation of digitalization initiatives serves as a stark limitation to our progress. In this intricate landscape, it becomes increasingly evident that our endeavors to digitize are not being complemented by the formulation of essential and appropriately robust policies. We embark on the journey of digitization without simultaneously crafting the necessary frameworks to effectively guide these aspirations. The imperative of government policies, harmonized with the digital age, remains largely unmet, casting shadows on our otherwise promising goals.

The relentless march towards IT infrastructural development in Nigeria has been persistently hindered by a recurring and concerning issue – the rampant theft and vandalization of internet and telecommunication equipment. This regrettable phenomenon, particularly prevalent within the conflict-prone regions of the North East and South-South geopolitical zones of Nigeria, casts a shadow of setback over the otherwise promising progress of the nation's technological advancement. The theft and vandalization of crucial internet and telecommunication equipment stand as formidable barriers that impede the nation's stride towards digital transformation. The intricate web of connectivity that forms the backbone of modern information and communication systems is systematically compromised as these essential components fall victim to criminal acts. Instances abound where critical infrastructure, essential for seamless communication and connectivity, falls prey to the hands of opportunistic criminals, exacerbating the challenges faced by a nation aspiring to leverage technology for development. An illustrative example of this disturbing trend unfolded in 2012, underscoring the gravity of the situation. MTN Nigeria, the country's largest telecommunication company, bore the brunt of this

menace, suffering over seventy (70) incidents of facility vandalization within a single year Daily (Independent cited in Nwozor et al., 2022). These incidents ranged from the theft of vital equipment to the deliberate destruction of infrastructure, leaving an indelible mark on the operational capacity of the company and by extension, the connectivity options available to the citizens of Nigeria.

### **Conclusion**

The implementation of digital transformation in the Nigerian public service offers the promise of addressing persistent challenges and capitalizing on new opportunities. The public service, crucial for governance, faces issues such as inefficiency, corruption, and service gaps. Digital transformation, driven by technology, can streamline operations, enhance transparency, and improve service delivery. However, barriers exist. Infrastructure gaps, especially in rural areas, hinder equal access to digital services. Limited digital skills among officials, coupled with leadership gaps, impede integration. Unstable power supply undermines digital efforts. Political dynamics, inadequate policies, and resistance slow progress. Equipment theft disrupts IT infrastructure. Tackling these issues requires investing in infrastructure, providing training, fostering strong leadership, crafting effective policies, and combating theft. Commitment to digital transformation can lead to an efficient, transparent public service, setting an example for the region. By embracing digital opportunities, Nigeria's public service can overcome challenges, contributing to the nation's progress in the digital era.

### **Recommendations for advancing digital transformation in Nigeria**

Advancing digital transformation in Nigeria requires a multi-faceted approach that involves government initiatives, private sector engagement, infrastructure development, education and skills enhancement, and regulatory reforms. Here are some recommendations to consider:

1. Prioritize building telecommunications and internet infrastructure in rural areas by partnering with private companies and communities. Offer incentives for investment in underserved regions and explore satellite and wireless technologies for wider coverage.
2. Establish comprehensive training programs to equip individuals, including non-IT professionals, with essential digital skills. Provide leadership training focused on effective communication and empathy to foster understanding and support for digital changes.
3. Invest in reliable power infrastructure and promote renewable energy sources. Create policies encouraging energy-efficient practices and technologies to reduce dependency on backup generators.
4. Develop a secure digital database for public services to prevent manipulation of personal records. Implement strict penalties for falsifying information to enhance transparency.



5. Collaborate with experts and stakeholders to formulate policies supporting digital transformation. Communicate the benefits of digitalization through awareness campaigns to foster policy adoption.
6. Enhance security measures around critical infrastructure through technology, community involvement, and stricter penalties for theft and vandalization.

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# DEMOCRATIC ISSUES AND ELECTORAL VIOLENCE IN NIGERIA: A CRITICAL ANALYSIS OF THE 2023 GENERAL ELECTIONS

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## **Abstract**

*The unending controversies surrounding the issues of democratic governance and electoral processes in Nigeria has continued to receive increased attention of scholars of diverse backgrounds because of the crucial role it plays in any organized political system. The broad objective of this paper is to determine the effect of electoral violence on Nigeria's democracy, with particular reference to the 2023 general elections. The study was also guided by three specific goals and three research questions. Data for this study were gathered from both primary and secondary sources. The study anchored on the theory of 'Social Contract' as a framework for analysis. Findings of the study revealed that the 2023 general elections in Nigeria were grossly characterized by unabated malpractices and deliberate attempts by the ruling All Progressive Congress (APC) to further consolidate state power, against the wish of majority of the country's population. It also discovered that the verdict of the Presidential Electoral Petitions Tribunal further dampened the hope of citizens, thus, deepening the already existing attitude of political apathy which is detrimental to the growth of democracy in the country. The study concludes that the 2023 general elections have been adjudged by political and social affairs analysts as the worst election in Nigeria, since the return to the so-called democracy in 1999. It recommends, above all, that Nigerians should advocate for ideal democracy which guarantees a clear-cut separation of power among the various arms of government to ensure checks and balances, and that there is urgent need to embrace electronic voting and electronic transmission of results as a panacea to vote-buying in the country.*

**Keywords:** *Democratic issues, electoral violence, critical analysis, Nigeria.*

## **Introduction**

Nigeria returned to the current democratic system of government in 1999, after long years of military incursion in the political affairs of the state. Following this transition to democratic rule, Nigeria commenced the journey of political and socio-economic transformation. The renewed democratic rule availed the long anticipated opportunities for citizens to engage in public discourse, express their opinions freely, and actively participate in the decision-making processes that would shape the nation's future. Democratic institutions were revitalized, with the legislature, judiciary, and executive branches functioning independently, serving as checks and balances to ensure the fair and equitable governance of the country (Saka, 2014).

After Nigeria's successful transition back to democratic rule in 1999, the country faced persistent issues such as electoral malpractice, violence, voter intimidation, and allegations of fraud in some instances. These issues continue to be areas of concern for the country as it strives for more transparent and credible elections. However, the 2023 presidential election in Nigeria witnessed unfortunate incidents of electoral violence, with allegations pointing towards involvement from the ruling political class (Ibrahim, 2023; Vangurad, 2023).

All over the world, the conduct of periodic and regular elections have been identified as prerequisite for people-oriented governance. This is so because it avails citizens the needed opportunity to demand accountability from the political office holders, and by so doing, exercise some level of control over them. Ediagbonya et al (2023) maintained that:

‘The quality of elections is part of the conditions for assessing the level of consolidation of new democracies. Despite the vital place that election holds in democratic government, the organization of free and fair elections remain a critical obstacle for new democracies in West Africa, particularly Nigeria’.

Electoral crisis has been identified as one of the major challenges facing most developing countries of the world, particularly in the Sub-Saharan African region. Its nature tends to vary slightly across climes with attendant consequences for the sustainable development of affected political systems. Over the years, a number of scholars have continually maintained that ours in Nigeria, is but, civil rule, as opposed to democracy. This view largely appears to be evidence-based as ‘ideal democracy’, by its very nature is rooted in the practice of freedom of speech and expression, the conduct free, fair and credible periodic elections, independence of the judiciary and the press, respect for public opinion and prevalence of the will of the masses.

In the past decades, the vast majority of Nigerian citizens of voting age have continued to embrace voter apathy, despite the persistent calls for greater participation in political activities within the country. The 2023 general elections stands out as one of the most controversial in the Nigerian political history, considering the age-long track record of maladministration – the outcome of which, was more or less not unexpected.

The promises of the President Muhammadu Buhari led administration to ensure free, fair and credible elections, as envisioned in the Nigerian Electoral Act (2022) and a number of other pre-election events which hitherto raised the hopes, expectations and the confidence level of Nigerian citizens, eventually turned-out to be stage-managed, as they were unable to correct the ills associated with the system.

Considering the recent turn of events, one can rightly assert that ‘Nigeria is not a democracy’, and ‘it probably, has never been’.

Prior to the elections, the chairman of the Independent National Electoral Commission (INEC), Mahmood Yakubu promised Nigerians that the 2023 polls will be the country’s “best ever”. The Electoral Act of 2022, the polls were expected to feature positively transformational innovations. These include the Bi-modal Voter Accreditation System (BVAS), which combines fingerprint and face biometrics to verify voters’ identity, and the electronic transmission of results from polling units directly to the INEC Result Viewing. In principle, these tools should help prevent unregistered voters from casting ballots and stop anyone from altering figures being sent to state collation centres and INEC headquarters in Abuja, which accounted for much of the vote rigging in previous elections.

Participation in Nigerian elections had declined over the years, from 52.26 per cent and 69.08 per cent of registered voters in 1999 and 2003, respectively, to 43.65 per cent in 2015 and 34.75 per cent in 2019 – but several factors, as aforementioned, led more people to the polls in 2023. INEC’s innovations, which curtailed rigging in recent gubernatorial elections in Anambra, Ekiti and Osun states, have boosted public confidence in the credibility of elections; many more voters now trust that their votes will count. The country’s economic slump, seen in record unemployment, double-digit inflation and unprecedented emigration, were also issues to consider in this regard.

### **Statement of the Problem**

The struggle for acquisition, consolidation and use of power in Nigeria, as it the case in many developing countries of the world, has caused more harm than good. A number of factors undermined the outcome of the 2023 general elections in Nigeria. These include: the inability of many duly registered voters to access their voters card, malfunctioning of the Bi-modal Voter Accreditation System (BVAS), inability of elections to take place in some polling units, on the election day, late arrival of electoral materials and officials, the non-adherence of the Independent National Electoral Commission (INEC) officials to the provisions of the New Electoral Act (2022) relating to electronic transmission of results, issues relating to cash crunch, network hitches, as well as widespread threats and violent attacks on electorates in various parts of the country, under the direct watch of some uniformed security operatives.

Similarly, a number of violent-related cases were recorded before and during the elections. For instance: The South West region was relatively quiet during the first half of February. Peaceful protests were held in Ekiti, Ogun, Ondo and Oyo states over the Central Bank’s decision to change the design of Naira notes, price hikes, and fuel shortages. Demonstrations over currency shortages turned violent in Abeokuta and Ibadan, the capital cities of Ogun, and Oyo states, respectively. In

Lagos state, members of the Black Axe cult clashed with Eiyeye cult members on 1 February. Several people were reportedly wounded as the fighting spread from Etegbin to Ajangbadi in Ojo LGA.

The fragile condition of Nigeria democracy, according to Ediagbonya et al (2023), can be viewed from high profile assassination, clashes between and within a political party, violence in rallies and campaign grounds, thuggery and rigging elections. In the opinion of Nwolise, (2007:153):

‘It is not subject to debate or argument that that nation’s democracy has been plagued by electoral violence since independence. It could be said that electoral violence comes in the form of assassination, kidnapping, arson, looting, ballot stealing and armed struggle. Multi-parties in Nigeria have seen politics as a matter of ‘do or die affairs’. That is why there have been several cases of electoral violence and crisis in Nigeria and it has affected Nigeria in various aspects especially in their socio-economic and political system’.

The resurgence and incursion of military into the politics of defunct French colonies in recent times, which are rooted in electoral malpractices, are not in any way unanticipated. These and more formed the basis for this study.

### **Literature Review**

This section reviewed available literature under the following sub-thematic issues:

- ❖ Democracy and Democratic Issues in Nigeria
- ❖ Electoral Violence and Voter Apathy in Nigeria
- ❖ Power-Politics in Nigeria: Issues, Challenges and Prospects

### **Conceptual Review**

**Democracy:** The term ‘democracy’ was derived from two Greek words – ‘demos’ meaning ‘people’ and ‘kratos’ meaning ‘rule’. From the foregoing, it refers to a form of government based on the rule by the people with popular sovereignty as its most outstanding feature. According to the Cambridge Dictionary of current English, democracy refers to the belief in freedom and equality between people or a system of government based on the belief, in which power is either held by elected representatives or directly by the people themselves. A functioning democracy requires participatory followership and morally sound leadership. Democracy denotes a form of government in which power and civic responsibilities are exercised by all adult citizens directly or indirectly through their elected representatives. It is established on the principle of majority rule and individual rights – a situation in which citizens are sovereign and central to the government.

**Election:** the concept of election has received varied interpretation from scholars of diverse backgrounds. According to Ojo (2007), election can be defined as the

process or the act of choosing a person or persons for an office or for certain officers by the voters who are formally qualified to do so. In the opinion of Agu (2014), election is an official and legal organized, means by which citizens choose their leader to pilot their affairs. Election refers to a formal group decision making process by which a population chooses an individual or multiple individuals to hold public offices.

**Electoral Violence:** Violence could connote militancy, coercion, destruction or muscle flexing. Corsini (1976), defines violence as the expression of hostility and rage through physical force directed against persons or property. It is aggression in its most extreme and unacceptable form and most investigators conclude it has no therapeutic justification, since there are most constructive and human ways of expressing anger. Electoral violence, therefore, refers to all forms of violence associated with power struggles within the context of organized elections in the state.

### **Democracy and Democratic Issues in Nigeria**

Unarguably, Nigeria is a country that is blessed with enormous human and material resources, but ironically, the same country has become the bastion of inequitable state policies, injustice and barefaced corruption, etc., where ethnicity has pervaded every facet of the Nigerian life, and more fundamentally determines who gets what, when and how (Lasswell, 2008).

More than 90 million Nigerians, in a population estimated at over 210 million, were eligible to vote in 2023. That number is considerably larger than the 84 million who could cast ballots in 2019 and bigger than the electorates of West Africa's fourteen other countries combined. However, out of the 93.5 million registered voters, only 87.3 million had collected permanent voter cards on Election Day, and less than a third of them ultimately cast a ballot. Turnout overall was just 27 per cent, a record low (Hassan & Obe, 2023). Nevertheless, the 2023 presidential election encountered a lot of challenges. These include violence, intimidation, voter suppression, low voter turnout, and weaponization of ethnic sentiments. Violence and intimidation affected voter turnout, compounded by the fuel and cash shortages that hampered preparations (Hassan & Obe, 2023). To ward off fraud, and thus burnish the vote's legitimacy, the Independent National Electoral Commission (INEC) rolled out new technological innovations.

According to Emoghene and Okolie (2017) the dominance of the factors of ethnicism, religions and politics these factors have affected the survival of democratic rule and national development in Nigeria. The nation's constitution does not reflect the wishes of the people; most government policies are anti-people and do not engender national integration and cohesion (Ilesanmi, 2014). The Nigerian government remains distant from serving the interest of its people.

Politics at the federal, state and local levels of the Nigerian federation are dominated by the powerful mandarin who built vast patronage networks during the military days and who now use political office to expand these networks and their personal fortunes. In the words of Ediagbonya et al (2023):

‘The people, world over crave for free and fair election. It is their expectation that their votes would count. Free and fair election is a situation where persons are free to vote according to their wish without any coercion, inducement, harassment and intimidation’.

It is the position of Ojo that free and fair election connotes that the electorates are free to vote according to the dictates of their conscience. The rationale for adopting the democratic system of governance is to allow voters to make good choices among political parties, candidates and programs, provides mechanism for collective effort towards the development. All the highlighted items above are what make an election one of the basic features of democracy. Periodic free and fair elections constitute one of the most significant institutions of liberal and participatory democracy. It is very important that every Nigerian sets aside their differences, works together based on the positive values they hold dear for the attainment of sustainable democracy and political stability in Nigeria (Nwoziri, 2021).

### **Electoral Violence and Voter Apathy in Nigeria**

Electoral violence represents one of the greatest challenges of many democratic societies. Electoral violence could be regarded as election-motivated crisis employed to alter, change or influence by force or coercion, the electoral behavior of voters or voting patterns or possibly reverse electoral decisions in favor of a particular individual, group or political party. It could be seen as any violence (harm) or threat that is aimed at any person or property involved in the electoral process, or at disputing any part of the electoral or political process during the election period. Electoral violence could be before the election thus involving such activities that inflict any form of injury to the democratic system and its constituent, campaigns and actual voting. Such violence could also be a post-election phenomenon which comes consequent on the manipulation of election result, rejection of results and democratic transition i.e. from one leadership regime to another.

Nwokike, Ezeneme and Okafor (2023) posit that:

‘The impact of electoral violence on Nigeria's democracy is nothing short of catastrophic. When acts of violence and intimidation are used to suppress opposition voices and stifle free and fair debate, the very essence of the democratic process is undermined and weakened. This erosion of democratic principles has far-reaching consequences that extend beyond the immediate aftermath of an election’.

They further added that:



‘One of the most significant consequences of election violence is the erosion of public trust in the electoral process. When citizens witness or experience violence during elections, they lose faith in the ability of the electoral system to accurately represent their voices and choices’.

Several factors heighten the danger of violence. First are persistent security challenges across large swathes of the country. These include Islamist insurgents – Boko Haram and the Islamic State West Africa Province – in the North East, bandits as well as herders and farmers at loggerheads in the North West and North Central zones, Biafra separatists in the South East and criminal gangs in the Niger Delta. These challenges are affecting election preparations and could disrupt the vote in many places, thus raising the risk of post-election protests that could degenerate into street clashes or worse.

A second factor is the bitter quarrelling among the major parties. Unlike previous elections that were mostly two-horse races, the 2023 presidential contest features three front runners: Bola Tinubu of the All Progressives Congress, Atiku Abubakar of the Peoples Democratic Party and Peter Obi of the Labour Party. The first two parties in particular are guilty of incitement and hate speech in their messaging, and partisans of all three candidates have spread the same on social media.

Prior to elections, as witnessed in Nigeria, violence among cult groups escalates as they battle for territorial control. Such control gives them the power to supply election-related services to politicians and parties – intimidating rivals, coercing voters or rigging ballots. The spread of these groups poses a significant threat to elections in the Niger Delta.

In the South West, though to a lesser degree, cults similarly imperil the polls. Armed groups, such as these cult groups – along with ex-militants – in the Niger Delta and Lagos, may intimidate voters or otherwise disrupt the proceedings. In Nigeria’s former capital and most populous city, Lagos, violent cults are ready recruits for politicians seeking to orchestrate violence around the elections.

Election-related violence was reported in several states across the South South region. In Cross River state, the Commissioner for Women Affairs, Gertrude Njar, was abducted on 1 February in the capital, Calabar. No ransom demands were made public. On 5 February, gunmen ambushed the convoy of the People’s Redemption Party (PRP) gubernatorial candidate in Cross River. Pastor Usani Uguru Usani – a former minister during President Buhari’s first term and current PRP candidate for the governorship – survived the attack, but two people were reportedly killed. Another incident was reported in Port Harcourt, Rivers state, where gunmen in police uniforms shot at the car of Abiye Sekibo, the director-general of the PDP presidential campaign in Rivers state. Sekibo claimed that a campaign venue he was inspecting was set ablaze, and that the assailants were policemen who arrived at the venue with police vehicles linked to the state governor. State police maintained that the assailants were not police officers.

Separately, in Delta state, an unidentified armed group ambushed soldiers on patrol on 9 February, reportedly killing four in Ndokwa East. A traditional ruler in the community was also beheaded by the assailants.

The South East continued to experience several violent incidents during the first half of February. Anambra was home to the most violence, driven by reports of clashes between communal groups, violence against civilians, and attacks on police stations and electoral offices. On 1 February, an unidentified armed group attacked the office of Nigeria's Independent National Electoral Commission in Idemmili South LGA, destroying 729 ballot boxes, 243 voting cubicles, and 256 election bags. Gunmen ambushed Anambra vigilantes on patrol in Njikoka LGA, reportedly killing three of them and assaulting a police station with petrol bombs. In Ayamelum LGA, at least five people were reportedly killed on 6 February over a boundary dispute that involved members of the Anaku and Omor communities. Elsewhere across the region, suspected Ebubeagu operatives ambushed the convoy of the gubernatorial candidate for the All Progressives Grand Alliance, Bernard Odoh, reportedly killing the driver and a police officer. The local Ebubeagu commander denied the attack. The Ebubeagu security outfit has been accused of operating as a personal militia at the behest of the APC governor of Ebonyi state David Umahi. Moreover, on 14 February, a federal high court in Abakaliki decreed that the Ebubeagu should disband due to its involvement in widespread human rights abuses and extrajudicial killings.

Security issues escalated across the country. For instance:

- ❖ The commission could not register new voters in some local government areas in the North East, North West and North Central zones, and it was unable to issue voter cards to many of the more than three million internally displaced people there.
- ❖ From 2019 to December 2022, criminals attacked INEC offices 50 times in fifteen of Nigeria's 36 states. Some of the early attacks, such as during the police abuse protests in October 2020, were apparently not election-related, but lately many have been.
- ❖ Attackers have torn down many offices housing materials for the vote.
- ❖ INEC officials admitted to being apprehensive about conducting the polls in many places.
- ❖ In Niger state, where fourteen of the 25 local government areas have suffered repeated attacks by armed groups, INEC has warned that it may be unable to hold elections in 270 polling units.
- ❖ In Katsina state, INEC said it could not administer the vote in 242 polling units home to 142,261 voters spread across ten of 34 local government areas.

According to Human Rights Watch:

‘Political violence has become a central part of political competition across Nigeria and it takes many forms – from assassinations to armed clashes between gangs employed by rival politicians. This violence is most often carried out by gangs whose members are openly recruited and paid by politicians and party leaders to attack their sponsors’ rivals, intimidate members of the public, rig elections and protect their patrons from similar attacks’ (HRW, 2007:17).

According to Election Watch Report (2023), countless election officials and politicians have been violently targeted in the run-up to the elections. Party militias, criminal gangs and other armed groups have engaged in violence to suppress opponents, deter rival candidates from running and influence the electoral process.

The report further states that: the electoral campaigns have also further polarized the political and media allegations against partisan outlets and political candidates refusing to attend media engagements.

### **Power- Politics in Nigeria: Issues, Challenges and Prospects**

The persistent struggle for the acquisition, consolidation and use of state power has continued to intensify among the various registered political parties, ethnic nationals and religious sects across the country. This situation has worsened with the emergence of arms-wielding thugs serving the interests of their political lords. Ediagbonya et al (2023), posits that:

‘Politics is the cause of a much number of deaths in Nigeria through the acts of violence, thuggery, political assassination and crimes that are linked with the quest for power. In the course of all these, many criminal offences are committed. Security personnel are often mobilized to harass or intimidate political opponents or take sides in undermining free, fair and credible balloting’

Section 138 of the Nigerian Electoral Act prohibits undue influence. It provides as follows: A person who:

- Directly or indirectly, by himself or by another person on his behalf, makes use or threatens to make use of any force, violence or restraint.
- Inflicts or threatens to inflict by himself or by any other person, any temporal or spiritual injury, damage, harm or loss on or against a person in order to induce or compel that person to vote or refrain from voting, or on account of such person having voted or refrained from voting, or
- By abduction, duress or a fraudulent device or contrivance impedes or prevents the free use of the vote by the voter or thereby compels, induces or prevails on a voter to give or refrain from giving his vote.
- By preventing any political aspirant from free use of the media, designated vehicles, mobilization of political support and campaign at an election, commits an offence of undue influence and is liable on conviction to a fine of 100,000

or imprisonment for three years.

Article 13 (1) of the African Charter on Human and people's rights (Ratification and Enforcement Act Cap 10 laws of the Federation, 1990) provides that every citizen shall have the right to participate freely in the government of his country, either directly or through freely-chosen representatives in accordance with provisions of the law. Electoral violence is a negation of this right.

Social media platforms caused more harm than good. Influencers on these platforms, including some who work as journalists, and some who are on party payrolls, have traded in distorted narratives and inflammatory rhetoric. Unfair treatment of the opposition, especially by state governors, is also generating heat. A few governors are seeking to cripple opposition candidates by denying them.

### **Theoretical Framework**

This study was anchored on the theory of 'Social Contract' as envisioned by ancient political philosophers like Thomas Hobbes, John Locke and Jean Jack Rousseau. This perspective explained the condition of man in the 'state of nature', where life was short and brutal – a condition of 'absolute individualism', anarchy and lawlessness, to the point of cannibalism. The tenets of the Social Contract theory maintained that the people came together, appointed a supreme authority and relinquished part of their rights and liberty to the appointed authority (the government), to whom they shall willingly pay taxes, abide by their laws and support their activities, and in return, expect that the security of their lives and properties be guaranteed, while ensuring their well-being. In other words, 'the sovereign (the state) embodies on herself, the will of the masses', - a welfare state, of sort.

### **Methodology**

The qualitative descriptive research approach adopted in this study allows for an in-depth analysis of the phenomenon of electoral violence in the 2023 presidential election. By examining reports from international, National observers, as well as scrutinizing accounts from reputable national newspapers, this study gains a comprehensive understanding of the scope and nature of electoral violence. Moreover, scholarly works pertaining to electoral violence and democracy in Nigeria offer valuable insights into the underlying causes and potential consequences of such incidents.

### **Findings of the Study**

Following a critical review of available literature, the findings from this study show that:

- ❖ The 2023 general elections in Nigeria were grossly characterized by unabated malpractices and deliberate attempts by the ruling All Progressive Congress (APC) to further consolidate state power, against the wish of majority of the country's population.
- ❖ The Independent National Electoral Commission (INEC) compromised by not adequately releasing voters' cards to enable duly registered electorates to exercise their franchise.
- ❖ Security operatives allowed themselves to be bought over by candidates, as witnessed in Lagos state and other parts of the country where political elites and thugs threatened electorates with various forms of violence, yet, nothing was done to call the perpetrators to order.
- ❖ The verdict of the Presidential Electoral Petitions Tribunal further dampened the hope of citizens, thus, deepening the already existing attitude of political apathy which is detrimental to the growth of democracy in the country.

### **Conclusion**

The 2023 general elections have been adjudged by political and social affairs analysts as the worst election in Nigeria, since the return to the so-called democracy in 1999. Nigeria has continually maintained an age-long history of electoral violence, electoral malpractices and superficial type of democracy characterized by the overbearing attitudes of Chief Executives, a rubber-stamp legislature and a bazaar-canteen judiciary which serves the interest of the highest bidder. The relegated position of the press is not an exception. Ours is a situation that interrogates the essence of investigative journalism as a prerequisite for effective political participation and good governance initiative. The perceived essence of the controversial currency swap policy which many Nigerians hitherto opposed, has turned out to be a mission dead on arrival, as it wasn't able to curb the menace of vote-buying. Nigerians are yet to understand the rationale behind the 2022 Electoral Act, if it cannot facilitate the conduct of credible elections across the country.

### **Recommendations**

Consistent with the findings and conclusion, the study makes the following recommendations:

- ❖ Nigerians should advocate for ideal democracy which guarantees a clear-cut separation of power among the various arms of government to ensure checks and balances.
- ❖ There is urgent need to embrace electronic voting and electronic transmission of results as a panacea to vote-buying in the country.
- ❖ The Independent National Electoral Commission (INEC) should respect the will of the citizens by the conducts of credible elections and the announcement of unadulterated results.

- ❖ There is need for value re-orientation on the part of Nigerian citizens to participate actively in the electoral process, as well as to secure their votes thereafter.

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## NEW WAVE OF CAMPUS DATING IN TERTIARY INSTITUTIONS IN NIGERIA

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### **Abstract**

*The new wave of campus dating in Nigeria Tertiary institutions and its disruptive effect on academic activities is quite alarming. This is largely due to the influence of social media and the development of many different apps and web sites. In order to fully understand the magnanimity of this on academic performance of students, the paper, through literature review and analysis of three related theories, explored the causes of campus dating which include, peer group influences, coercive parental training, and permissive society. It is also caused by the desire to belong and desire for sex, adventures and exploration as well as social and economic reasons. The papers discovered that some of the romantic activities happen during school hours, and this make the dating partners to loose focus and interest in their academic work. The paper also opined that campus dating also has many health related and educational implications. This including dropping of out of school due to unwanted pregnancy as well as the contaminations of various sexual transmitted diseases. The paper finally recommends that parents should devote more attention to training their children and monitoring the type of internet facilities and friends they interact with in the school and at home. Tertiary Institutions should control the dressing mode and other romantic activities, especially cohabitation of their students. The Government should sensor the types of films and movies displayed in this country.*

**Keywords:** *New wave, campus dating, tertiary institutions, Nigeria.*

### **Introduction**

Campus Dating in many Tertiary Institutions in Nigeria, for the past two decades has had a long-standing interest. This interest is intensified by the development of different dating apps an web sites with its corresponding increase in sexual violence, conterminations of sexual transmitted diseases as well as unwanted pregnancy. These constitute big disruption to students' academic activities in their different institutions of learning. Institutions are instituted essentially for advanced learning and acquisition of knowledge. However, it plays some other obvious yet latent functions such as match-making of potential marriage partners, provision of environment for creating and fostering friendship, attraction of urban activities to school environment, etc. It is this social environment that facilitates dating among students on campus. Almost every student who has passed through the university would have had a dating experience as undergraduate pursuing academic goals.

Since dating is quite a degree of interpersonal relationship there must be some level of exchange (such as time, money, ideas, privilege, gifts, rewards, etc) among individuals involved. However, there are a number of social ills such as cultism, problem drinking, drug abuse, partying, premarital sex and dating which often distract students from concentrating on their studies. These social ills particularly dating has contributed to poor academic performance among university students. Therefore, the motivation this paper is assert that these social ills resulting from campus dating are highly disruptive to academic activities in Nigeria and other countries.

Dating is a relationship between two persons usually male and female (Okigbo, 2016). It is said to have occurred when two consenting individuals are in a romantic relationship. It is an organized means by which people move from being single to being married. Sociologists describe the dating process as a marriage market in which prospective spouses compare the assets and liabilities of eligible partners and choose the best available mate (Abosi, 2016). On the other hand, academic performance is a key feature in education. It is usually the outcome of students' evaluation which enables examiners to ascertain the extent to which a student has achieved desired academic results (Omage, 2017). Commitment towards academic pursuits can be distorted by such factors as peer group influence, recreational activities and dating.

As stated by Onuoha (2015), campus dating usually starts when a student meets with the opposite gender and they develop attraction or feelings of likeness towards each other. Although campus dating may be harmless, being involved with the wrong people may expose students to harassments, drug abuse and weekend marriages. In some cases, students are careless about the kind of person they connect with which prompts them to act on grounds of unhealthy peer pressure to be like their friends. Researchers like Ali, Zubair, Fahad, Hamid and Awais (2016), affirmed that just like the western world, Nigerian youths are becoming predominantly premarital in their sexual activities. This has made greater number of youths to be sexually active and engaging in unprotected sex regardless of the possible dangers.

Globally, according to Pew Research Foundation (2018), nearly 1.5 million students world wide experience physical abuse from dating every year. Statistically, one in three adolescents in the U.S. is a victim of physical, sexual, emotional and verbal abuse from a dating partner. One in every 10 university students has been purposefully hit, slapped or physically hurt by a girlfriend or boyfriend (Pew Research Foundation, 2018). Studies in the United States and Canada have found an extremely high prevalence of physical assault on dating partners, with about 20-40 percent of the students reported one or more assaults in the previous 12 months (Omage, 2017). In Nigeria, about 20-30 percent of students reported physical and



sexual coercion in 2016, and the estimates were even higher when verbal threats and emotional abuse were considered (Ogunsanya, 2017).

In Africa, there are good reasons for parents to be worried about the rising cases of campus dating (Moyosola, 2013). Okoroji (2015) notes that in many African countries including Ghana, South Africa, Gabon, Togo, Nigeria, etc, campus dating usually leads to cohabitation. The author explained that the trends in campus dating in Nigerian universities include living together with the partner (cohabitation), regular visit to the partner, sleepovers, reading together, going to school together, walking together in the streets, hugging, kissing, holding hands in the street, calling each other on the phone, pet names, attending parties together etc, depending on the form of campus dating, cohabitation can mar the academic performance of undergraduates in so many ways.

Azuanuka (2016), observed that most female students who live in the same room with their boyfriends tend to do all the domestic chores (such as cleaning the house, laundry, cooking and fetching water), most times alone while the males usually engage in watching movies, series, football matches, playing online games etc. These habits could make students to lose concentration in school activities, lack understanding during study time, engage in poor study habits such as reading, smooching, chatting etc. Okigbo (2016) revealed that some students may not be able to adequately manage their emotions, as they sacrifice class attendance and study sessions to make their partners happy with their physical presence. Elegbeleye (2018), noted that some undergraduates who are into campus dating spend their time thinking, talking and engaging in romantic activities which often affect their academic performance due to lack of focus. Other problems associated with campus dating include stress, worry, increasing dependence on the partner and frequent fights.

The situation is not different in Nigerian schools where Okigbo (2016) observed that campus dating revolves around a number of factors such as adolescence, youthful exuberance, the need for companion, a reading mate, sex mate, expression of new found freedom, role play etc. Overall, campus dating may lead to lack of interest in school activities. Poor results or carryovers among students may also be linked to campus dating (Okigbo, 2016). For Okonta (2015), the effects of campus dating on the academic performance of students are many and may include inconsistent academic performance, abysmal performance in quiz, absenteeism and truancy. Campus dating is a major factor affecting the academic performance of students. Okonkwo (2016) noted that students who engage in campus dating are likely to indulge in examination malpractice, and as expected a student cannot give what he/she does not have.

Across Nigerian universities, studies have been carried out on the perceived implications of campus dating but only few of these studies have been specifically narrowed down to the effects of campus dating as disruptive of students' academic performance. This creates a gap in knowledge that needed scholarly intervention, hence the need for this paper.

### **Campus as disruptive agent to Educational Activities**

(Newman, 2015). Myers (2010) cited in George (2015) observed that nowadays most university students are synchronizing their time in both academic and romantic aspect. In the university, most students become interested and involved in dating because of the desire to be like others.

Furthermore, individual differences in academic performance have been linked to differences in their involvement in campus dating as well as intelligence and personality. (Livingstone & Brake, 2016). A recent meta-analysis suggested that mental curiosity (as measured by typical intellectual engagement) has an important influence on academic achievement in addition to intelligence and consciousness. Thus, parents' academic socialization is a term describing the way parents influence students' academic performance by shaping students' skills, behaviours and attitudes towards school. Parents influence students through the environment and type of discussion that parents have with their children. Academic performance can be influenced by parents' socioeconomic status. This means that highly educated parents tend to have more stimulating learning environments (Livingstone & Brake, 2016).

Donald (2016) noted that campus dating takes different forms depending on the actors in love. It usually involves two or more people who already decided that they share romantic or sexual feelings towards each other. These people will have dates on a regular basis, and they may or may not be having sexual attachments. This event and period of dating is sometimes seen as a precursor to engagement. Some cultures require people to wait until a certain age to begin dating, which has been a source of controversy.

The manifestation of campus dating varies according to countries and institutions (Myers, 2015). Campus dating is not-size-fits-all. It not only means something different to everyone, but it also looks and feels different to everyone. That is why there are so many different forms of campus dating, so that each student can find the best fit for their individual lifestyle, personality and concept of love. Just like people need to date different people to learn what they want in a potential life partner. Untimely, adolescents want to find someone whose preferred relationship type is similar to theirs. Published literature has shown that there are a number of campus dating including monogamous dating or relationships, polyamorous relationships, open

relationships, long-distance relationships, casual sex relationships, friends with benefits and asexual relationships (Myers, 2015).

Contributing to the discussion, Onyekachi (2016), revealed that open relationship is very common among youths in Nigerian universities who fall within the age bracket of 20-25 years. He conceived open dating or relationship as a hybrid of monogamous and polyamorous relationships. While an open relationship allows both partners to share physical intimacy with anyone they want, they reserve their emotional intimacy for each other; so each person can have as many sexual partners as they want, but only one romantic partner (Onyekachi, 2016). In the same vein, long-distance relationship is pretty self-explanatory, as they only occur when partners have a long amount of distance separating them. Due to the lack of physical intimacy caused by the couple's physical separation, some choose to open their relationship while they live far apart, while the "long distance" part of this relationship is often temporary, some undergraduates choose to open their relationships while they live happily ever apart indefinitely (Dike, 2015).

Similar to open relationship is casual relationship, except that in the latter both partners agree to have sex with each other on a regular basis (Onyekachi, 2016). Those in casual relationships can be physically and emotionally intimate with others as well, so long as both people are okay with it. Casual sex relationships can also be exclusive – meaning that neither person sleeps with anyone else, which is similar to monogamous relationships, without the emotional connection. According to Ezeoye (2016), a "friend with benefits relationship is similar to a casual sex relationship, but one important difference is that outside the sexual relationship the partners behave purely platonically. Usually, a friend with benefit relationship ends when one or both partners start to date someone else. Lastly, some undergraduates are asexual, meaning they do not experience sexual desire or attraction to others, but they still want to participate in a romantic relationship. While asexual students often choose to date each other to create a purely asexual relationship, this is not always true because sometimes they engage in sexual acts after much pressure from the other partner.

Fraye (2014) believes that there are two categories of factors that motivate students to engage in campus dating. The first is social while the second is economic. On the social front, peer pressure is the major influencer of campus dating. For Frayer (2014), undergraduates learn to date with their fellows from their friends. The desire to feel among is hinged on the need to impress friends. Sometimes, failure to do what friends want results to ostracism from friends and insults targeted at tagging the student as unfit to associate with those friends. Another social factor is the absence of parents and the freedom that campus life confers on the student. Most undergraduates who came from their family homes are not allowed by their parents to interact with the opposite sex; how much more of living with them. For Frayer

(2014), the freedom living alone confers on students make them become predisposed to cohabiting. Economically, dating reduces the financial burden of female students hence their willingness to cohabit. Also, it is an avenue for the cohabiting partners to save money on extra accommodation.

Conte (2015) agrees that the desire for constant sex influences dating among university students. Young people are adventurous and always willing to engage in sexual exploration for the fun of it. This makes dating and cohabitation appealing to them, Onyenwe (2011), sees the need for companionship as another factor that influences campus dating. Companionship is a major need for undergraduates as the reality of loneliness occasioned by being away from home dawns on them. Both female and male undergraduates are desirous of companionship and everyone moves out to get the desired companion they want in the form of campus dating. Nowadays, campus dating is widespread and students are more interested in living together with their lovers under the same roof than studying hard to pass their exams. Onuoha (2015) observed that campus dating is so alarming that parents and guardians are beginning to get worried about the academic performance of their children. While few students have benefitted from campus dating, majority have abandoned their studies, others are always active on social media looking for online dates (Abuchi & Nwanne, 2015).

It has been observed that campus dating affects academic performance of students in higher institutions in Nigeria (Okigbo, 2016). Being involved in a romantic relationship means that undergraduates could lose concentration and experience poor study habit. For this reason, Chukwu (2016) noted that school and parents that want to predict how certain students will perform academically would do well to look at the type of relationships they keep. This point is very important because it appears that engaging in romantic relationship can hamper academic performance of undergraduates in many ways. It follows therefore that time and energy spent cuddling, smooching, and getting intimate when properly used could improve one's academic record. Simply put, campus dating has all it takes to affect undergraduates' grades in school. It makes undergraduates not to reach their full potentials in terms of academic achievements.

Chukwu (2016) opined that campus dating when poorly managed can make students to get carried away, become truants and absent from school activities and this hampers their ability to perform well during school test. Poor academic grade as observed among undergraduates in Nigeria is one of the major consequences of campus dating (Okoroji, 2016). Sometimes, undergraduates who engage in romantic relationships may lose touch with reality or whatever that is happening in their immediate environment. They are likely to yearn to see their partners while lecture is ongoing and sometimes lose interest in attending lectures because of crave to be

with their partners or to attend parties and picnics where free alcohol will be surplus with their lover.

Abosi (2016) lamented that most times these parties are organized during school hours, even when they are organized in the night, it prevents undergraduates from studying their books, doing home assignments and preparing for quiz and examinations. The consequence at the end of the day is poor academic grades. Umerah (2016) regretted that some students have delayed their graduation many times because of poor academic grades and accumulated carryovers. This agrees with Ukwayi (2015) who maintained that students who engage in campus dating usually get carried away and may easily involve themselves in situations that make them lose focus on school activities. The consequence however is that such students run the risk of scoring below pass, underperforming or having poor academic grades at the end of the semester on their own accord.

Kerpelman (2016), posited that to reduce the effects of campus dating among students, parents must use effective discipline, monitoring and problem solving techniques; effective discipline entails recognizing the existence of casual sexual and open or romantic relationships and keeping track of them when they occur. Consistent discipline must be ensured at the sighting of these behaviours in order to prevent their development. However, overly harsh punishments will not stop adolescents from dating themselves; it will rather enhance it. Undergraduates may view any punishment as unfair and unjust and this can cause them to engage in more unconventional sexual behaviours. Monitoring involves the awareness of where the children are, who their friends are, and what they do in their free time. Kosoko (2014) suggested that monitoring is a very good and popular way to reduce the negative effects of campus dating among undergraduates.

Asogwa (2017) opined that coercive parenting exacerbates the negative traits influencing campus dating. This type of parenting is characterized by explosiveness and threats that are normally coupled with little consistency or follow-through. He suggested that parents should instead engage in positive parenting by continually appreciating and encouraging their children's pro-social behaviours (Asogwa, 2017). Parents who do not reinforce positive behaviours and who do not effectively punish their children for involvement in campus dating are more likely to experience weak bonds with their children. It is through this weak bond that a child is more likely to participate in more romantic relationships. Hence, it is important for parents to establish effective communication feedback with their children to curb their involvement in sex before marriage (Ogunsanya, 2017).

Onyekachi (2016), opined that crucial measures that should be put in place to reduce the negative effects of campus dating among university students include; that the process of reducing and controlling romantic affairs among students (campus dating)

should start with the identification of the type of undergraduates enrolled in schools. This is because it is only when the personal psychological makeup of the students are known that one can devise the appropriate methods of managing them to the desired standard. Behavioural motivation techniques should be employed to manage undergraduates who engage in campus dating as alternative to expulsion and corporal punishments of different kinds. A wholesome approach to reduce intimate relationships among students should be adopted by all university authority in Nigeria, and lastly, each university should have a set of rules and regulations that will guide all sexual actions and inactions of the students during school hours and should be constantly read to the hearing of all students during seminars and workshops (Dike, 2015).

### **Differential Association Theory**

The proponent of differential association theory is Edwin Sutherland. The theory was propounded in the year 1939. Differential association theory describes the process of social interaction through which people learn deviant behaviour. According to Sutherland, people learn deviant behaviour in the same way that they learn to conform to the people around them. He went further to state that the frequency, duration and degree of intimacy of people's interactions were key to learning conforming and non-conforming behaviours. Sutherland proposes that through interaction with others, individuals learn the values, attitudes, techniques and motives for deviant behaviours. Differential association theory focuses on how individuals learn to become deviants, and on specific acts, as opposed to the more subjective position of social impressions on one's identity (Sutherland, 1939).

In relation to this study, according to differential association theory, the desire, tricks and tactics to engage in campus dating are learned through social interaction with peer group members. This obviously means that pressure from friends makes university students to conform and engage in romantic relationships while in school. This implies that peer group association serves as a predictive factor responsible for campus dating in Nigerian universities and Paul University, Awka is not an exception. In other words, students who communicate regularly with peers in the neighbourhood that engage in premarital sex could easily initiate or accept campus dating. However, undergraduates might respond to the same situation differently depending on how their experience predisposes them to define their current academic environment. While differential association theory has been popular in studies of campus dating and other romantic relationships, Sutherland has been criticized on the ground that his theory was not testable, i.e. not easily subjected to evaluation. Again, the theory does not take into account personality traits that might contribute to sex drive in humans, but instead focuses on group norms, association and influence.

### **Strain Theory**

Strain theory was propounded by Robert Merton (1957). Strain theory is an extension of anomie theory by Durkheim where the concept of anomie simply refers to a social condition in which people who feel weak ties to a social group find it difficult to know what to do because social norms are unclear or have broken down. According to Merton, people experience strain when there is a disjuncture between the cultural goals and the socially approved means of achieving these goals. The theory states that in order to achieve success, a student should follow the rules, work hard, get good education, and get a good job. Merton opines that in the real world, some people are at a disadvantage, especially those who have parents with little formal education and few economic resources with which to create opportunities for themselves. Merton identified five modes of adaptation which individuals use in order to achieve success in the society. They include conformity, innovation, ritualism, retreatism and rebellion. Only conformity which is the first adaptation involves following the norms, other four modes of adaptation are deviant in nature.

From strain theory perspective, it can be argued that strains or stressors increase the likelihood of negative emotions like anger, fear of carryover courses, confusion and frustration. These negative emotions often make undergraduate students to engage in campus dating to catch some fun and cool their temper. Thus, campus dating may be a method for reducing stress associated with lack of money to buy learning materials and inability to pass examinations. Just as the name implies, strain theory looks at the stressors or problems that students encounter in school that make them to indulge in campus dating. The theory assumes that a negative relationship with bad peers influences socially unacceptable behaviour both at home and in the school. However, strain theory has been criticized for the following reasons; first, the theory best applies to the poor parents as they struggle with limited resources to educate their children, but does not explain how the rich parents are affected. Secondly, Merton's theory deals with individual forms of responses instead of group activity. As a result, the theory is not very critical of the social structure that it says generated the strain.

### **Social Learning Theory**

The social learning theory was proposed by Albert Bandura in 1961, and it formalized as a theory in 1997. Social learning is the most common way people learn behaviour. Therefore, it has important implications for recovery efforts. Bandura's social learning theory proposes that learning can occur simply by observing the actions of others. His theory added a social element to other learning theories, arguing that people can learn new information and behaviours by watching other people often known as observational learning (or modelling). This type of learning can be used to explain a wide variety of behaviours such as the effects of alcohol consumption on undergraduates' academic performance.

Social learning theory assumes that undergraduates learn by observing others. It explains how students learn new behaviours, values and attitudes. Thus, undergraduates may be encouraged to engage in campus dating by observing and learning the lifestyle of other students who have turned themselves into womanizers or promiscuity sometimes through movies, the media (such as the internet, television and magazines), parents, age-mates etc directly or indirectly. It is pertinent to emphasize that social interactions that have the greatest influence among undergraduates are those with the people who are important in their lives as they grow up. This includes peers, parents and other family members. It might also include a lecturer. For instance, students who observe that their parents have secret lovers or have friends that engage in campus dating are likely to engage in the act thinking that; this is the way to go. With little or no regards for the consequence of their actions especially it has been validated by the actions and inactions of their interactive circle. Some students also resort to campus dating just to belong to the league of happening guys or ladies on campus. This theory has been criticized for over flogging the issue of social and environmental influences on the attitudes (campus dating) and behaviour of students in Nigeria while playing down the biological need to get sexual satisfaction from the opposite sex.

A study was carried out by Kayode (2015) to identify the forms of campus dating in Lagos State University. The study adopted mixed methods design, and with the help of 200 respondents comprising male and female undergraduates, found that 32% of the respondents identified monogamous relationship as the popular manifestation of campus dating going on in Lagos State University. In the same vein, 30.3%, 7%, 26.4% and 13.5% of the respondents listed forms (i.e., nature) of campus dating to include distance relationship, friends with benefits, casual friends and polygamous dating or relationship respectively.

A similar study was conducted by Nwobodo (2016) to find out the various nature of campus dating existing in Enugu Metropolis. The researcher adopted mixed methods design and used a sample size of 150 students. Data were analyzed using descriptive statistics. Analysis of the study revealed that majority (55%) of the respondents identified romantic dating as the most popular form of campus dating in Enugu State. The qualitative interview corroborated that romantic dating is common among students because of the influence of western media and cultural infiltration in the last decades. The IDI participants explained that nowadays because of the advent of technology there are dating sites where people meet to discuss and share ideas with geographical or environmental barriers. The study concluded that campus dating has steadily borrowed this modern concept of dating and hence, students hardly concentrate on their studies thereby leading to poor quality of graduates across the Nigerian populace.



Similarly, Odunufe (2017) conducted a study on the manifestations of campus dating in Anambra State University of Science and Technology. The study adopted a cross-sectional survey method. Using a sample size of 200 respondents, the study found that 55% of the respondents opined that campus dating in Anambra State University has assumed a new dimension in recent years, as observed by 23% of the respondents, students often engage in romantic and sometimes open campus dating for fun. The study warned that while deeply in love students dodge lectures, live together like married couples thereby affecting academic performance and leads to school dropout in extreme situations. About 20% of the respondents indicated that in some cases, students are careless about the kind of person they connect with which prompts them to act on grounds of unhealthy peer pressure. The study found that undergraduates in higher institutions of learning are becoming predominantly premarital in their sexual activities. This has made greater number of youths to engage in unprotected sex regardless of their background, educationally and socially. The study submitted that the incidence of student-adolescents or youths engaging in sexual relationships is high and may constitute problems including social, health, and academic.

Sadiq (2013) conducted a study on the societal implications of campus dating using a survey research design. The study was carried out in Akoko, Ondo State, Nigeria. The area of the study is semi-urban. The study comprised of 300 respondents. It was found that peer influences, the desire for companionship and unavailability of resources to formally consummate marriage are the factors responsible for campus dating and cohabitation among undergraduates. This finding is indicative of the fact that peer influence continues to drive the idea of cohabitation among undergraduate students in the various higher institutions in the country. Kazeem and Oluwasheu (2014) conducted a study on the causes and consequences of campus dating in Ikare Ekiti, an urban area in Ekiti State using a survey research design and 150 respondents. The study found that poverty, lack of discipline, moral decadence and peer influence are factors responsible for campus dating among undergraduates.

Obi and Onyenwe (2015) conducted a study on factors influencing cohabitation and marital stability. The study employed a survey research design with 400 respondents. The study was carried out in Owerri Municipal, an urban area in Imo state. It was found that cohabitation is as a result of lack of the will to take responsibility and get married especially from the men folk. Also, the dilution in the culture of the people as a result of modernization and industrialization is the reason behind cohabitation. It was further found that people cohabit to impress their peers and folks. This study captures the rationale that has continued to fuel the fire of cohabitation among undergraduate students in the country. The identified benefits are the reason students continue to engage in the practice. Saka and Yetunde (2013) conducted a qualitative study on the public perception of campus dating among adults in Ibadan, an urban area. The study employed 50 interviewees. Interview responses from the study show

that high libido (sexual drive), moral decadence and irresponsibility are the predisposing factors to cohabitation for adults.

Egwumba (2015) conducted a cross-section study on the effects of campus dating on the academic of students in Onitsha South Local Government Area. Using a sample size of 204, the respondents found that: 78.5% of the respondents indicated that they have poor academic results ever since they started dating the previous semester. The result corroborates the intelligent guess of the researcher, thus approving the hypothesis which suggests that there is a significant relationship between campus dating and poor academic performance. It follows therefore that campus dating has a significant negative effect on the academic performance of students. The results showed that the GPAs of undergraduates who engage in campus dating were 0.4 points lower on average for males and females. It was found that the effect of romantic affairs on campus on GPA peaked for ninth graders and declined thereafter and that dating affected GPA more by reducing the likelihood of high grades than by increasing the likelihood of low grades.

In view of the assertion of the above scholars in their their theoretical empirical reviews, the paper finally recommends that parents should devote more attention to training their children and monitoring the type of internet facilities and friends they interact with in the school and at home. Tertiary Institutions should control the dressing mode and other romantic activities, especially cohabitation of their students. The Government should sensor the types of films and movies displayed in this country.

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## **EFFECT OF SOCIAL AND ENVIRONMENTAL ACCOUNTING ON CORPORATE PERFORMANCE OF LISTED CONSUMABLE COMPANIES IN NIGERIA**

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### **Abstract**

*As the world becomes more globally connected with dynamics in business and increase stakeholders' knowledge-based on sustainability, accountability and transparency in reporting, corporations around the globe have found it imperative to shift from one-dimensional financial reporting towards the integration of non-financial reporting. Consequently, many researchers have studied the effect of social and environmental accounting and how it relates to corporate performance. However, these studies ignore consumable firms whose activities have resulted into health hazard to human life and detriment to the ecosystem. Therefore, this study examined the effect of social and environmental accounting on performance of listed consumable firms in Nigeria for the period 2011-2020. The twentyfive (25) listed consumable firms in the Nigeria Stock Exchange as at 31<sup>st</sup> December 2020 constituted the population out of which fifteen (15) were purposively drawn as sampled firms. Secondary quantitative data, sourced from the sampled firms' financial reports and publications of Nigeria Stock Exchange were employed. The study adopted multiple regression model using combined data of all selected firms to analyse the data and findings revealed social and environmental accounting proxied by labour force costs and solid waste management costs respectively had significant positive effect on earnings per share, return on assets and return on equity respectively (corporate performance variables). The study therefore, recommended among others that consumable firms in Nigeria should make more effort to increase their commitment to social and environmental responsibility and also ensure proper accounting and disclosure of costs implication of such activities as this will increase their financial performance.*

**Keyword:** *Social cost, environmental cost, corporate performance, consumer firms.*

### **Introduction**

The increasing awareness in recent time of social and environmental issues have brought with it an added expectations of employees, investors, business partners, local communities and consumers as to the responsibility of businesses. This awareness and demand for better services was assumed to have resulted into clashes, agitations, industrial unrest, shutting down of operations or destroying facilities. In the views of Kalunda (2007) and Cheung and Mak (2010), the advent of the era of transparency and accountability necessitated the increased in demand for social and environmental accounting disclosure and reporting which is of concern and also desirable to economic activities.

Also, the increase in public awareness of environmental issues such as pollution and energy consumption through gas flaring, oil spillage, indiscriminate waste disposal and the potential for natural disasters has led to the demand for social and environmental disclosure (Ifeyanichukwu, 2002 and Osemene 2007). Again, the concern about the irreplaceable loss of many natural resources and the failure to recycle many raw materials that could be used again in products or service demands an urgent policy to encourage voluntary compliance (Tawari & Abowei, 2012). The ever-increasing sensitivity of environmental pollution, global warming and diminishing supply of natural resources seems to attract direct societal awareness towards the environmental activities of business organizations.

Nigerian firms have not been left behind in the practice of social and environmental accounting as it has observed a spectacular evolution in communities and investors stance towards the environment in the past few decades. However, this has not been well embraced due to the fact that, not all companies engaged in it and increasing awareness by stakeholders have brought with it an added demand for sustainability, accountability and transparency in reporting and disclosure of company's activities within and its environment. The attempt to incorporate non-financial items that reflect economic, social and environmental issues into the existing financial statements of companies in Nigeria have been slow and only the inclusion of value added statement have had headway (Bebbington & Gray, 2001). Udeh (2016) in addition argued that the non-satisfactory corporate, statutory and regulatory framework for social and environmental assessment, measurement and management has made the corporate firms elusive to the need for better information about the non-financial drivers of corporate success. According to Gore (2006) the two explanatory factors that explain why firms/professional bodies have not initiated change in this area is that most companies believed that these issues are not within their mandate and that it does not add value to promoting the primary aim of profit maximization goals of firms. The target to meet this industry demand or interest was assumed to also drive the professional bodies' interest. The concern about the impact of enterprises on society and its environment seems to require urgent policy attention by government and consensus by standard setting bodies on the conceptual framework of social and environmental accounting and disclosure by firms operating globally, especially in Nigeria.

The law requires that firms carry out their business activities with intention of improving the reality of life of its stakeholders, the society and the environment at large in line with the stakeholders' theory (Fauzi, Svensson & Abdul-Rahman, 2010). This necessitated the consistent and growing demands for investment by companies on social and environmental activities. Francis (1990) asserts the need for firms to put in place measures that will help them achieve this goal and report the cost incurred or monetary value of social and environmental impact in the financial statements as substantive items rather than it being reported in the director's statement or chairman's reports.

In addition, evidence has shown that companies which have genuine concern for social and environmental concern do so with caution for the costs implication and the resultant effect of such action on their profits undermining the overall effect on the society and environment at large (Abiola & Ashamu, 2012). In furtherance to this assertion is the study of Igbekoyi (2015,) which indicated that companies that are socially and environmentally responsible do so with the aim of increasing their financial responsibility in order to gain competitive edge by increasing profits, save cost and reduce waste and not necessarily to meet the need of the society. Igbekoyi further states that failure to address this issue through regulations that compel companies to account and disclose the social and environmental impact of their operations may lead to further abuse by companies.

As the world becomes more globally connected with dynamics in business and increase stakeholders' knowledge –based on their social and environmental rights, companies around the globe, especially in the developed economy have shifted from their traditional reporting to incorporate non-financial reporting. Consequently, there have been extensive studies in the area of social accounting and environmental accounting as it affects the financial performance of firms (Tasneem, Hamza & Basit, 2016; Gatimbu & Wabwire, 2016; Bayoud, Kavanagh & Slaughter, 2012; Agbiogwu, Ihendinihu & Okafor, 2016; Can, Etale & Frank, 2013; Agbo, Ohaegbu & Akubuilu, 2017; Aondoakaa, 2015; Adams, 2002; Dawkins & Fraas, 2008; Wibowo, 2012 and Ijeoma, 2015), however, the findings are controversial and yet unresolved as results either showed mixed, inconsistent, and ranging from positive, to negative, to statistically insignificant relationship. This therefore calls for further study to add to existing knowledge on the subject matter. In addition, previous studies in Nigeria have only concentrated on other sector like oil and gas and manufacturing sector without due attention to consumable industry whose pollution outburst and gas substances emitted have resulted into health hazard to human life and detriment to the ecosystem, therefore, this has created a gap in the body of literatures. Another fundamental observation is that the attention of previous studies have not centered on the relationship between social and environmental accounting and financial performance except for Agbiogwu et al (2016) who covered the period 2014 only and randomly selected ten (10) firms' annual report and Okafor, Oji and Daferighe (2020) who concentrated on cement industry for the period 2009 to 2017. Hence, the current study covers the period of ten years (2011- 2020) to give a long frame relationship prediction of interaction between variables of interest. In view of the foregoing, it is imperative to explore this gap and contribute to extant literatures. The study therefore empirically assess social and environmental accounting (proxies: labour force cost and waste management cost) of consumable firms in the Nigerian Stock Exchange (NSE) with a view to determining its effect on the financial performance (proxies by return on assets, return on equity and earnings per share) of these firms between 2011 and 2020 as shown in the annual financial

reports. The study specifically aims to: (i) examine the effect of labour force cost and solid waste management cost on earnings per share; (ii) investigate the effect of labour force cost and solid waste management cost on return on assets; and (iii) assess the effect of labour force cost and solid waste management cost on return on equity of consumable firms listed on the Nigeria Stock Exchange (NSE). Thus, the research questions were raised in line with the foregoing objectives and the following null hypotheses were formulated as a guide to the study:

**$H_{o1}$**  : Labour force cost and solid waste management cost have no significant effect on earnings per share of consumable firms in Nigeria.

**$H_{o2}$** : Labour force cost and solid waste management cost do not significantly affect return on assets of consumable firms in Nigeria.

**$H_{o3}$** : There is no significant effect of labour force cost and solid waste management cost on return on equity of consumable firms in Nigeria.

The study is expected to contribute respectively to the knowledge based of the management and analyst/adviser as it serves as invaluable sources of information for financial decision on reporting and investment/advisory services to investors who are socially and environmentally sensitive. In addition, policy makers and standard setters will be guided on policy formulation and areas requiring further regulations so as to ensure accountability and transparency in reporting. Also, employees and the general public is well informed of their social and environmental rights both in the workplace and within the community and finally, it contributes to predict the future on the state of social and environmental reporting in Nigeria and to the enrichment of literatures on how social and environmental accounting relates to performance and focus on listed consumable firms in Nigeria for the period 2011 and 2020. This period was selected as it gives a long frame relationship prediction of interaction between variables of interest that justify the analysis and findings. Also, the period is so considered as a democratic dispensation that calls for major discussions on social and environmental impact, revolutionized the corporate environment and mandates firms to report on their social and environmental impacts. The remainder of the paper is divided into four sections as follows: section two is concerned with review of literatures, section three is the methodology, section four covers results and discussion and section five is conclusion and recommendation.

## **Review of Related Literature**

### **Conceptual Review**

Social and environmental accounting is defined by Crowther (2000), as an approach to reporting a firm's activities which stresses the need for the identification of socially and environmentally relevant behaviour, the determination of those to whom the company is accountable for its social and environmental performance and the development of appropriate measure and reporting techniques. According to Ali



and Rizwan (2013), social and environmental accounting is the dissemination of information in a quantified manner about a firm human resource related practices, community involvement activities and project, quality and safety of products and services and environmental contribution. They further assert that it involves extending the accountability of organizations beyond the traditional role of providing a financial account to the owners of capital, in particular, shareholders. In addition, studies have shown that the concept of social and environmental cost accounting is that of communicating the social and environmental costs effects of a company's economic activities to particular interest group within the society and to society at large (Adekanbi, Adedoyin & Adewale, 2015).

Importantly, Egbunike and Tarilaye, (2017) asserts that it offers an alternative account of significant economic entities and has the potential to expose the tension between pursuing economic profit and the pursuit of social and environmental objectives. This therefore implies that companies influence their external environment (both positively and negatively) through their actions and should account for these effects in monetary terms as part of their standard accounting practices. Accordingly, Udeh (2016) identifies three principles upon which social and environmental cost accounting operates: First, sustainability which measures the rate at which resources are consumed by the organisation in relation to the rate at which resources can be regenerated; second, accountability that necessitates the development of appropriate measure of environmental performance and the reporting of actions; and third, transparency which implies that the external impact of the actions of the organisation is faithfully represented (Cheung and Mak, 2010). The benefits of social and environmental accounting include: increase market share (Solomon & Lewis, 2002); reduce operational cost and business risk (Sangle, 2010); employees' commitment (Brik & Mellahi, 2009). Also, Peter and Grahame (2002) argued that involvement of organisation in social and environmental impact activities and its communication to stakeholders through proper charging and accounting for costs is a key element to build positive image with both internal and external stakeholders.

Corporate Performance as defined by Bourguignon (1995) is the achievement of organisational objectives through its various strategies. The term according to Ondieki (2011) measures a firm overall financial health/wealth over a specified period of time, thus, can be a tool to compare similar firms in the same industry or across industries. Ogbeiwi and Okoughenu (2000) as cited in Neely, Gregory and Platts (1995) view corporate performance as the efficiency and effectiveness with which organisation achieve its strategies. In the view of Peloza (2009), corporate performance is measure by its ability to pay dividend in time and to deliver to customers with affordable prices. A high financial performance according to Fauzi *et al.*, (2010) leads to increase in wealth of stakeholders and improves social and

environmental performance. Orlitzky, Schmidt and Rynes (2003); and Husted and Allen (2007) identify three approaches to the measure of corporate financial performance: market based approach, accounting based approach and perceptual based approach.

The market based approach measures the performance of the firm market value from the share price which represents the prioritization of the shareholders. The accounting based approach measures a company's competitive effectiveness, internal efficiency of management as well as optimal utilization of assets through the measure of return on asset, return on equity, net income etc. The perceptual based approach measures performance through a subjective estimation provided by respondents using magazine ranking or awards. However, Al-Materia, Al-Swidi and Fadzil (2014) classified corporate performance measurement into accounting based measurement and market based measurement. The accounting based measures the profitability of firm on a short term basis which includes return on assets, return on equity, return on sales, profit margin, among others, however, market based measures the market value of shares through market price of share, price earnings ratio. Boaventura, Silva and Bandeira-de-Mello (2012) identify return on asset as the most widely used measure of financial accounting performance measure, followed by return on equity, sales growth, return on sales, contribution margin, tobins-Q, market shares, risk of firm, return on capital employed, operational profit and cash-flow. This study used return on asset and return on equity as a measure of accounting performance and earnings per share as a measure of market performance. Studies have shown that there is a positive relationship between social and environmental accounting and financial performance. Can, Etale, and Frank (2013), for instant, discovered that improved corporate performance is a product of sustainable business practices. In addition, Agbiogwu, et al. (2016) argued that environmental and social cost significantly affect net profit margin, earnings per share and return on capital of the companies. In furtherance to this are Egbunike and Tarilaye (2017) and Davies and Okorie (2007) who asserted that the success of an organisation is measured not only by its financial performance but also by its social and environmental impact. Also, there is a strong positive correlation between sustainability reporting and financial performance of firms (Aondoakaa, 2015). Gatimbu et al. (2016) submitted that environmental disclosure has a positive significant effect on the financial performance. Evidence in literatures established that social and environmental accounting build and maintained firm's reputation and brand name with the society (Adams, 2002; Dawkins *et al.*, 2008 and Wibowo, 2012). Accordingly, Cheung et al. (2010) posited that firm's transparency in reporting its social and environmental accounting determines the credibility of the firm to its stakeholder.

### **Theoretical Review**

This study is anchored on stakeholder theory which was propounded by Freeman in 1984. This theory proposes that business entity should be used as a vehicle for coordinating stakeholder interests, instead of maximizing shareholders' (owners') profit. This theory according to Frynas and Yamahaki (2016) suggests organisation/management has a duty to put the interests of stakeholders first before the maximisation of the value of the firm's shareholders. These according to Adeyemo, Oyebamiji and Alimi (2013) prompted some firms to engage in social and environmental friendly activities and voluntary reporting of information so as to positively influence the stakeholders' opinion about their activities which is believed can add value to the organisation. Corporate disclosure and fair reporting policies and practices are considered to represent one important means by which the management can influence stakeholder's perceptions about their organizations.

This theory is believed to influence the level of organizational performance if business confines to their responsibility as expected through reporting of their impact on the society and other stakeholders (Egbunike & Tarilaye, 2017; and Davies and Okorie, 2007). The stakeholder theory predict positive relationship between the variables of interest, thus, reflecting the social and environmental accounting reported in the financial statement to explain positive association with earnings per share, return on asset and return on equity. This theory therefore suggest social and environmental accounting increases the stakeholders' satisfaction which by extension increases financial performance. It is on the basis of the above propositions that the study seeks to examine the effect of social and environmental accounting on performance of consumable goods companies that are listed on the Nigerian Stock Exchange.

### **Empirical Review**

Okafor, Oji and Daferighe (2020) in their study of environmental and social accounting practices of financial performance in Nigerian cement companies for the period 2009 and 2017, employed secondary source of data to examine the effect of environmental and social accounting decomposed into: social investment cost (SIC) and environmental protection cost (EPC) on corporate performance proxies by sales turnover and market value of firms. Multivariate regression model was adopted and the findings established a significant positive correlation of SIC and EPC on sales turnover while SIC and EPC showed a significant positive and negative relationship respectively on market value. The study therefore recommends the adoption of ethical approach towards expanding investment in environmental and social accounting practices of cement companies in Nigeria.

Fasua and Osifo (2020) established the relation between environmental accounting and corporate performance of firms in Nigeria. Secondary data were sourced from eighteen (18) firms randomly selected from the quoted firms in the Nigeria Stock Exchange. Panel regression model was adopted to analyse the data and result

revealed a significant positive relationships between environmental accounting and return on equity and net profit margin and a significant negative relationship was established between environmental accounting and earnings per share. It was recommended that a tax credit should be given to firms who comply with environmental laws in Nigeria.

Agbo, Ohaegbu and Akubuilu (2017) investigated the effect of environmental cost on organizational performance of Nigerian brewery plc, using data obtained from the annual report of Nigerian brewery plc on donations, medical expenses and on the return on asset (ROA) within a period of five (5) years between 2011 and 2015. The study formulated some hypotheses and multiple regressions were used for the analysis. It was found that both donation and medical expenses have a negative relationship respectively with return on assets.

Egbunike and Tarilaye (2017) used some selected manufacturing companies in Nigeria between 2011 and 2015 to examined the association between firm's specific attributes [firm size, earnings, leverage and governance) and voluntary environmental disclosure with evidence from data obtained from their annual reports and accounts. It was revealed by the descriptive and inferential statistics that some of the studied manufacturing companies have high leverage profile while some with low leverage profile. It is also revealed that some companies' environmental items were not disclosed in their annual reports and accounts while some were disclosed and described in monetary terms.

Mixed result was reported by Ezeagba, Racheal and Chiamaka, (2017) on the the relationship between environmental accounting disclosures and return on equity and return on capital employed of food and beverage companies in Nigeria. Secondary source of data collection was employed and analysed using Pearson's correlation statistical technique and multiple regression. The study established a significant relationship between environmental accounting disclosures and return on equity of selected companies and a negative relationship between environmental accounting disclosures and return on capital employed and net profit margin of selected companies.

Okoye and Adeniyi (2017) focused on Brewing industry located in Lagos state consisting of management accountants in Nigeria brewing plc, Guinness plc, Coca-Cola plc and Seven-Up Plc to evaluate the effect of environmental protection costs on product price in Nigeria. The study employed survey design using structured questionnaire. Purposive sampling technique was employed in selecting the sample frame and analysed using both inferential and descriptive analysis. A negative relationship between environmental regulatory cost and product pricing decision was reported.

Tasneem, Hamza and Basit (2016) in USA used manufacturing companies listed in the National Association of Securities Dealers Automated Quotations (NASDAQ) for the year 2015 assessed the impact of environmental reporting on the performances of the selected firms. The independent variable (proxies: greenhouse gas emission, water consumption and waste disposal, while the dependent variable of firms' performances was measure by market share. It was revealed by the quantitative research technique- descriptive design that the three independent factors are key indicators of environmental reporting.

The impact of environmental and social costs on performance of Nigerian manufacturing companies was examined by Agbiogwu, Ihendinihu and Okafor (2016). Secondary data for the year 2014 was sourced from ten (10) randomly selected firms' annual report and financial summary. T-test was used to analyse the data and result established a significant effect of environmental and social cost on the net profit margin, earnings per share and return on capital employed of the sampled manufacturing companies.

Akeem, Memba and Muturi (2016) established the effect of identification of environmental cost on quality of disclosure on shipping lines. The study adopted descriptive design and inferential test analysis for the registered shipping lines which is the population of the study. The target population of the study was restricted to the legal department, finance and account department, and technical and marine department of the shipping companies. The findings of the study showed that identification of environmental cost influences quality of disclosure on shipping lines in Nigeria.

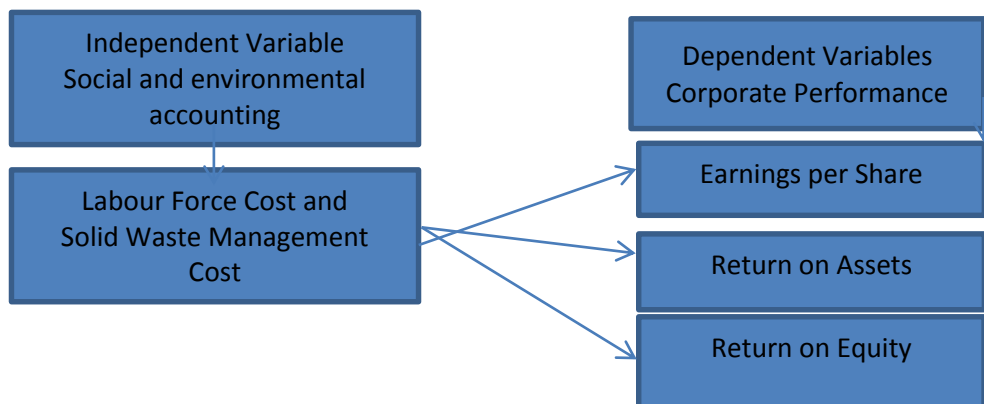
Ezejiolor, John-Akamelu and Chigbo-Ben (2016) assessed the effect of sustainability accounting measure on the performance of corporate organizations in Nigeria using ex post facto research design and time series data collected from annual reports and accounts of the sampled company. The collected data were analysed using regression analysis and findings revealed that environmental cost does not impact positively on revenue of corporate organization in Nigeria.

Magara, Aming'a and Momanyi (2015) focused on Kisii Country using descriptive research design for a targeted population of 144 consisting of accountants and auditors in the 16 corporate organizations to study the impact of environmental accounting on financial performance of corporate organization. Stratified sampling design where simple random sampling technique was used to identify a sample of 49 employees drawn from all the 16 corporations was adopted. Findings revealed that the perceived financial performance of the corporate organization was in good status as perceived by the employees and also showed that constructs of environmental accounting application are significantly positively related to perceived financial performance of the corporate organizations.

Onyinyechi and Ihendinihu (2016) studied the impact of environmental and corporate social responsibility accounting on organizational financial performance of firms in Nigeria. It determined the extent to which firms' profit after tax (PAT) affects the corporate social responsibility (CSR), environmental maintenance cost (EMC) and the personnel benefit cost (PBC) by employing exploratory research design. Multiple regression technique was employed to analyse the data and result showed no impact of CSR on EMC and a negative impact of CSR on PAT, while PBC has a positive impact on PAT.

Ijeoma (2015) determined the role of environmental cost accounting towards environmental sustainability in Nigeria by employing primary data source with the aid of questionnaire for 200 randomly administered respondents from Agricultural/Agro-Allied, Breweries, Chemical and Paints, Health Care/Pharmaceutical and Oil Marketing companies. The findings of the study revealed that majority of the respondents agreed that business organizations in Nigeria are not being aware of environmental policies and that there exists no significant difference on business organizations in Nigeria not being aware of environmental policies.

The effect of environmental cost management on the profitability of oil sector in Nigeria between 2004 and 2013 from obtained data in Central Bank of Nigeria [CBN] was investigated by Esira, Ikechukwu and Ikechukwu (2014). The collected data were analyzed using multiple regression analytical technique and result revealed a significant relationship between influence of environmental cost management and the profitability of oil sector in Nigeria. It was also discovered that there were established standards in Nigeria guiding environmental cost management in the oil and gas industries in Nigeria.



**Figure 2.1 Researcher's Theoretical Framework 2021**

## Methodology

### Research Design

Ex-post facto research design was considered appropriate for this study, hence, it was adopted. It employed secondary quantitative data sourced from the publications of the Nigerian Stock Exchange and the financial statements of selected listed consumable firms in the Nigeria for ten (10) years, spanning from the period 2011 to 2020. The period range allows for more reliable findings and establishes a trend analysis of long term relationship prediction between the dependent and independent variables.

The target population for this study constituted all listed consumable companies in the Nigerian Stock Exchange as at December 2020. Out of the twenty five (25) listed consumable firms, fifteen (15) firms were purposively selected. The justification for these firms is based on the fact that their activities have impacted both positively and negatively on the Nigeria economy and its citizenry and a democratic dispensation that calls for major discussions on social and environmental impact, revolutionized the corporate environment and mandates firms to report on their social and environmental impacts. The dependent variable was financial performance proxy by earnings per share, return on asset and return on equity and the independent variable was social accounting (proxy: labour force cost) and environmental accounting (proxy: solid waste management). The study employs multiple regression technique which offers explanation on the relationship between the dependent variables and two or more explanatory variables. The detail of the model used and its specification is as specified below:

### Model Specification

The study adapted the model of Agbiogwu *et al* (2016) which specified environmental and social costs as a function of financial performance. In linear representation, the adapted model is given as:

$$PERF = f(SC, EC)$$

The mode stated that performance, measured by net present margin, Earnings Per Share; and Return on Capital Employed. The model was modified by using EPS, ROA and ROE as a measure of financial performance while explanatory variables include Labour Force Cost (LBF) and Solid Waste Management Cost (SWM). This was basically done to suit the intended objective of the study

The new functional model for this study is specified as:

$$PERF = f(LBC, SWM) \text{ --- } 1$$

This model explained that performance, which was measured by earnings per share, return on assets and return on equity, is a function of social and environmental costs.

In a linearized form, the model was re-specified as follows;

$$PERF = \beta_0 + \beta_1 LBF + \beta_2 SWM + \mu_t \text{ --- 2}$$

Where:

PERF= EPS, ROA, ROE

EPS = Earnings per Share is total earnings divided by total number of share.

ROA = Return on Assets is profit after tax divided by total assets.

ROE = Return on Equity is profit after tax divided by total equity shares.

LBF = Labour Force Costs is the total cost of wages and salaries.

SWM = Solid Waste Management Costs is the total costs incurred on solid waste.

$\beta_1$  to  $\beta_2$ = Coefficient parameters of the explanatory variables.

$\mu_t$ = Stochastic error term of the models.

$\beta_0$  = Constant term of the coefficient parameter of the explanatory variables.

### Results and Discussion

This section presents the discussion of the study.

**Table 1: Descriptive Statistics of Operational Variables.**

|              | LBF     | SWM      | EPS      | ROA     | ROE     |
|--------------|---------|----------|----------|---------|---------|
| Mean         | 3.60857 | 3.214286 | 8.891429 | 5.30429 | 8.74143 |
| Median       | 3.11    | 3.01     | 9        | 5.37    | 8.55    |
| Maximum      | 4.87    | 4        | 9.32     | 6       | 9.94    |
| Minimum      | 2.99    | 2.07     | 7.99     | 4.47    | 8.21    |
| Std. Dev.    | 0.75777 | 0.673297 | 0.417709 | 0.56    | 0.59965 |
| Skewness     | 0.63598 | -0.32303 | -1.6008  | 0.02297 | 1.17313 |
| Kurtosis     | 1.85141 | 2.350747 | 4.436806 | 1.89989 | 3.35456 |
| Jarque-Bera  | 0.85666 | 0.244687 | 3.591785 | 0.3536  | 1.64228 |
| Probability  | 0.0016  | 0.04845  | 0.005979 | 0.03795 | 0.03993 |
| Sum          | 25.26   | 22.5     | 62.24    | 37.13   | 61.19   |
| Sum Sq. Dev. | 3.44529 | 2.719971 | 1.046886 | 1.88157 | 2.15749 |
| Observations | 10      | 10       | 10       | 10      | 10      |

*Source: Researcher's Computation Using E-View 9.0 2021*

Table 1 above presents the descriptive statistics of variables employed. A critical examination of the descriptive statistics for the dependent and explanatory variables revealed that the mean value which is the average value of series shows EPS with the highest mean of 8.89%, followed by ROE of 8.74%, while SWM of 3.21% has the least mean. The standard deviation which measures the deviation of the data set from the mean (volatility level of the variables employed/risk level) also revealed that, LBF of 0.76% is the most volatile variable, followed by SWM of 0.67% while the least volatile variable is EPS of 0.42%. These therefore show a less than one



standard deviation away from the mean value. The result also showed that only two variables are positively skewed (LBF 0.64%, and ROE of 1.17%) while others are negatively skewed. This implies that the distribution has both left and right tail. The kurtosis statistics revealed that EPS and ROE have kurtosis value that is greater than 3 while LBF, SWM and ROA has kurtosis value of approximately 2. This is an indication that the distribution is peaked hence relative to normal distribution. Jarque Bera is used to test normality, that is, whether data are normally distributed. The Jarque Bera statistics of this series revealed that the P-value of the variables are less than 10%, that is the data are normally distributed. The P-value of the series LBF (0.0016); SWM (0.485); EPS (0.0060); ROA (0.0379) and ROE (0.0039) are normally distributed since P-values are less than 10%. The number of observations are seven (10).

H<sub>01</sub>: Social and environmental costs have no significant effect on earnings per share of consumable firms.

**Table 2: Multiple Regression Showing the Effect of LBF, SWM on EPS**

| Variable               | Coefficient                | Std. Error    | t-Statistic | Prob.      |
|------------------------|----------------------------|---------------|-------------|------------|
| C                      | 7.4773                     | 0.51999       | 14.3797     | 0.0001     |
| LBF                    | -0.2759                    | 0.21435       | -1.2873     | 0.0274     |
| SWM                    | 0.7497                     | 0.24124       | 3.10778     | 0.0359     |
| R <sup>2</sup> =0.7650 | Adj-R <sup>2</sup> =0.6464 | F-Stat=6.5094 | Pro=0.452   | D.W=2.5712 |

*Source: Researcher's Computation Using E-View 9, 2021*

The regression estimates on Table 2 depicts a positive relationship between EPS, LBF and SWM ( $\beta_0 = 7.477$ ). The positive value of the intercept indicates that the consumable firms can sustain some financial performance in the absence of those social and environmental accounting variables.

The table result also shows that probabilities associated with each coefficient (Individual co-efficient) are significant as they are all less than 5% level of significance.

The results of the slope coefficients when taken individually shows that the variable of LBF (-0.2759) has statistically negative significant relationship. The implication of this is that, a unit increase in LBF leads to 0.28 decrease in EPS and by extension the performance of the consumable firms in Nigeria. The SWM (0.7497) has a high significant positive relationship with EPS which indicate that a unit increase in SWM will bring about a (0.75) increase in EPS. In measuring the level of their individual significance, it was revealed that, the variables (LBF and SWM) have negative non-significant and positive significant relationship with EPS when taken individually.

The co-efficient of determination ( $R^2$ ) of 0.7649 indicate that about 76% of the variations in EPS is explained by the joint effect of LBF and SWM while 24% was explained by the variables not included in the model.

The Durbin-Watson value of 2.57 indicates the absence of serial (auto) correlation in model. The probability value of F-statistics 0.0452541 is less than 5% critical value. This implies that the overall regression model is statistically significant in predicting the relationship between the dependent and independent variables at 5% significant level.

Conclusively, since P-value (0.0452) of the test is less than  $\alpha$ -0.05, alternative hypothesis (H1) is accepted while null hypothesis (H0) is rejected. Thus, social and environmental accounting have significant effect on Earnings per Share of combined consumable goods firms quoted on the Nigerian Stock Exchange for the period 2011 to 2020 at 5% level of significance.

H<sub>02</sub>: Social and environmental costs do not significantly affect return on assets of consumable firms.

**Table 3: Multiple Regression Showing the Effect of LBF, SWM on ROA**

| Variable     | Coefficient                | Std. Error    | t-Statistic | Prob.      |
|--------------|----------------------------|---------------|-------------|------------|
| C            | 5.4132                     | 1.43681       | 3.76749     | 0.0196     |
| LBF          | -0.0046                    | 0.59228       | -0.0077     | 0.9942     |
| SWM          | -0.0287                    | 0.66659       | -0.0431     | 0.9677     |
| $R^2=0.6016$ | Adj-R <sup>2</sup> =0.5476 | F-Stat=4.0031 | Prob=0.0069 | D.W=1.8454 |

*Source: Researcher’s Computation Using E-View 9, 2021*

The Multiple regression on tables 3 depicts that there is positive relationship between ROA, LBF and SWM ( $\beta_0 = 5.413$ ). The slope coefficients show that the variables when taken individually are not statistically significant because their probability values are greater than 5%. The result revealed a negative relationship between LBF (-0.0045), SWM (-0.0287) and ROA. This implies that a unit increase in both LBF and SWM will lead to decrease in unit of ROA by -0.0045 and -0.0287. Hence, ROA has no positive significant relationship with LBF and SWM as collaborated by the P-values that is greater than 0.05 when taken individually.

The result also indicated that the R-squared for the model is 0.60, meaning that the regression model used for this study is a good predictor. The independent variables explained 60% of the variation in dependent variable (ROA). This means that ROA of firms is affected by the behavior of explanatory variables which are accounted for by the model. The remaining 40% of variation is caused by other explanatory factors outside this model. The Adjusted  $R^2$  of 54.76% confirmed this based on the number of variables in the model. The Durbin-Watson value of 1.845 is close to the bench mark of 2 which indicates the absence of serial correlation in model.

Checking the overall significant of the model, it was revealed that F-statistics of 4.003 and its corresponding p-value of 0.006 were significant, implying that, the regression model is significant in predicting the relationship between the independent variable and the dependent variables. The significance between the variables is less than  $\alpha=0.05$ .

This result indicates that the overall regression model is statistically significant and is useful for prediction purposes at 5% significance level.

Conclusively, since the P-value of the test is less than  $\alpha=0.05$ ,  $H_1$  is accepted and  $H_0$  rejected. Thus, Social and environmental costs have a significant positive effect on return on assets of consumable firms listed on Nigerian Stock Exchange.

$H_0$ : There is no significant relationship between Social and environmental costs on return on equity of consumable firms.

**Table 4: Multiple Regression Showing the Effect of LBF, SWM on ROE**

| Variable     | Coefficient          | Std. Error    | t-Statistic | Prob.      |
|--------------|----------------------|---------------|-------------|------------|
| C            | 6.8171               | 0.9077        | 7.51035     | 0.0017     |
| LBF          | 0.8621               | 0.37417       | 2.30414     | 0.0826     |
| SWM          | -0.3692              | 0.42112       | -0.8768     | 0.4301     |
| $R^2=0.6525$ | Adj-<br>$R^2=0.4787$ | F-Stat=3.7551 | Prob=0,0208 | D.W=1.5099 |

**Source: Researcher's Computation Using E-View 9, 2021**

Table 4 shows that there is a positive relationship between ROE, LBF and SWM ( $\beta_0=6.817$ ). The slope coefficients show that the variables when taken individually are not statistically significant because their probability values are greater than 5%,  $P(X_1 > 0.05; X_2 > 0.05)$ . This implies that LBF has a positive non-significant relationship with ROE while a negative non-significant relationship exists between SWM and ROA at 5% significant level.

The value of R-squared for the model is 0.65, meaning that the regression model used for this study is a good predictor. The independent variables explained 65% of the variation in ROE. This means that ROA of firms affect the behavior of explanatory variables which is accounted for by the model. Only 35% of variation is not explained by the regression model and this is captured by the error term.

The Durbin-Watson value of 1.509866 indicates the absence of serial correlation in the model.

From the test of coefficients, the overall performance of the model is satisfactory as shown by the probability value of the F-statistics = 0.0208. This implies that the regression model is significant in predicting the relationship between the

independent variable and the dependent variable at P-value of F-statistic less than  $\alpha=0.05$ . This result indicates that the overall regression model is statistically significant and is useful for prediction purposes at 5% significance level. Conclusively, since the P-value of the test is less than  $\alpha=0.05$ ,  $H_1$  is accepted and  $H_0$  rejected. Thus, there exists a significant positive relationship between Social/environmental costs and return on equity of consumable firms listed on Nigerian Stock Exchange at 5% level of significance.

### **Summary**

In consonance with the analysis of this study, the following findings were deduced: Social and environmental costs have significant effect on earnings per share of consumable goods firms quoted on the Nigerian Stock Exchange at 5% significant level. Social and environmental costs have a significant positive effect on return on assets of consumable firms quoted on the Nigerian Stock Exchange at 5% level of significant. There is a significant positive relationship between Social/environmental costs and return on equity of consumable firms quoted on the Nigerian Stock Exchange at 5% level of significance

### **Discussion of Findings**

The study attempts to explore the social and environmental cost accounting of consumable firms in the Nigeria Stock Exchange (NSE) with a view to determining its effect on the financial performance of these firms that has occurred between 2011 and 2020 in the annual financial reports. The econometric results from the multiple regression analysis showed that the social and environmental cost accounting variables, when taken together, have significant effect on earnings per share, return on asset, and return on equity respectively of quoted consumer goods firms on Nigerian Stock Exchange (NSE). The regression result in tables 2, 3 and 4m revealed that the probability value of F-statistics = 0.045241, 0.006868 and 0.020768 respectively, implies that the regression model is significant in predicting the relationship between the independent and the dependent variables. The significance between the variables is less than  $\alpha=0.05$ .

This result indicates that the overall regression model is statistically significant and is useful for prediction purposes at 5% significance level. The findings of this study is consistent with the result of Agbiogwu et al. (2016) on impact of environmental and social costs on performance of Nigerian manufacturing companies which stated that environmental and social cost significantly affect net profit margin, earnings per share and return on capital employed of manufacturing companies.

Still in consonance with the findings of this study is Ngwakwe (2008) that established a positive relationship between sustainable business practice and firm performance using a field survey methodology for a sample of sixty manufacturing

companies. Findings revealed that the sustainable practices of the responsible firms are significantly related with firm performance.

### **Conclusion and Recommendations**

This study examined the effect of social and environmental costs accounting on financial performance of consumable firms in the Nigeria Stock Exchange from 2011 to 2020 using ordinary least square multiple regression for combined data of fifteen selected quoted consumable firms. The descriptive statistics of the operational variables was adopted to show the mean, median, minimum and maximum levels, and standard deviation to show the variation of the value of the data set from the mean. The Jarque-Bera was used to test for skewness and Kurtosis so as to show whether data are normally distributed. The ordinary least square multiple regression analysis was used to show the effect of independent variable on the dependent variable. The R-Squared coefficient of determination was adopted to show the degree of variable of EPS, ROA and ROE that is explained by the explanatory variables.

The variables when taken individually revealed both negative non-significant and positive significant correlation coefficient which was evidenced by the individual probability value that is either less or greater than 5% significant level.

However, the combined results showed R-Squared of the explanatory variables (LBF and SWM) to be 76%, 60% and 65% variation in EPS, ROA and ROE respectively with P-value of F-Statistic less than 5% significant value.

The resulting evidence suggests that the social and environmental costs variables have significant influence on EPS, ROA, and ROE and they have joint explanatory power in determining the financial performance.

The study conclusively states that social and environmental costs have a statistically significant effect on financial performance of quoted consumable goods firms in Nigeria from 2011 to 2020 at 5% significant level.

Based on the findings and conclusion above, the following recommendations were made:

- i) Companies in Nigeria should make more efforts to increase their commitment to social and environmental responsibility and also ensure proper accounting and disclosure of costs implication of such activities so as to increase its net returns vis a vis its financial performance and also guarantee a safer environment for firm's smooth operations.
- ii) Management through its policies should encourage more discharge of social and environmental activities so as to enhance more efficiency in the use of its resources vis a vis its return on assets. Also, government through its policy makers should mandate firms to adhere to the

- discharge of social and environmental responsibility as this would ensure proper disclosure and accountability.
- iii) Since social and environmental cost influence return on equity of consumable firms, the amount expended on social and environmental costs should be stated individually on a line by line item as part of the corporate mission and strategy statements and not just be regarded as a philanthropic exercise. This would help to enhance the value of the firms and sense of belongings of the company's shareholders.

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## ENTREPRENEURIAL SKILL ACQUISITION AS A VERITABLE TOOL FOR SUSTAINABLE NATIONAL DEVELOPMENT

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### **Abstract**

*The study x-rayed entrepreneurial skill acquisition as a veritable tool for sustainable national development. The study explained entrepreneurial skill acquisition as a concept, sustainable national development, benefits of entrepreneurial skill acquisition, challenges and ways forward. There are many entrepreneurial skills needed by the undergraduate and the youths which will lead to success in job creation, meaningful education for the youths, provide graduates with enough training and also reduce the high rate of poverty, insecurity and violence. It was revealed in the course of the study that entrepreneurial skills like innovativeness, creativity, communication, administrative and others were identified to be needed by youths for self-employability. It recommended among others that prospective entrepreneurs should ensure that necessary skills aimed at enhancing their businesses are acquired before venturing into their choice businesses; there should be a thorough knowledge of the pros and cons of businesses by prospective entrepreneurs before committing their financial resources and time to the business in order to avoid business failure and government at all levels should endeavour to promote small scale businesses by setting policies aimed at providing soft loans to intending investors in order to enhance speedy economic growth and development.*

**Keywords:** *Entrepreneurial skill, skill acquisition, national development.*

### **Introduction**

Entrepreneurial skills are skills which an entrepreneur needs to successfully run a business or add value to the business. Agu, Chiaha and Ikeme, (2013) argued that entrepreneurial skill acquisition must be nurtured through proper education so that it can be directed to responsible and enriching small and medium business endeavours that will profit the individuals and the communities in which the entrepreneurs operate. Also, entrepreneurial skills are skills that an entrepreneur should possess to enable entrepreneurs succeed in a virtual learning environment. Entrepreneurial skill acquisition is seen as a technique by which one acquires or learns a particular skill, behaviour needed for business through training or education in order to identify and exploit entrepreneurial opportunities for self employment (Samian and Buntat, 2012). In Nigeria, entrepreneurship has been identified as a means of wealth creation and reducing unemployment among youths thereby leading to increased creativity, innovation, and gross total production of the nation (Shane, 2013).

Entrepreneurship skill acquisition in our society is very important and cannot be over emphasized because in olden days, when jobs were available everywhere both in the private and public sectors of the nation (Kareem, Ademoyewa, Jolaosho, Ojenike, and Sodiq, 2015). The dwindling economic capacity of the present administration in the country, the state of the economy and the resultant youth unemployment have resulted in the need for every Nigerian graduate to become self-reliant through self-employment via skills acquisition and entrepreneurship education. Therefore, the integration of entrepreneurial skills into higher education curriculum, the problem of youth unemployment may be minimized or eliminated. Youth unemployment in Nigeria, which is becoming a problem, may be partly explained by the obsolete educational system that is more of theory with theoretical learning and little or no practical skills. Olaitan (2010) opined that if most of the graduates are unemployed, it means they do not have a technical ability or an entrepreneurial competence that is commensurate with their certificates. This may simply mean that the educational system in Nigeria today apparently does not equip its graduates to meet the challenges of the present labour market. Therefore, Entrepreneurship skill means setting up and running a business in a profitable and sustainable manner. Entrepreneurs innovate; discover new products, new opportunities, and start-up new ventures. Entrepreneurship according to Omolayo (2006) is the act of starting a company, arranging business deals and taking risks in order to make a profit through the education skills acquired through creativity. Entrepreneurship can be described as the process of bringing together creative and innovative ideas and coupling them with management and organizational skills in order to combine resources, money and people to meet an identified need and create wealth. In a similar vein, entrepreneurship is a process which include land, labour and capital so as to provide a product or service for public consumption (Nwangu, 2007).

Olagunju, (2014) in his view sees entrepreneurial skill acquisition as the ability of a person to exploit an idea and create an enterprise (Small or Big) not only for personal gain but also for social and developmental gain. While, Misrich and Peters, (2002) also see entrepreneurial skill as ability to create something innovative or new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and personal satisfaction and independence. Entrepreneurial skill acquisition scheme introduced into educational institutions most especially higher institutions of learning were meant to provide the level of education or knowledge needed to increase entrepreneurial opportunity that can help economic growth and development of a country (Shane, 2013). Therefore, Nigerian government create several awareness on entrepreneurial skill acquisition programme by introducing entrepreneurship courses and establishment of entrepreneurship department in various schools in the country so as to expose youths to entrepreneurial skills to allow them to become self reliant and wealth creators.

The main reason behind the introduction of entrepreneurial skill acquisition by the government was to ensure that youths were equipped with skills, attitude, aspiration and competencies needed to effectively contribute to the development of the nation. Samian and Buntat (2012) opined that the realization of the above reason by government was to provide micro-credit facilities to entrepreneurs to enable them practice entrepreneurship, create self-employment and help generate employment opportunities for others. Hence, the researchers x-rayed entrepreneurial skill acquisition as a veritable tool for sustainable business development.

### **Concept of Entrepreneurial Skill Acquisition**

Educating people on the need for making their own business decisions, acquiring some basic vocational skills and using them with the knowledge gained in school is the bedrock of economic empowerment and development which is urgently needed (Mgbonyebi and Olaniyi, 2019). Effective and efficient skills development systems which connect education to entrepreneurial skills acquisition can help a nation sustain productive growth and development and when improved upon, can lead to creation of good jobs which in turn enhances the people's standard of living. Information and communication technology which is one of the entrepreneurship skills is a veritable and essential tool in Entrepreneurship education all over the world. Okereke and Okoroafor (2011) assert that entrepreneurship skills have been acknowledged worldwide as the pertinent and rewarding tools for job creation, self-employment and economic survival of any nation of the world.

Entrepreneurship skill acquisition are said to be the necessary set of skills required to be an entrepreneur. Skills represent particular ways of using capacities in relation to environmental demands, with human being and external situation together forming a functional system (Adeyemo, 2009). Entrepreneurship skills are skills that help one establish and operate a venture successfully. These skills are acquired through entrepreneurial development programmes.

Ademiluyi (2007) sees entrepreneurial skills as business skills acquired by an individual to be able to function effectively as an entrepreneur in the unstable business environment or in self-employment. Demers (2014), Patel (2015), Ikeanyionwu and Ekwe (2013) identify some of the entrepreneurship skills required by students/graduates as ability to raise and manage money, communication with customers via e-mail, phone, websites, communication with staff as well as sales skills including connecting with social media networks. Entrepreneurial skills acquisition are said to be the necessary set of skills required in becoming an entrepreneur. Skills represent particular ways of using capacities in relation to environmental demands, with human being and external situation together forming a functional system (Adeyemo, 2009). Entrepreneurial skills are skills that help one establish and operate a venture successfully and these skills are acquired through entrepreneurial development programmes. Skill acquisition as further explained by

Onyeaghala, Edema and Orji (2013) is a specific form of learning, which is the representation of information in memory concerning some environmental or cognitive event. Ptshetter, (2009) opines that the process of acquisition and development of entrepreneurial skill is concerned with four main stages as follows:

- i. To objectively analyze and identify the current and foreseeable skill needed to do business, in terms of management, administrative and technical skills and the relative importance of them.
- ii. To identify the entrepreneur's own personal goal and objectives and accurately analyze and evaluate his or her own skills and resources in relation to theme.
- iii. To produce a realistic personal development plan for the potential entrepreneur.
- iv. To monitor the on -going performance of the entrepreneur once the business has started and progress made towards developing the new skills that had been previously identified as necessary for the success of the business. This applies both to the entrepreneur's personal needs and to the process of assisting employees to develop new skills that will also benefit the business.

In the same vein, Jones, George, and Hill (2000) summarized entrepreneurial skills into the following:

- a. **Technical Skills:** They refer to acquisition of job specific knowledge and techniques that are needed to function effectively in an organization. For instance, a principal of a private school may need accountants and bookkeeping clerks to keep records of school fees payment, receipt cost and the payroll. He/she may also need teachers and other staff to take care of students and keep the school environment tidy and attractive for learning.
- b. **Human Skills:** They are skills that help the individual comprehend and regulate the behaviour of other individuals or groups with the intent to promote communication and motivation, while moulding behaviours towards greater individual and team productivity.
- c. **Conceptual Skills:** These skills relate to the ability to examine and analyse a situation to differentiate between cause and effect. Conceptual skills are very much required for organizational planning and administration. It takes into account educational training and retraining to inculcate conceptual skills in workers/staff.

### **Sustainable National Development**

Sustainable development is seen as a process of improving on the range of opportunities that will enable individuals, humans and communities to achieve their aspirations and full potentials over a sustainable period of time, while maintaining the resilience of the economic, social, and environmental system (Abubakar, 2014). Sustainable development can be measured in good road networks, enough and adequate hospitals and health facilities, equal access to functional development

opportunities, adequate security of lives and properties, job creation and industrial uprise and social security support for the vulnerable ones. Sustainable development is also the state of having well balanced, steady and effective use of human, material and capital resources for total economic independence of a nation without compromising the future (Umezulike and Okoye, 2013).

Shaibu, Okpe and Mbaegbu (2019) see sustainable national development as progress, advancement or qualitative changes that are evident in a nation over a period of time. It has to do with the contributions of individuals who transmit desirable values, habits, wisdom from one generation to the other so as to ensure continuity. Development is a type of social change in which new ideas are introduced within a social system to higher per capita income and levels of living through more production methods and social organizations (Rogers, 2006) in (Shaibu, Okpe, Musa and Nwaka, 2019). Sustainable development is a system approach to growth and development and involves managing natural resources, production and social capital for welfare of their own and future generations (United Nations, 2012) in (Shaibu, Okpe, Musa and Nwaka, 2019).

The basic principles underlying sustainable development can be separated into social, economic, and ecological dimension. The social dimension points out the importance of resources, power and influence that are fairly distributed and that people can feel secured and can participate. The economical dimension refers to the fact that economic growth shall carry on with respect to the environment, growth of the people's health and education, and fair distribution of prosperity/wealth (SMIEIS, 2002). The economic dimension is seen as a requirement for development as no country can achieve a sustainable economic growth if the environment is worsened, if the prosperity/wealth is not fairly distributed, and if growth of the human resources has not taken place. The ecological dimension on its part means that consideration should be given to the social and economic development of the nation.

### **Benefits of Entrepreneurial Skills Acquisition**

Some of the benefits of skill acquisition include the fact that; it helps an individual to adjust to the realities of the labour market, acquire skills that meet immediate requirements, acquire the basis for adjusting to the future needs, this is flexible and teaches us to be flexible too, experts acquire knowledge through it, and then they acquire power, other people trust experts, and they will trust you, experts earn more and have broader career prospects etc (Johansson, 2015). Skill is like key used in opening door of fortune. As water is very essential to humans, so is skill needed in the life of every serious minded human being. Skills can do a lot of great work in the life of every living soul. Dearth of skills is a major cause of corruption. The importance of skill acquisition includes self employment, diverse job opportunities,

employment generation, effective function, and crime reduction (Buwari, 2018). Buwari (2018) posited the following importance of skill acquisition:

1. **Employment Generation:** Many governments are still finding it difficult to provide jobs for the citizens because the citizens are lacking important skills they need. There will be a lot of jobs generated for the citizens of every country if the citizens are well equipped with entrepreneurial skills. This is why it is necessary for government to organize skill acquisition programme for the masses as this will go a long way in providing jobs for them and others.
2. **Self-employment:** A person that has acquired the necessary entrepreneurial skills is a self-employed person. Successful businessmen and women whose names are heard in many parts of the world are self-employed. A self employed person can never go hungry because the skill acquired provides food on a daily basis, but one who lacks skill acquisition will find it difficult to be self employed because he/she has nothing to offer the public.
3. **Diverse Job Opportunities:** A person who acquires many skills is classified as someone who is up and doing. Those who have many skills stand the chance of gaining job from many establishments. Truly speaking, people who have many skills are being searched by many companies and investors for their wealth of experience.
4. **Crime Reduction:** Skill acquisition reduces the crime rate in many nations. People begin to think on many dirty activities they will do to make money when they do not have anything to call job of their own, but with acquired skill by an individual, he/she works and makes money from his/her acquired skills, which will lead to comfort in life and society.
5. **Effective Function:** Organizations that employ skilful workers to assist in their organizational duties lose nothing at all because there will always be effective functions performed by the employees. This is because the employees have acquired necessary skills needed for him/her to perform the work as desired by the organization. The knowledge gained from the training on that specific job makes him/her to do the organization's works as desired by the management of the organization/company.
6. **Meaningful Education for Youths:** The provision of meaningful education for youths which could make them self-reliant and consequently encourage them to deriving profit and being independent.
7. **Providing Graduates with Enough Training:** To provide graduates with enough training that will make them creative and innovative in identifying new business opportunities.
8. **Stimulating Industrial and Economic Growth:** To stimulate industrial and economic growth of rural and less developed areas.

9. **Providing Graduates with Enough Training in Risk Management:** To provide graduates with enough training in risk management to make uncertainty bearing possible and easy.
10. **Providing Graduates with Diverse Training Skills:** To provide graduates with training in skills that will make them meet the manpower needs of the society.

### **Challenges of Entrepreneurial Skills and Sustainable National Development**

Many developing nations of the world are faced with many challenges and harsh realities which include unemployment, poverty, conflicts and disease. These situations pose great challenges to the very existence of individuals in most developing nations thereby calling for the training of educated men and women who can function effectively in the society in which they live in. Information by National Universities Commission (NUC 2007) reiterates the massive unemployment of Nigerian graduates of higher institutions in the country. These challenges are traceable to the disequilibrium between labour market requirement and lack of essential employment skills by the graduates. This obvious critical skills gap inhibits the development of youths and entire development of the nation. More than half of the Nigerian populations are under the age of 30 (National Population Commission, 2001).

Consequently, it can be agreed that the economy of Nigeria is a youth economy. This reality leaves them without any meaningful means of sustainable livelihood.

To make ends meet, they simply indulge in prostitution (both male and female), armed robbery, occultism, etc. The youthful period which is a very critical one that has been noted as an essential time for training in entrepreneurship, provides a positive distractive alternative from the self destructive and aggressive behaviour that are frequently associated with adolescents and growing up (Wolfe, 1998).

According to Buwari (2018), the following are challenges that hinder entrepreneurial skill acquisition:

1. **High Cost of Doing Business in Nigeria:** Entrepreneurs in business take risk because they want to make profit. Where the expected return from a venture is lower than the opportunity costs, it will act as a disincentive for the entrepreneur. Due to collapsed infrastructural facilities and unbridled corruption, where entrepreneurs have to spend huge sums to provide some basic infrastructure and bribe government officials, thereby making the cost of doing business in the country to be too high with adverse implication for profitability.
2. **Lack of Knowledge in the Basic Science and Technology:** The role of entrepreneurship in economic development involves more than just increasing per capita output and income, it involves initiating and



constructing change in the structure of business and society. This change is accompanied by growth and increased output which allow more wealth to be divided by the various participants. One theory of economic growth depicts innovation as the key, not only in developing new products or service for the market but also in stimulating investment interest in the new ventures being created. The critical point in the product evolution process is the intersection of knowledge and a recognized social need, which begins the product development phase. This point, called interactive synthesis often fails to evolve into marketable innovation and is where the entrepreneur needs to concentrate his/her efforts. The lack of expertise in this area matching the technology with the appropriate market and making the needed adjustment is the fundamental challenge of entrepreneurship development in Nigeria as it is regrettable that education is yet to be accorded the priority it deserves in the country.

3. **Lack of Strong Patent Law:** A serious challenge that entrepreneurs face in Nigeria is the level of competition from foreign producers. The local entrepreneurs are not protected as their situation is worsened by the apparent lack of faith in the Nigerian patent law which many entrepreneurs feel offers them little protection against piracy.
4. **Inappropriate Incentive Structure:** The oil boom has destroyed and distorted our attitude to work, and this has affected the psychological quotient of an average Nigerian who wants quick money. Policy instability also creates an atmosphere of uncertainty as the incentive structure is generally biased in favour of activities with relatively short transaction cycles and quick returns thereby discouraging innovation and entrepreneurship skill acquisition.
5. **Inadequate and Unqualified Personnel:** Most tertiary institutions are bedeviled with inadequate and unqualified staff. The staff strength in most departments in business education is undesirable and inadequate to maintain standard. An inexperienced teacher finds it difficult to carry the students along and this constitutes poor teaching quality, thereby affecting skill acquisition (Aina, 2009).
6. **Inadequate Electricity Supply:** This is also a great challenge to skill acquisition in Business education. Where there is no power supply, it will be difficult to impart skills to students as frequent interception of power will cause the equipment to go off and may even cause damage to the equipment.
7. **Capital Injection Solution:** This is seen as a major challenge faced by many investors. The most popular argument to support the inadequate capital syndrome is that the banks' reluctance to give loan to entrepreneurs. This argument could be examined from the very essence and condition for the survival of banks. Given that every idle fund in the bank is a liability. It

would be illogical to expect that a bank would refuse to fund a good business idea.

8. **Corruption and Mismanagement of Funds:** Corruption is now a recurring decimal in our country, as through corruption, public funds are looted heavily by corrupt officials. Elsewhere, school administrators and others responsible for managing educational funds mismanage them at the detriment of the students. All locations to schools are often diverted for social activities, personal aggrandizement, and political reasons, rather than educational purposes.
9. **Lack of Political Will and Interest in Vocational and Technical Education:** The government of the day has not shown serious political will towards investing in vocational and technical education which Business education also holds dear. Vocational and technical education is not well established in Nigeria as a result of poor infrastructure and government support in terms of finance. This affects skill acquisition in Business education and the quality of graduates being produced (Asonibare, 2016).

### **Ways Forward to Entrepreneurial Skill and Business Development**

The ways forward to the challenges faced by entrepreneurs lie in both the hands of government and the upcoming and future entrepreneurs who wish to venture into business. The future entrepreneurs have a very serious role to play to see that the challenges faced by entrepreneurs are reduced or totally eliminated. Below however are ways forward to such challenges:

1. **Strong Patent Law Should be put in Place:** Strong patent law should be put in place by the government so that local entrepreneurs will be protected from foreign producers. Government should encourage the production and consumption of local products made in the country and in this way, the indigenous entrepreneurs will be encouraged to venture into businesses to invest.
2. **Concentration During Study:** Future and upcoming entrepreneurs should concentrate during their period of studies in higher institutions of learning so as to acquire the required technical skills which will help them to identify business opportunities, take advantage of such opportunities, venture into business and become successful entrepreneurs which will result to sustainable national development.
3. **Eschew Corruption Tribalism and Religious Bias:** Government officials should discourage corruption tribalism, religious bias and favoritism and ensure that every individual is treated with equal right and respect in terms of giving loan, issuing business certificate, signing of patent law as well as issuing certificate of incorporation to run a given business.

4. **Easy Access to Loan:** The government should give loan to entrepreneurs as at when needed. The interest rate of such loan should be such that it is affordable by the entrepreneurs and commensurate directives should be given by the C.B.N to commercial banks, the C.B.N should encourage the commercial banks to give loan to entrepreneurs at a lower interest rate.

### **Conclusion**

Entrepreneurial skill acquisition is considered as a veritable tool for rapid development of businesses in developing economies as it creates the required manpower and skills necessary for business growth, reduction of unemployment, and poverty. It is therefore, strategic and wise for Nigeria to assign a significant and increasing role of entrepreneurs in their effort to revamp the economy. For the entrepreneurs to be effective in creating wealth and employment opportunities, the government needs to create an investor-friendly environment comprising stable macro-economic policies, government should address urgently the dilapidated infrastructural facilities in the country, starting with the power sector, roads and railways, provide adequate security and give every citizen the sense of belonging. The educational sector needs to be revamped with emphasis on science and technology and the need to change the orientation of our youths and graduates towards embracing blue collar jobs rather than becoming job seekers for white collar jobs.

### **Recommendations**

The researchers made the following recommendations in line with the topic:

1. Entrepreneurs should endeavour to ensure that they play important role in the society through the goods and services they provide in order to give satisfaction to customers.
2. There should be a thorough knowledge of the pros and cons of business by prospective entrepreneurs before committing their financial resources and time on the business in order to avoid business failure/gate crashing.
3. Prospective entrepreneurs should ensure that necessary skills aimed at enhancing their businesses are acquired before venturing into their choice businesses.
4. Government should set up policies requesting multinational oil companies to support prospective entrepreneurs financially and materially in their communities of operation as part of their corporate social responsibility.

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## COOPERATIVE SOCIETIES AND SUSTAINABLE DEVELOPMENT IN ANAMBRA STATE

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### **Abstract**

*This study is designed to ascertain the impact of cooperative societies in the sustainable development of Anambra state, the population size is made up of 14000 registered cooperative societies in Anambra state, with a sample size of 121 cooperative societies gotten through Taro Yamane's formula. With the aid of questionnaires, data were ascertained and analysed through the use of frequency tables and mean scores, while the hypothesis were tested using the chi-square statistical tools. The findings revealed that Cooperative society gives out loans to members at a very low interest rate, for business establishment and thereby reducing unemployment and poverty rate. Cooperative society assist members with bulk purchases at cheaper rates, thereby improving on the welfare and the wellbeing of their members, they also give financial aids to farmers, in other to make them capable of engaging in commercialized farming, and invariably encouraging food security. But despite these giant strides, it was revealed that the cooperative societies are still faced with challenges that ranges from members losing their funds due to their inability to make professional business decisions, difficulty in loan repayment, due to poor repayment plan and enforcement ability and Lack of secured business environment. Examples are herders' destruction of farmlands, and thus the study recommends that there should be business orientation for cooperative members, there should be strict policies guiding the lending and repayment of loans and lastly Government should provide safe and secured environment for economic activities.*

**Key words:** Cooperative societies, sustainable development, Anambra State

### **Introduction**

The cooperative movement which began with the application of cooperative principles to business organisations, though believed to have started in Europe in the 19th century, largely in Britain and France, is also indigenous to the people of Nigeria even before the coming of the white men, with the major ethnolinguistic groups been Yoruba, Igbo and Hausa. It dates far back to the 16th century in the name of isusu, a rotating savings and credit association. It initially started as a rotating work association, in which labour as a scarce resources was accumulated and allocated to one member at a time, to be used for either building of personal houses or public roads. And then with the spreading of commercial transactions replaced by money, numerous adaptations and innovations have sprung from the Esusu, one is the transformation into non rotating savings association with a permanent loan fund and another one is the daily deposit collection at doorsteps or market stalls. this system is properly known as the Ajo among the Yoruba ethnic

group or Adashi in Hausa and isusu in igbo. These traditional cooperatives covers all human societies from marketing, credit, consumer, building, group farming, craft workers, societies e.t.c.

Dogarawa (2005). Defined cooperative society as an association of persons who have voluntarily joined together to have a common end through the formation of democratically controlled enterprise, making equitable contribution to the capital required and accepting a fair share of the risk and benefit of the undertaking in which the members actively participate. Put differently

According to Ogbu (2007), the word cooperative is a collective noun as well as the cooperative society. Cooperative which means to work together among a group of persons originated from time immemorial. It means more than one person working together to achieve commonly felt need. Hence it is as old as man otherwise, instinctive. Cooperative society can be said to be the coming together of people with common goal to pull their resources together in order to achieve the said target while aiming at accessing the profits attached to such an investment, where as standing the risk of equally losing the investment made equally. The major point being made here illustrates that for a cooperative society to exist, there must be a voluntary participation which means that the people involved are expected to wilfully come together or join such an organisation. Put differently, the in and exit doors must always be left open and so long as such a member meets the criteria to join, they should always be free to join and if such a member intends to exit and does not owe the society anything as at the time they wish to exit, they should be free to go. The democratic aspect of it portrays that the members of such a voluntary society have the right at every point in time to decide on which aspect of the cooperative plan they wish to benefit from and on which aspect of their economic life they also intend to invest in, there should be no room for autocracy. The participatory feature of a cooperative society implies that every member of such an organisation must be physically present to discharge the duties expected of them as a member of such a society and they are also expected to be financially responsible to the society that they belong to.

From the foregoing, we can easily say that Cooperative societies have from the days of old to the present time, consistently encouraged development across the globe especially in emerging economies providing its members with the economic aids in the form of loan in the bid to cause improved standards and business prosperity for its members (Ajayi, Dada & Folorunsho, 2021).

It is also pertinent to mention that the main aim of setting up cooperative societies is to bring about development.

(Owen 2012) Development is a system-wide manifestation of the way that people, firms, technologies and institutions interact with each other within the economic,

social and political system. Specifically, development is the capacity of those systems to provide self-organising complexity.

(Max 2016) explains three ways that the term ‘development’ is Development as a vision: Here, the term is used to describe how desirable a society or a region is, possibly with regard to what it can become, Development as a historical process: This refers to social change that occurs over extended periods of time due to inevitable processes. For instance, it is widely believed that both communism and capitalism are an inevitable outcome of progress and Development as action: This refers to deliberate action to change things for the better, as with providing aid to alleviate hunger

Development as a process in which increasingly more members of a given area or environment make and implement socially responsible decisions, the probable consequence of which is an increase in the life chances of some people without a decrease in the life chances of others, ( Wayne, Kevin & James 2014)

For the purpose of this research, we shall be beaming our search light on sustainable development.

Sustainable development is an approach to social, economic, and environmental planning that attempts to balance the social and economic needs of present and future human generations with the Imperative of preserving, or preventing undue damage to the natural environment.

### **Some of the indicators of sustainable development**

A production base economy structure; Good health facilities to reduce infant mortality; good security network to improve security; and Good transport system to aid leisure travels and social lifestyle.

The actualization of sustainable development goals that this work intends to examine with respect to the activities of the cooperative society includes the poverty rate, the social welfare rate and the food security. It is on this premise that this work intends to examine the activities of cooperative society while highlighting the role it plays towards sustainable development in Anambra state.

In the course of time, the increasing of poverty in most developing economies has necessitated the need for urgent intervention which primarily concerns the provision of huge and urgent financial alternatives for rapid and sustainable development aimed at improving the standard of living of individuals from different walks of life (Kassegn & Endris, 2020). Even though co-operative societies have not and cannot cover all facets of socio-economic development, its main target is to cover the solvent part of the activities of the common man particularly in the area under which they have been suffering and be offered succour, better welfare and poverty alleviation., it is on this premise that this work intends to examine the activities of



the cooperative societies while highlighting the role it plays towards sustainable development in general, poverty rate, social welfare and food security in particular, in Anambra state.

The objectives are as to determine the impact of the cooperative Societies in the poverty rate of the people living in Anambra State; to assess the effects of the cooperative societies in the social welfare of the people living in Anambra State; and to ascertain the impact of the cooperative societies in food security of the people living in Anambra state.

## **Review of Related Literature**

### **Conceptual Clarification**

**Cooperative Society:** Cooperative society is “a group of persons with at least one economic interest variable member”. The aim of the group is to meet their common economic needs by joint action based on mutual help. The means to achieve this is to establish a common enterprise of which goods and services are made available to the member as customer and employee. (Duelfer, 2006).

Cooperative according to Misra and Puri (2008). It is a form of business organisation where persons voluntarily associate together on the basis of equity for the promotion of economic interests of themselves.

A cooperative society is an autonomous, duly registered association of persons With a common bond of interest, voluntarily joined together to achieve their social, economic and cultural needs and aspirations, Making equitable contributions to the capital required and patronizing their products and services, accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles. Alaminos (2017)).

Okoli (2006), defined a cooperative as an organization for promoting the economic interest of its members. Whereas to Okoli (2006), it is a free and voluntary business organization jointly owned by the people with identical economic needs and having equal voices in its management and deriving proportionate benefit and services from it. Chilokwu (2006), gives further insight into the nature of a cooperative society by stating that, “a cooperative is a formal organization for formation made by person, usually of limited means, who voluntarily come together, for the achievement of a common economic objectives involving a democratic controlled business organization, and who have agreed to make equitable contributions to the required capital of the organization as well as to accept a fair share of the risks and benefit of their undertakings”.

## **Various Types of Cooperative Societies that are Created to Serve Varieties of Purpose**

1. **Producer Cooperatives:** this type of cooperative society, involves members who are involved in creating goods, manufacturing products
2. **Worker Cooperatives**  
This type of cooperative is made up of professionals in a field of knowledge and those who offer similar services. For example, accountants, barristers and taxi drivers.
3. **Consumer Cooperatives**  
These type of cooperative is made up of people who usually pool their resources together to be financially strong enough to buy their desired goods in bulk at a favourable price.

### **Credit Unions**

This type of cooperative is made up of people who pool their financial resources together in order to raise enough finance, set them up for borrowing by both members and non members of the said cooperative society, at a given interest rate.

### **In Anambra state, there are generally,**

Farmers Multipurpose Cooperatives, Multi-purpose Cooperatives, Industrial cooperatives, Cooperative thrift and Credit societies.

### **Sustainable Development**

Development is a process that creates growth, progress, positive change or the addition of physical, economic, environmental, social and demographic components. (SID, 2021)

Development is instead a system-wide manifestation of the way that people, firms, technologies and institutions interact with each other within the economic, social and political system. Specifically, development is the capacity of those systems to provide self-organising complexity. (Owen 2012)

Sustainable development (SD) is defined as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Lean 2017)

### **Extant Literature**

#### **The Nexus between Cooperative Societies and the poverty rate of the people**

The United Nations (UN), International Labour Organization (ILO), European Union (EU), International Cooperative Alliance (ICA), African Union as well as Economic Team in Nigeria define cooperative as a form of non-state economic

entities with local ownership and control and redistribution of income or profit among members and users, cooperatives are being regarded as the enterprises that will be used to end poverty and hunger (Ezekiel, 2014)

Akinsuyi cited in Mgbenka, Mbah and Ezeamo (2015:19) maintained that “more than 80% of the total farmers, including medium and large ones are small scale farmers”. These small scale farmers mostly are rural dwellers with low incomes because they produce on subsistence basis with little surplus to sell and raise money to satisfy those things they cannot produce by themselves. This situation makes them wallow in abject poverty. Addressing the plight of rural communities. Gomina (2015) further observed that although cooperative societies are common in Nigeria, however, they are organized by people based on primary identities and are as such relatively small groups. Like their counterparts elsewhere in the world, cooperatives in Nigeria are formed to cater for the common benefits of their members. Cooperatives are first and foremost businesses, but at the same time they practice fairness by ensuring equal access to markets and services among an open and voluntary membership base, Because they are owned by the consumers of the services they provide. cooperatives tend to make decisions that balance the need for profitability with the greater interests of the community which they serve.

Laidlaw (1974) examines the difference between cooperatives and other businesses in relation to three main groups of people responsible for bringing them into existence and keeping them in operation. The three groups are: the persons who own them (the shareholders, the investors), the persons who control them (the effective decision makers) and the persons who use them (the customers). According to him, in typical capitalist business, especially large enterprise and multinational corporations, these three are separate and distinct groups. In small private business the situation is generally much better because of the close connection between shareholders (investors) and control. In a small retail business, for example, the first two components are often identical. But still the users, the customers, are a separate group. In a cooperative, all three come together to form a unity; those who own, those who control, and those who use are one.

Cooperatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development (Gertler, 2001).

The process of developing and sustaining a cooperative involves the processes of developing and promoting community spirit, identity and social organisation as cooperatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development (Gibson, 2005).

Ajakaiye and Olumola, (2010) stated that the benefits of forming cooperatives for entrepreneurs consist of positive economic effects for enterprises, for the individual

member businesses and for the cooperative itself. Members of cooperatives can benefit from cooperation through economies of scale in production by selling products and buying inputs, through a greater opportunity for diversification by making the value chain longer and by the reduction of transaction costs.

### **Cooperative Society and Welfare of the People**

Cooperatives are viewed as important tools for improving the living and working conditions of both women and men and Since the users of the services they provide owned them, cooperatives make decisions that balance the need for profitability with the welfare of their members and the community, which they serve. As cooperatives foster economies of scope and scale, they increase the bargaining power of their members providing them, among other benefits, higher income and social protection. Hence, cooperatives accord members opportunity, protection and empowerment - essential elements in uplifting them from degradation and poverty (Somavia, 2002).

As noted by Attah, Mbah and Okeke (2018), cooperative societies are effective mechanisms to improve the living standards of members by mobilizing their scarce resources to boost their productivity and bring about development in their communities. Similarly, Arua cited in Attah (2016:105) viewed cooperatives as essential instruments for raising the standard of living of rural smallholder farmers. With regard to economic and social development, cooperatives promote the “fullest participation of all people” and facilitate a more equitable distribution of the benefits of globalization. They contribute to sustainable human development and have an important role to play in combating social exclusion, thus the promotion of cooperatives should be considered as one of the pillars of national and international economic and social development (Levin, 2002). Cooperatives according to Jurger S. (Cooperatives are a multi-faceted phenomenon.

(Cemal, 2019) sees a cooperative society as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise

Cooperative societies are service motivated and state controlled organizations, as surplus of the cooperatives are distributed to members to boost their welfare. These attributes made cooperative organizations unique and distinct entity that has the capacity to graduate individuals and families from jobless to gainful employment and boost their wellbeing (Ekong, 2003; Agba & Ushie, 2014).

### **Cooperative Society and food security**

Cooperatives play a crucial role in reducing poverty, improving food security and generating employment opportunities. The United Nations declared 2012 the International Year of Cooperatives (IYC) to raise awareness of cooperatives important contribution to global socio-economic development and to promote the

growth and strengthening of cooperatives all over the world. According to Ojo and Adebayo (2012), food security is a basic human requirement and fighting against hunger has been one of the greatest challenges in this century. Even though the number of people living in hunger has reduced over the previous years, it has started to increase again in 2015 (FAO et al., 2019).

According to Arua (2004), cooperatives play vital roles, for instance by training farmers, identifying the needs of farmers, helping farmers to take decisions, as well as provide input and services to farmers. He further maintained that cooperatives are viable channels through which farmers obtain the necessary requirements for higher productivity and efficient performance. Finance cooperatives such as banks, insurance cooperatives, savings and credit cooperatives provide important services to agricultural cooperatives as well as to the individual producer.

According to FAO (2009), many people had lost interest in farming and all other agricultural practices long ago. This is due to the factors that affect the practices which include climate changes, economic development and violent conflicts. The initiation of the agricultural cooperative societies increased the level of participation in agriculture, as it provides grants, encouragement, support and assistance to members who are in need of any at a definite point in time.

### **Empirical Studies**

Arindam and Mohua (2019) examined the contribution of cooperatives on employment generation in India as a target for sustainable development goal (SDG). Secondary data and the student t-test was employed and findings indicated that cooperatives play a very fundamental role in realizing the targets associated with sustainable development goal.

Mhembwe and Dube (2017) studied the place of cooperatives in sustaining the livelihoods of local rural communities in Zimbabwe, Questionnaire was administered to respondents in rural communities and the data obtained were analysed by means of descriptive statistics, Findings indicated that with the adoption of cooperatives, local rural communities generated employment, augment food production, empowered the marginalised, particularly women, and encouraged social cohesion and integration, thus improving the livelihoods of local rural communities.

Saner and Csend (2017) scrutinized the organizational challenges of cooperatives and their potential contributions to economic development in least developed countries (LDC). The qualitative result showed that cooperatives contributes to inclusive economic and social value creation in LDC.

Khumalo (2014) evaluated the contributions of cooperatives as vehicles for local economic development in South Africa, the qualitative result revealed that

cooperatives promote local economic development as well as a vital instrument for socioeconomic development.

Majee and Hoyt (2011) analysed the link between cooperatives and community development in the United States of America. The descriptive result showed that cooperatives serve as a means of community development.

### **Gap in Literature**

The literature reviewed so far, indicates that the positive impact the cooperative societies have on the people cannot be over emphasized as in most cases they have been serving the people and filling the vacuum that have been left by the government's withdrawal from some of the services it renders to the people. And thus Olayinka (2014) opines that, cooperatives have an outstanding track record of overcoming multiple forms of exclusion in rural areas, but not only there, cooperatives are present in all sectors of Nigeria and world economies and are adaptable to a range of contexts. They thus respond to the triple bottom line of sustainable development, economic development, social justice, and environmental protection. It is on record that there are plethora of research works on cooperative society and their inputs to different goals of sustainable development in the society, but to the best of my knowledge none of these literature has been conducted to assess the cooperative societies impact on sustainable development with specific respect to poverty rate, social welfare and food security in Anambra State, so therefore, this research intends to fill this gap.

### **Theoretical Framework**

#### **Social Capital Theory**

It is widely accepted that the three most important proponents of the concept of social capital theory are Pierre Bourdieu, James Coleman and David Putnam. Social capital theory states that social relationships are resources that can lead to the development and accumulation of human capital.

According to Savage and Kanazawa (2004), humans have evolved preferences for companionship in general, and specific preferences for cues that signal higher levels of social capital. According to (Richard and Michael 2015). Females can be expected to value and derive emotional satisfaction from membership in small social networks comprising close personal relationships constructed from strong social ties. These types of relationships would be especially adaptive for women by providing assistance in foraging and caring for children. Males would be expected to benefit more from membership in larger social networks constructed from weak ties that would constitute hunting groups, political alliances, and fighting parties.

### **Application of the theory**

The coming together of people with mutual vision and interest, to pull their ideas and resources together, with the aim of achieving a definite goal is known as one of the easiest and functional ways of achieving developmental strides. In the society.

### **Methodology**

Anambra State is a Nigerian state, located in the south-eastern part of the country. The state was created on 27 August 1991. Anambra state shares a common boundary with Delta State to the west, Imo State to the south, Enugu State to the east and Kogi State to the north.

A cross-sectional survey research design was adopted in the course of carrying out this research, as different members from different cooperative societies in the 3 senatorial zones that made up the sample size were given questionnaires within a definite time frame.

According to (National population Census), the population of the people living in Anambra state is 5,999,910.

But for the purpose of this work, the population strength of the cooperative societies in Anambra State are 14,000 as given by (Anambra State Ministry of Trade and Commerce) with a total number of 21 local government area.

Yermane's formula was used to determine the sample size, Yermane's formula:

$$n = \frac{N}{1 + N(e)^2}$$

When  
N = The sample size  
N: The population size

e: equals the margin error in the calculation. At a confidence level of 95% the margin error is 0.05. So therefore, the sample size of the farmers in Anambra state is  $n = \frac{14000}{1 + 14000(0.05)^2} = 121$  is the sample size.

121 divided by 3 senatorial zones = 40.33 approximately 40

40 divided by five different types of cooperatives societies = 8 sample size for each selected cooperative society.

The study made use of a combination of both purposive and accidental sampling technique, as the researcher purposely allocated a number of sample size to the different types of cooperative societies, and to the different senatorial zones, but the people that made up each of the slot where not predetermined and thus the accidental sampling technique was deployed.

Taro Yamane's formula was used to determine the sample size:

$N = N$

$1 + N(e)^2$  When

$N$  = The sample size

$N$ : The population size

$e$ : equals the margin error in the calculation. At a confidence level of 95% the margin error is 0.05. So therefore, the sample size of the farmers in Anambra state is  $n = 14000 / (1 + 14000 (0.05)^2) = 121$  is the sample size.

121 divided by 3 senatorial zones = 40.33 approximately 40

40 divided by five different types of cooperatives societies = 8 sample size for each selected cooperative society.

The researcher relied on both the primary source of data collection which includes interview and questionnaires sampling with secondary source which includes Internet, newspapers and textbooks.

With the aid of questionnaires, data were ascertained and analysed through the use of frequency tables and mean scores, while the hypothesis were tested using the chi-square statistical tools.

The Researcher depended majorly on quantitative analysis in order to arrive at a logical and definite findings.

The researcher made use of test-re-test technique to ensure that the questions asked addresses the challenges identified.

## **Findings**

1. findings revealed that Cooperative society gives out loans to members at a very low interest rate, for business establishment and thereby reducing unemployment and poverty rate.
2. Cooperative society assist members with bulk purchases at cheaper rates, thereby improving on the welfare and the wellbeing of their members,
3. They also give financial aids to farmers, in other to make them capable of engaging in commercialized farming, and invariably encouraging food security.

But despite these giant strides, it was revealed that cooperative societies are still faced with challenges that ranges from

1. Members loosing their funds due to their inability to make professional business decisions,
2. Difficulty in loan repayment, due to poor repayment plan and enforcement ability



3. Lack of secured business environment, e.g herders destruction of farmlands.

### Recommendations

This study recommends that

1. There should be business orientation for cooperative members who intends to seek for loan for their business
2. There should be strict policy guiding the lending and repayment of loans
3. Government should provide safe and secured environment for economic activities.

### Conclusion

Cooperative societies have indeed made a lot of positive impact with regards to meeting up with the sustainable development goals which includes poverty reduction, improved welfare of the people and food security. But much more can be achieved if the challenges of poor business decisions, poor repayment strategy and unsecured environment for economic activities are addressed.

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## ENTREPRENEURSHIP AND INNOVATIONS FOR SUSTAINABLE DEVELOPMENT IN THE ERA OF DISRUPTION IN NIGERIA.

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### **Abstract**

*The study focused on entrepreneurship innovation for sustainable development in the era of disruption in Nigeria. The objectives of this study are to analyze the challenges hindering entrepreneurship and Innovations for development in Nigeria; and to examine entrepreneurship and innovation as essential drivers of development in times of disruption in Nigeria. This a conceptual paper, anchored on the theory of diffusion of innovation propounded by Everett Roger, which describes the pattern of how new ideas or innovations spread throughout a society from a concentrated few user to a large general population of users across time as knowledge and use of the innovation builds. Findings showed that entrepreneurship and innovation are essential drivers for sustainable development, helping society adapt to disruptions while addressing environmental, social, and economic challenges. Entrepreneurship hold the potential to shape a more sustainable and resilient future for the global world. It was recommended that government should make policies that will favour small, medium and large-scale businesses in order to reduce unemployment rate and increase Gross Domestic Product.*

*Government should also create conducive industrial environment by providing the rural and urban sectors with basic infrastructures such as industrial zones; affordable, steady and reliable electricity; water supply; education; health services; and security.*

**Keywords:** *Entrepreneurship, innovation, disruption, sustainability, Nigeria.*

### **Introduction**

Entrepreneurship and innovation are important in diverse sustainable economic development. They are fundamental for the success of new organizations that are providing innovative solutions to meet environmental or social challenges. Entrepreneurship and innovation are also very vital tools for the success of already established enterprises. Organizations undertake sustainability entrepreneurship for so many reasons, which are; enhancing brand name and reputation and to benefit financially by being market leaders in business practices that reduce environmental and societal impacts in their sphere of operating influence. They also engage in sustainability entrepreneurship to affect positive societal change.

In Nigeria today, the need for economy diversification has been the order of the day due to the perceived rapid deteriorating nature of the oil sector and its continuous harm on the standard of living of the masses and the nation at large. The gross impact

of entrepreneurship and innovation on job creation, enhancement of people's living standard etc. have since been acknowledged by the Government. The general impact on the economy drives for encouraging entrepreneurship as a way of diversifying the economic reliance on oil for development.

Entrepreneurship concept is used to describe self-motivated process of creating incremental wealth (Shailesh et al., 2013). This wealth is created by individuals that take calculated risks in terms of equity, time and career obligation of providing value to some agreed products and services. The product or service itself may or may not be entirely new or unique but value is necessarily needed to be infused by the entrepreneur through obtaining and assigning the needed skill and resources. Entrepreneurship is also seen as the application of one's energy for initiating and creating an enterprise (Aondoseer, 2018). The main objectives of this study is to analyze the challenges hindering entrepreneurship and Innovations for development in Nigeria; and to examine entrepreneurship and innovation as essential drivers of development in times of disruption in Nigeria.

## **Review of Related Literature**

### **Concept of Entrepreneurship**

The concept of entrepreneurship is interpreted by various scholars, countries and fields. These different views and perceptions of the concept of entrepreneurship have made it difficult to define. Hence there is a lack of consensus on the definition of entrepreneurship (Kuratko, 2009). The definition of entrepreneurship continues to evolve as Kuratko (2009) affirms that definitions of entrepreneurship are abounding as there are researchers and writers who try as much as possible to define the concept differently from a previous writer. Kuratko however suggests that there is a need to broaden the definition of entrepreneurship as entrepreneurs are doing many things in recent times.

Entrepreneurship is to a large degree a mind-set, always striving to do new things in an innovative and better way. The meaning of entrepreneurship is derived from the French seventeenth-century term for someone who "undertakes" and more specifically someone who undertakes a specific project or activity. In the nineteenth century, the French economist Jean Baptiste Say refined the meaning of entrepreneurship to individuals who create value by shifting resources from lower- to higher-valued activities. The higher value activities can be activities that bring value to both individuals and society.

Entrepreneurship is discipline (Crocì, 2016). Entrepreneurship is a distinct, being a discipline by its own right. Crocì (2016) also defined entrepreneurship with autonomous discipline that can operate independently as well as interdisciplinary. Other study defines entrepreneurship as "practice begins with action and creation of

new organization” (Barot, 2015). Barot (2015) also stated that entrepreneurship is a key to success and every individual that creates a new organization of business means enter into a new paradigm of entrepreneurship. Nevertheless, the entrepreneurship is an activity that shifted the old habits into the new one with fully discipline and independent. Entrepreneurship is an art (Chang et al, 2015). Chang (2015) stated that “art entrepreneurship is relatively new topic of research and the focus area are exploring the management process of entrepreneurship such as creativity and autonomy, capacity for adaptability, and create artistic as well as economic and social value”. There are many definitions of entrepreneurship, some of them are seeing entrepreneurship as a process of successful organization, and other define entrepreneurship as building mindset and skills. However, the final destination of entrepreneurship definition is generating jobs opportunities and lead to economic development (Barot, 2015) (Hessels, 2019). Next, entrepreneurship must employ manpower resources with technical and skill labor and managerial talents (Barot, 2015) (Chang et al, 2015).

It is the twentieth-century thought on entrepreneurship from Joseph Schumpeter, an Austrian born and then Harvard University–based economist and sociologist, which has most influenced contemporary thinking about entrepreneurship. In Schumpeter’s view, entrepreneurs are innovators who drive the “creative destruction” process, reforming or revolutionizing the pattern of production. In many respects, sustainable businesses are significantly changing, if not revolutionizing, the patterns of production and service delivery, transforming business practices in ways that benefit the environment and society.

Another helpful view of entrepreneurship is provided by the twenty-first-century management scholar Peter Drucker. Drucker suggests that entrepreneurs always search for change, respond to it, and exploit it as an opportunity. Entrepreneurs take risks in starting new activities and take on significant personal responsibility. Many sustainability entrepreneurs perceive opportunities emanating from increased public concern about the environment and climate disruption and are responding to this opportunity with profit-making ventures that address these concerns.

### **Entrepreneurial Factors that leads to Sustainable Development**

Critical entrepreneurship success factors can be in the form of activities, events, circumstances or conditions that require special attention of entrepreneurs (Aondoseer, 2018). According to Kee (2012), all these factors can influence entrepreneurship success in either positive or negative ways, therefore they provide a comprehensive approach that critically focus on clarifying assumptions to induce the flexibility that are neutral and aid divergent thought. Bolton & Green (2012) assert that entrepreneurship factors can be a processes, benchmarks, or components of a business to ensure the profitability and remain competitive in the market place.

However, Olatomide & Omowunmi (2015) contend that entrepreneurship factors, which also known as key success factor for entrepreneurs are complex and multifaceted because most of the research revealed contradictory or inconclusive findings on their outcomes. A number of these factors as identified by several authors include:

### **Attitudinal and Perceptual factors**

Johnson et al in Aondoseer, (2018) assert that attitudinal factor and perception comprising of perceived desirability feasibility has significant in influence on a person's propensity level to sustainable entrepreneurial engagement. Though his study only examined the direct impact of normative, perceptual and attitudinal factors on propensity to sustainable entrepreneurship, Johnson et al in Aondoseer, (2018) observed that behavioural objective or tendency is a complex process which could follow through several stages. In the same vein, Cambra Fierro, Hart and Polo-Redondo in Aondoseer, (2018) proposed variables appropriate for sustainable entrepreneurship which include among others: legal context, leader's personal values, socio-cultural background, market demands, ownership structure and the nature of industrial characteristics. Firm Sector, Size, Ownership, and Innovative Orientation, The sector a firm belong, the size of the firm, ownership structure, and degree of innovative orientation determines the extent to which sustainable entrepreneurship behaviour is exhibited. Uhlaner, Brent and Jeurisse in Aondoseer, (2018) opined that larger firms, firms from more tangible products sectors, family owned firms, and firms with a more innovative orientation have more inclination towards manifesting sustainable entrepreneurship behaviours. This is without prejudice to other dimensions of sustainable entrepreneurship such as employees (individuals in the firm), suppliers and clients (direct stakeholders) and the larger society.

These views are in consonance with the resource-based approach of large firms, which perceive large firms as having more manpower and financial stability (Naqvi, 2011). Large firms are more exposed to the public, and any attempt to exhibit irresponsible behaviours will undermine their survival and reputation. Responsiveness of family firms towards community related developmental activities and avoidance of actions that are detrimental to peaceful co-existence (e.g. polluting the environment) is a direct consequence of closeness to the local community and willingness to share their prosperity (Oyeku et al 2014).

### **Personality, Management skills, Environmental and Motivation factors**

The key performance indices and extent of growth of an organisation are measures of business success. Triggering factors (for example personality and motivation) that propels entrepreneurs into putting on thinking cap on one hand and successful factors such as management skills, and educational levels, both formal and informal, on the

other hand are vital to entrepreneurial success. Motivating factors and personality characteristics are positively related in a significant manner. There is expected to be a significant relationship between motivating factors and management skills and abilities, level of education, environmental forces, and entrepreneurial success.

### **Product/Service Mix Factors**

Most successful entrepreneurial organizations choose diverse production systems as a means of risk management. Diversified operations and the existence of specialty services/products tend to be more resilient during challenging times due to numerous market options available (Yeboah, Owens, & Bynum, 2011). Studies show similar discoveries for cooperative businesses. Having widely diversified products/services also tends to broaden a firm's customer base. A broader product variety will increase the probability of a firm's survival when specialized products markets strengthen (Baptista, Karaoz, & Leitão, 2010).

### **Entrepreneurship for Sustainable Development**

Entrepreneurship for sustainable development focuses on creating businesses and innovations that have a positive impact on the environment, society, and the economy. It involves addressing challenges like climate change, inequality, and resource scarcity through innovative and socially responsible ventures. Sustainable entrepreneurs often consider long-term impacts, ethical practices, and social responsibility as integral to their business models. This approach can lead to both profit and positive contributions to a sustainable future.

### **Innovation for Sustainable Development**

Innovation is widely acknowledged as a key driver of economic growth (Bae & Yoo, 2015; Santacreu, 2015), as well as reduced inequality within and between countries, and improvements in health and longevity. It affects the economy through multiple channels, such as economic growth, global competitiveness, financial systems, quality of life, infrastructure development, employment, trade openness, and thus leads to high economic growth (Maradana et al., 2017). Investing in enhancing innovation is expected to contribute toward alleviating poverty and creating decent job opportunities (Pansera & Martinez, 2017). Innovation can lead to higher productivity, wherein the same input generates higher output. As productivity increases, more goods and services are produced, and the economy grows (ECB (European Central Bank, 2017).

The past two decades have proven the pivotal role of innovation in sustainable economic development. However, innovative activities depend on the availability of a few critical factors, such as relevant infrastructure, information, and communication technologies (ICTs), and human skills, which are less accessible in low-income countries, thereby leading to increased development gaps. The innovation ranking calculated by the Global Innovation Index (GII) shows a notably

low level of innovation in less developed countries (as defined by the World Bank classification). In some countries, the level of innovation is notably below expectations for the development level (GII, 2020).

Consequently, the build-up of innovation capacities has played a key role in the growth dynamics of successful developing countries (World Bank, 2008). Innovation for sustainable development focuses on identifying more effective solutions that contribute value to the lives of individuals, governments, users, and clients affected by developmental challenges. Innovation is a key factor for ensuring development, and international donor organizations are increasingly emphasizing innovation as a key condition for funding. The development of inclusive innovations and the transfer of technologies from developed countries can often significantly contribute to addressing urgent developmental challenges.

Innovation is primarily considered an instrument for sustainable development, and not a target by itself. Therefore, the most important factor that should be considered is the development objectives of the country and the shared priorities for fulfilling these objectives: reducing poverty and social gaps, reducing unemployment, increasing productivity, and supporting a sustainable development process. Improving innovation is also expected to directly or indirectly contribute to achieving the 17 goals of the 2030 Sustainable Development Agenda (United Nations, 2015). As the world moves toward a future guided by these universal goals, a strong focus will be placed on building partnerships with the public and private sector, fostering jobs and opportunities for all, advancing technology and innovation, and addressing sustainability and the fight against climate change. Some research has been conducted focusing on methods of including low-income countries in the innovation process. For example, Christensen et al. (2017) provided few suggestions for developing innovation models in Africa, and Acharya and Pathak (2019) suggested focusing on applied research.

The process of innovation development and adoption is perceived to have at least three fundamental characteristics: complexity, dynamism, and uncertainty. The innovation process is complex because it typically deals with a large number of interconnected factors that impact, or are impacted by, the other factors (Hall et al., 2012).

Innovation for sustainable development is a newer phenomenon, but its development and implementation are equally complex, dynamic, and uncertain as other types of innovations (Seyfang and Smith, 2007). The literature converges to the fact that enhanced sustainability performance cannot be achieved without innovations (Silvestre, 2015). This is because achieving enhanced sustainability performance requires adaptation and change in processes, products, management approaches, and



policy orientations. Therefore, change is a fundamental element for organizations, supply chains, and communities as they evolve on their sustainability trajectory.

Sustainable innovations that are continuously adopted improve specific organizations and the entire supply chain's sustainability trajectory, allowing them to achieve superior sustainability performance. Sustainability trajectories are the paths organizations, supply chains, and communities take to become more sustainable through innovations (Silvestre, 2015).

Path dependence refers to the series of contextual and historical elements that together influence decision makers to go in one direction or another (Martin and Sunley, 2006). That is, innovation decisions that need to be made will be bounded by the decisions that have been made in the past. Aghion et al. (2014) argue that when developing and adopting innovation for sustainable development, path dependence often emerges due to existing powerful network effects and high switching costs. Franceschini et al., (2016) viewed innovation for sustainable development as complex and rich, reflecting the different perspectives and interests that emerge in different communities.

### **Challenges Hindering Entrepreneurship and Innovations for Sustainable Development in the Era of Disruption in Nigeria.**

The most pressing issues of sustainability are environmental challenges and social challenges (Epstein and Buhovac, 2014).

#### **Environmental challenges**

A frequent issue discussed in the recent years, which prevents us as a society from pursuing a sustainable development trajectory, is related to the environmental challenges the world is currently facing. These challenges include, for example, air and water pollution (Greenstone and Hanna, 2014), waste disposal and management (Calcott and Walls, 2000), ozone layer depletion (Canan et al., 2015), and as a result, and perhaps most importantly, climate change (Huang et al., 2016).

Some researchers have carried out different studies on environmental challenges and also examined how environmental changes impact on the inhabitants of earth. For instance, Zachariadis (2016) argues that climate change itself is responsible for a wide range of consequences, such as sea-level rise, ocean acidification, droughts, glaciers loss, and increased frequency of extreme weather events such as heat waves, floods, storms, and hurricanes. Besides these severe consequences, Wheeler and Von Braun (2013) also argue that climate change impacts crop productivity and brings consequences for food availability, which could potentially interrupt food supply chains and our progress toward a world without hunger. From such prior research, it is generally recognized that environmental challenges are often associated with the

way we live and consume, which impact the other two dimensions of sustainability (i.e., the natural environment dimension is impacted by and impacts both the economic and social dimensions).

To proffer solution to these continuous environmental challenges, scholars, industry, and civil society have been looking for the best approaches and mechanisms that could mitigate or remove the impact of the activities of organizations, supply chains, and communities on the natural environment. Research and practice converge to the fact that to achieve superior environmental performance organizations, supply chains, and communities must align all their internal processes (including their decision-making processes) to focus on the impact of their activities on the natural environment (Joyce and Paquin, 2016). This is what the literature refers to as green operations (Nunes and Bennett, 2010) and green supply chains (Srivastava, 2007; Wong et al., 2012). Adopting such a perspective in a coherent and comprehensive way facilitates the emergence of green business models (Nair and Paulose, 2014), where the focus of the organization, supply chain, or community is to reduce or eliminate the impact of their activities on the natural environment.

However, green operations, green supply chains, and green business models cannot be considered in isolation from innovation. Changes and innovations are central elements that will allow companies to enhance their environmental performance and consequently evolve on their sustainability trajectory (Silvestre, 2015). For this to happen, the availability of the innovation (i.e., technology, product, processes, business practices, or policy approach) is not enough (Silvestre and Silva Neto, 2014). The willingness to adopt such an innovation and to truly incorporate it into business processes (i.e., to change) are also mandatory for the success of the initiative. These paths to green approaches require changes in the mindset of top management and staff within those organizations.

### **Social challenges**

Another pressing issue which prevents us from achieving a satisfactory sustainable development trajectory is the social challenge that the world is currently facing. This challenge includes, for example, poverty (Bush, 2010), social exclusion (Hall et al., 2012), corruption (Silvestre et al., 2018), human rights (Giuliani, 2016), and war and disordered immigration (Ousey and Kubrin, 2018).

Prior research on social challenges has examined how this dimension impacts our lives as a society (Govindan et al., 2014). For instance, McAra and McVie (2016) show that violence is strongly associated with poverty at the household and neighborhood levels. Khan et al. (2010) also argue that poverty is one of the reasons that women are forced into prostitution, while Shively (2004) reinforces the idea that the poor are both agents of forest degradation and victims of forest loss. From such prior research it is generally understood that social challenges also impact on, and

are impacted by, the other two dimensions of sustainability (i.e., economic and environmental), implying that these three dimensions are strongly interconnected.

Scholars, industry, and civil society have been discussing and proposing strategies to address these social challenges. Similar to the environmental discussion, research and practice on social challenges converge to the fact that to achieve superior social performance it is necessary to align all internal processes (including decision making processes) to focus on the impact of their activities on society (Matos and Silvestre, 2013). This is what the literature most often refers to as corporate social responsibility or CSR (Schrempf-Stirling et al., 2016). Adopting such a perspective in a coherent and comprehensive way can allow the emergence of social business models (Yunus et al., 2010) where the focus of the organization, supply chain, or community is concentrated on reducing or eliminating the impact of their activities on society.

Although social initiatives in operations and supply chains may have different motivations and may engage different stakeholder groups (Morais and Silvestre, 2018), they also cannot be considered in isolation from innovation (van der Have and Rubalcaba, 2016). Changes and innovations are equally central to the process companies undertake to enhance their social performance and consequently evolve on their sustainability trajectory (Silvestre, 2015). Similar to green innovations, the simple availability of social innovation is not sufficient (Cajaiba-Santana, 2014). A willingness to adopt and truly incorporate such innovations into business processes (i.e., the willingness to change) is also necessary. These paths to socially responsible behavior also require changes in the mindset of top management and staff within organizations.

**Entrepreneurship and innovation are essential drivers of sustainable development, especially in times of disruption in Nigeria.**

Below are ways in which they drive Sustainable Development.

**Adaptation to Disruption:** Entrepreneurs often thrive by identifying opportunities in times of disruption, whether it's a technological shift or a global crisis. They can create innovative solutions to address new challenges.

**Technology and Digital Transformation:** Embracing technology and digitalization is crucial. Innovations like AI, blockchain, and IoT can revolutionize industries and contribute to sustainability efforts through efficient resource management and reduced environmental impact.

**Circular Economy:** Entrepreneurs can pioneer circular economy models, designing products and services with sustainability in mind, reducing waste, and promoting recycling and upcycling.

**Clean Energy and Environmental Solutions:** Startups in renewable energy, clean tech, and eco-friendly products play a vital role in reducing our carbon footprint and mitigating climate change.

**Social Entrepreneurship:** Businesses with a social mission are on the rise, addressing issues like poverty, education, and healthcare. They align profit with purpose and contribute to sustainable development goals.

**Collaboration and Ecosystems:** Entrepreneurs should collaborate with governments, NGOs, and academia to create ecosystems that support innovation and sustainable development. Public-private partnerships are powerful tools.

**Resilience and Risk Mitigation:** Disruptions come with risks. Entrepreneurs need to build resilient businesses, consider risk mitigation strategies, and be prepared to adapt to changing circumstances.

**Inclusive Innovation:** Ensure that innovation benefits all segments of society. Innovations should be accessible and affordable, promoting social equity.

**Education and Skill Development:** Supporting entrepreneurship education and skill development is vital. It empowers individuals to become innovators and contribute to sustainable development.

**Measuring Impact:** Entrepreneurs should track and report the social and environmental impact of their innovations, demonstrating their contribution to sustainable development goals.

### **Theoretical Framework**

This study is anchored on Economic entrepreneurship theory, Sociological entrepreneurship theory, Diffusion of Innovation Theory and Sustainability Theory

#### **Economic Entrepreneurship theory**

This theory was proposed by Richard Cantillon who considered the economy as one of the fields affected by entrepreneurship. According to Cantillon, an entrepreneur acts as both ‘producers’ and ‘exchangers’. An entrepreneur’s action greatly affects the supply chain of raw products being collected, to become an end product for consumers. Cantillon included everyone as an entrepreneur from their little actions starting from a beggar to restaurant owners as they also have their source of unfixed income; this counts as a unique factor and made his theory stand out from other entrepreneurship theories.

### **Sociological Entrepreneurship theory**

This theory talks about the social aspects of entrepreneurship. If an entrepreneur considers all the social aspects such as social taboos, customs, culture, and other religious beliefs, they might have a well-established business that is up to mark with every consumer's expectation. Max Weber propounded the sociological entrepreneurship theory and stated that entrepreneurs should accept the system of a society for the development of themselves as well as their startup.

### **Diffusion of Innovation Theory**

Everett Rogers' Diffusion of Innovation Theory describes the pattern of how new ideas or innovation spreads throughout a society. Under this theory, innovation spreads from a concentrated few user to a large general population of users across time as knowledge and use of the innovation builds.

### **Sustainability Theory**

Sustainability is: a measure of how the growth, maintenance, or degradation of a resource or set of resources affects a population's ability to sustain itself. Indicators are used to measure these effects. A resource can be natural or human, and includes knowledge, technical, financial and other social systems.

### **Application to the Study**

Entrepreneurship and Innovations for Sustainable Development are major driving forces greatly needed in this era of disruption. Organizations and governments all over the world are putting efforts in ensuring sustainable growth and development by embracing the above-mentioned theories.

### **Findings and Conclusion**

While sustainable development is defined by different scholars differently with different meaning, it remains a popular and an important concept for entrepreneurship and Innovations policy, practice, and theory. Entrepreneurship and innovation are essential drivers for sustainable development, helping society adapt to disruptions while addressing environmental, social, and economic challenges. They hold the potential to shape a more sustainable and resilient future for the global world.

### **Recommendations**

Government should make policies that will favor small, medium and large-scale businesses in order to reduce unemployment rate and increase GDP.

Government should create conducive industrial environment in terms of providing the rural and urban areas with basic infrastructures such as industrial zones,

affordable, steady and reliable electricity, water supply, education and health services and security.

More so, Nigeria government should support agriculture and manufacture, alleviating poverty, improve income distribution, enhance political security and civil liberty, and build capabilities that would improve the standard of living of its citizens.

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## **SOCIAL ENTEPRENEURSHIP AND THE SUSTAINABILITY OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN LAGOS STATE**

**Olalekan Victor Danlyan; Jacob Ikumen Aigbebemen;  
Ebhote Oseremen and Otsupius I. Anthonia**

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### **Abstract**

*This study examined the relationship between Social entrepreneurship and the sustainability of small and medium scale enterprises (SMEs) in Lagos state. Specifically, the study investigated the nature of the relationship that exists between social innovation and financial sustainability of small and medium scale enterprises (SMEs) in Lagos state. The research design for this study is a quantitative research approach. Purposive sampling technique was used to select the participants for this study. The sample size was 20 entrepreneurs who are engaged in social entrepreneurship activities within Lagos State. The selection criteria were based on their involvement in social innovation and their willingness to participate in the study. Primary data was collected through a structured questionnaire. The questionnaire consisted closed-ended questions that measures the level of social innovation and financial sustainability of SMEs. The collected data was analyzed using descriptive and inferential statistical techniques. Descriptive statistics such as frequencies, means, and standard deviations was used to summarize and present the data. Inferential statistics such as correlation analysis and regression analysis was conducted to determine the nature of the relationship between social entrepreneurship and the sustainability of SMEs in Lagos State. The study therefore found out that there is significant and positives relationship between Social entrepreneurship and the sustainability of small and medium scale enterprises (SMEs) in Lagos state. Based on the findings the study recommends that Entrepreneurs should engage in more of social activities rather than see entrepreneurship as profit making venture alone.*

**Keywords:** *Social entrepreneurship, sustainability, SMEs, Lagos State.*

### **Introduction**

The desire to develop and make every nation a better place of inhabitancy gave birth to the concept of social entrepreneurship. Social Entrepreneurship made it crucial for Entrepreneurs to look beyond profit making and start addressing social, environmental and economic issues as far as development is concerned in the society. Social Entrepreneurs can be described as individuals who want to solve social problems through change and innovation of their products and services. While some Social Entrepreneurs may start inform of non-profit ventures, others may venture into profit making business with the intention of giving back to the society. Hence, Social Entrepreneurs are more concerned about social development and change rather than profit-making like other Entrepreneurs. Numerous attempts have

been made to address the immense social and environmental problem. Some of those efforts have been successful, but unfortunately; most of them have failed to generate substantial progress. Social entrepreneurship was then seen as a good method of solution to the social and environmental problems. This is due to the fact that in this capitalist society position entrepreneurs as a main actor in the society who can create a change, influence the economy and the whole world. Over the last four decades, social entrepreneurship attempts to use entrepreneurial private sector approaches to address social and environmental needs have emerged (Aliyeva 2021).

Despite the numerous opportunities that are being presented by social entrepreneurs to the society, sustainability remains a crucial concern, because for the society to continue benefiting from the opportunities of social entrepreneurship it has to be sustainable within the industry in which it operates. Since they are majorly not out to make profit, to what extent are they financially sustainable within the industry? Meanwhile Obioro, Oladejo, Oyalaku and Solaja (2020) asserts that while some researchers believed that social entrepreneurs has the resources and its important to support government in social developmental issues, others researchers believed that it is a waste of resources and it is at the detriment of the survival of the business. In light of this, the researcher seeks to verify the relationship between social Entrepreneurship and financial sustainability of SMEs in Lagos state.

The inequality and social injustice we have in the society have contributed negatively to social, environmental and economic development we are currently experiencing today.

Thus, the desire for a better standard of living and to make the society a better place of inhabitancy motivated the researcher towards the concept of social Entrepreneurship.

Also, social entrepreneurship as a non-profit making venture or profit-making venture for social good, the extent to which it's sustainable in the industry becomes a major concern.

The objective is to determine the nature of the relationship that exist between Social innovation and Financial sustainability of small and medium scale enterprises (SMEs) in Lagos state.

The study will be of immense significance to the community by benefiting directly from social, economic and environmental infrastructures and services rendered to the community from the proceeds of their profit. Also, the government will equally benefit by way of aids, support and assistance in rendering services to the community

from private sector. Finally, Entrepreneurs will definitely gain positive corporate image out of their goodwill in giving back to the society.

## **Review of Related Literature**

### **Concept of Social Entrepreneurship**

The concept of social Entrepreneurs has been defined by different authors in different but related ways.

Aliyeva (2021) defined social entrepreneurship as a movement for addressing social problems by catalyzing the transformation of existing ideologies. Ogbo, Ezeobi, Igwe and Kalu (2019) defined Social Entrepreneurship as an act of innovation, creativity, flexibility and collective work to accomplish community goals in order to bring about a sustainable social change. Bansal, Barg and Sharma (2019) defined Social Entrepreneurship as an arm of Entrepreneurship that focuses on the society in order to identify problems that are associated with the society and proffer lasting solution. Roger and Osberg (2007) defined social entrepreneurs as individuals with innovative solutions to society most pressing and daunting social problems, they are ambitious and persistent tackling major social issues and offering new ideas for wide scale change.

Social Entrepreneurship can therefore be described as an intervention in form of Social innovation, Social change and creativity for the purpose of providing solutions to social and environmental problems in the society.

### **Concept of Social Innovation**

The first approach to the concept of social innovation was Taylor in 1970, as cited in Derbez (2019) defining it as a new way of doing things with the specific interest of attending to the needs of society, such as poverty or crime. Mulgan (2007) simply defined Social Innovation as new ideas that work in meeting social goals. While Baker and Mehmood, (2015) defined it as has the potential to transform society through practices oriented to allow individuals or groups to deal with a social need or a set of needs that could not be met by other means. Despite the different approaches to the concept of social innovation, it has four key elements: satisfaction of a need, innovation of the solution, change of social structures and relationships, and the increase of society's capacity to act Derbez (2019).

### **Concept of Sustainability**

Sustainability has been defined by different authors from different dimension. The most cited definition from business dimension was that presented at the World Commission on Environmental and Development (1978) as cited in Kotob (2011); Rahman, Abdullatiff and Abdulwahab (2022) as the development that meet today's need without compromising the ability of future generations to meet their own needs.

While, Bom, Jorge, Ribeiro, & Marto (2019) described Sustainability from three dimensions which are: Social; the act of incorporating concept of equity accessibility, cultural identity and institutional stability. , Environmental; Involves preservation of national capital, ecosystem integrity, carrying capacity and biodiversity and financial sustainability; which implies economic feasibility while development moves towards environmental and social sustainability.

### **Concept of Financial Sustainability**

Financial sustainability as the way in which is forms are financially managed to ensure that current financial success does not jeopardise future financial success, including the success of future generations (Günther and Günther 2017). While, Zabolotnyy and Wasilewski (2019) analyse defined financial sustainability in terms of two dimensions namely: value and continuity. Considers financial sustainability as dealing solely with the company's long-term financial security as an important part of the overall goal of sustainability. Concept of financial sustainability is also important for risk management (Lensen et al. 2014),

Gleißner, Günther and Walkshäus (2022) described financial sustainability from three dimensions which are: a real growth of the firm that prevents its shrinkage or liquidation over time, a significant probability of firm survival, an adequate level of risk exposure by the firm, and an attractive risk–return profile for the owners.

### **Empirical Review**

Obioro, Oladejo, Oyaleku and Solaja (2020) empirically reviewed social entrepreneurship and the sustainable development of SMEs in Oyo state through structured questionnaire. The study found out that social entrepreneurship is a strategy that an entrepreneur can adopt to ensure sustainable development of SMEs in Nigeria.

Ogbo, Igwe, Ezeobi, Modebe and Ume (2019) empirically examined the impact of social entrepreneurship on sustainability of business development in Nigeria. Research survey design was employed through the use of structured questionnaire. The study found out that the sources of funds for financing the social entrepreneurs are contributions from social entrepreneurs, subventions from government, donor supports, loans and advances and retained earnings/reserves hence, social entrepreneur is found sustainable in SMEs industry in Nigeria.

Sauermann (2000) this study employs a mixed-methods approach, drawing on data collected from surveys of 60 community members and interviews with 20 social entrepreneurs operating in low-income communities to examine the role of social entrepreneurship in fostering sustainable development. The findings reveal that effective initiatives require strong leadership, community engagement, funding

accessibility, and adaptability, as well as that social entrepreneurship has the potential to advance sustainable development through the provision of innovative solutions to complex social and environmental problems, the promotion of local economic development and the enhancement of community resilience. The study further underscores the difficulties social entrepreneurs face in low-income communities, including navigating complex regulatory environments, securing funding, and establishing community.

Obinna (2014) the study evaluated the contributions of social entrepreneurship and its core elements in sustainable development using a cross section of entrepreneurs and interest groups from Imo and Abia States. While simple correlation analysis was used to process the data. It was revealed that social entrepreneurship has not contributed effectively to sustainable development due to low level of creativity and innovation in our entrepreneurs.

Hattab (2023) this study examined effectuation theory and the social entrepreneurship: An empirical study of the relationship between adopting the principles of effectual logic and social enterprise's performance in Egypt. The objective of the research is to investigate whether effective logic principles affect social enterprises' financial, market, and innovative performance in Egypt. An online survey was shared via email with social entrepreneurs identified using snowball sampling. Results showed that the performance of social enterprises in Egypt is average, and in some instances, lesser than average, especially financial and innovation performance, while they moderately apply effectuation principles as they perform their regular activities.

### **Theoretical Frame Work**

This research anchored on Schumpeterian Theory of Innovation. Schumpeterian Theory of Innovation was propounded in 1934. This theory places emphasis on innovative entrepreneurs who upset and disorganize the existing way of doing things. Schumpeter sees an entrepreneur as someone who creates a firm, implements 'new combinations of means of production', and an innovator. In his theory, the entrepreneur's role is to disturb the status quo (the general equilibrium) through innovation. He claimed that all change that altered the normal circular flow of industry was as a result of entrepreneurship, and he called this force the "creative destruction of capital". Creative destruction is a process of industrial mutation that revolutionizes the economic structure from within, destroying the old one, creating a new one. Schumpeter (1934) cited in the work of Nteere (2021) argued that innovation by the entrepreneur leads to gales of creative destruction as they cause old inventories, ideas, technologies, skills and equipment's to be obsolete. Schumpeter argued that innovation was to be found in entrepreneurial activities to; 1) offer new products and services, 2) new markets, 3) new production methods, 4)

new sources of supply and 5) developing a new organization. According to Schumpeter, entrepreneurship is the source of change. Innovation creates new activities and markets. He proposed that profits are the result of firm innovation. The most important part of Schumpeterian theory of innovation to social entrepreneurship is that a social entrepreneur should create a social enterprise, create new combinations of means of production, be innovative and cause social change by causing disequilibrium in the market.

### **Methodology**

The research design for this study is a quantitative research approach. This approach allows for the collection and analysis of numerical data, which enabled the researcher to determine the nature of the relationship between social entrepreneurship and the sustainability of SMEs in Lagos State.

A purposive sampling technique was used to select the participants for this study. The sample size will include 20 entrepreneurs who are engaged in social entrepreneurship activities within Lagos State. The selection criteria used was based on their involvement in social innovation and their willingness to participate in the study.

Primary data was collected through a structured questionnaire. The questionnaire consisted closed-ended questions measured the level of social innovation and financial sustainability of SMEs. The questionnaire was pre-tested before the actual data collection to ensure its reliability and validity. These questionnaires were designed using 4-point scale to elicit information that borders on the objectives of the study. The 4 points ratings scale used are: Strongly Agree (SA) = 4 points, Agree (A) = 3 points, Disagree (D) = 2 point, Strongly Disagree (SD) = 1 point respectively.

### **Data Presentation and Analysis**

The collected data was analyzed using descriptive and inferential statistical techniques. Descriptive statistics such as frequencies, means, and standard deviations will be used to summarize and present the data. Inferential statistics such as correlation analysis and regression analysis was conducted to determine the nature of the relationship between social entrepreneurship and the sustainability of SMEs in Lagos State.

**Result**

**Table 1**

**Cluster A:** Various Social innovation of SME in Lagos state.

**N = 20**

|    | <b>ITEMS</b>  | <b>SA</b> | <b>A</b> | <b>D</b> | <b>SD</b> |
|----|---|-----------|----------|----------|-----------|
| 1. | Sourcing raw materials and components from socially responsible suppliers who prioritize fair trade, ethical labor practices, and environmental sustainability is one of the principles in supply chain the SMEs should abide with.                 | 10        | 6        | 2        | 2         |
| 2. | The use of collaborate with community organizations to address specific social issues, such as promoting education, improving healthcare access, or supporting marginalized groups is a common practice by SMEs in Lagos State.                     | 11        | 6        | 3        |           |
| 3. | SMEs in Lagos State were known with offer flexible working arrangements, promote diversity and inclusion, or implement profit-sharing schemes.  | 12        | 5        | 2        | 1         |
| 4. | SMEs in Lagos state are adopting circular economy practices to minimize waste and reduce their environmental footprint, such as implement recycling programs, encourage the use of renewable materials, or offer repair and refurbishment services. | 12        | 7        | 1        | 0         |
| 5. | Many SMEs are leveraging technology to create social impact by harnessing technology to solve social problems because they can not only generate financial returns but also create tangible benefits for individuals and communities.               | 9         | 6        | 4        | 1         |

**Source:** Field Survey, 2023

**Table 2**

**Cluster B:** Pattern of Financial sustainability of SME in Lagos state.

**N = 20**

|    | <b>ITEMS</b>  | <b>SA</b> | <b>A</b> | <b>D</b> | <b>SD</b> |
|----|---|-----------|----------|----------|-----------|
| 1. | One way to ensure financial sustainability for SMEs is to diversify their revenue streams, because relying solely on one product or service can make the business vulnerable to market fluctuations or disruptions. | 12        | 6        | 1        | 1         |
| 2. | SMEs need to carefully manage their costs to maintain financial sustainability, this involves regularly reviewing and optimizing expenses,  | 11        | 6        | 3        |           |

|    |  |    |   |   |   |
|----|--|----|---|---|---|
|    | negotiating favorable terms with suppliers, and implementing efficient operational processes.  |    |   |   |   |
| 3. | To ensure financial sustainability, SMEs need access to appropriate financing options, which include securing loans from banks or financial institutions, exploring crowdfunding or peer-to-peer lending platforms, or attracting investments from venture capitalists or angel investors. | 10 | 7 | 2 | 1 |
| 4. | Maintaining strong customer relationships is crucial for financial sustainability, by satisfied customers and more likely to provide repeat business, refer others, and generate positive word-of-mouth, which contributes to revenue growth.  | 12 | 6 | 0 | 2 |
| 5. | Embracing technology can significantly contribute to the financial sustainability of SMEs, tis involved investing in automation, digital marketing strategies, and enterprise resource planning (ERP) systems, SMEs to streamline operations, improve efficiency, and reduce costs.        | 6  | 5 | 4 | 5 |

Source: Field Survey, 2023

## Regression

### Descriptive Statistics

|                               | Mean    | Std. Deviation | N  |
|-------------------------------|---------|----------------|----|
| FinancialSustainabilityofSMEs | 16.2000 | 4.20025        | 20 |
| SocialInnovationSMEs          | 13.2500 | 3.29074        | 20 |

The descriptive statistics table provides information about the mean and standard deviation of the variables "Financial Sustainability of SMEs" and "Social Innovation SMEs." The mean for "Financial Sustainability of SMEs" is 16.2000, with a standard deviation of 4.20025. The mean for "Social Innovation SMEs" is 13.2500, with a standard deviation of 3.29074. These statistics give us a sense of the central tendency and variability of the data.



**Correlations**

|                     |                               | FinancialSustainabilityofSMEs | SocialInnovationSMEs |
|---------------------|-------------------------------|-------------------------------|----------------------|
| Pearson Correlation | FinancialSustainabilityofSMEs | 1.000                         | .986                 |
|                     | SocialInnovationSMEs          | .986                          | 1.000                |
| Sig. (1-tailed)     | FinancialSustainabilityofSMEs | .                             | .000                 |
|                     | SocialInnovationSMEs          | .000                          | .                    |
| N                   | FinancialSustainabilityofSMEs | 20                            | 20                   |
|                     | SocialInnovationSMEs          | 20                            | 20                   |

The correlations table shows the correlation between the two variables. The Pearson correlation coefficient between "Financial Sustainability of SMEs" and "Social Innovation SMEs" is .986, indicating a strong positive correlation between the two variables. The significance level (Sig.) for this correlation is .000, suggesting that the correlation is statistically significant.

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .986 <sup>a</sup> | .973     | .971              | .71369                     | .973              | 640.086  | 1   | 18  | .000          | 1.821         |

a. Predictors: (Constant), SocialInnovationSMEs

b. Dependent Variable: FinancialSustainabilityofSMEs

The model summary table provides information about the regression model used to predict "Financial Sustainability of SMEs" based on "Social Innovation SMEs." The R-square value of .973 indicates that approximately 97.3% of the variance in "Financial Sustainability of SMEs" can be explained by the predictor variable "Social Innovation SMEs." The F-statistic of 640.086 is highly significant (Sig. F Change = .000), indicating that the regression model is a good fit for the data.

**Test of Hypothesis**

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df | Mean Square | F       | Sig.              |
|-------|------------|----------------|----|-------------|---------|-------------------|
| 1     | Regression | 326.032        | 1  | 326.032     | 640.086 | .000 <sup>b</sup> |
|       | Residual   | 9.168          | 18 | .509        |         |                   |
|       | Total      | 335.200        | 19 |             |         |                   |

a. Dependent Variable: FinancialSustainabilityofSMEs

b. Predictors: (Constant), SocialInnovationSMEs

The ANOVA table further explains the goodness of fit of the regression model. The regression sum of squares is 326.032, indicating the variation in the dependent variable explained by the independent variable. The residual sum of squares is 9.168, representing the unexplained variation in the dependent variable. Since F-statistic is 640.086 and p-value is 0.000 confirms that the regression model is statistically significant.

This suggested that Social Innovation SMEs has a significant and positive relationship with the financial sustainability of SMEs", indicating that higher values of the Social Innovation SMEs are associated with financial sustainability of SMEs".

**Coefficients<sup>a</sup>**

| Model |                        | Unstandardized Coefficients |            | Standardized Coefficients | T      | Sig. |
|-------|------------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                        | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)             | -.479                       | .678       |                           | -.707  | .489 |
|       | Social Innovation SMEs | 1.259                       | .050       | .986                      | 25.300 | .000 |

a. Dependent Variable: FinancialSustainabilityofSMEs

The coefficients table provides information about the coefficients of the regression model. The intercept term is -.479, and the coefficient for "Social Innovation SMEs" is 1.259. These values indicate the direction and strength of the relationship between the independent variable and the dependent variable.

**Residuals Statistics<sup>a</sup>**

|                      | Minimum  | Maximum | Mean    | Std. Deviation | N  |
|----------------------|----------|---------|---------|----------------|----|
| Predicted Value      | 5.8148   | 19.6617 | 16.2000 | 4.14241        | 20 |
| Residual             | -1.59125 | 1.18518 | .00000  | .69466         | 20 |
| Std. Predicted Value | -2.507   | .836    | .000    | 1.000          | 20 |
| Std. Residual        | -2.230   | 1.661   | .000    | .973           | 20 |

a. Dependent Variable: FinancialSustainabilityofSMEs

Finally, the residuals statistics table displays descriptive statistics for the residuals of the regression model. The minimum residual is -1.59125, and the maximum residual is 1.18518. The mean residual is 0, indicating that the model is unbiased.

The standard deviation of the residuals is .69466, which shows the spread of the residuals around the mean.

### **Summary of Findings**

The findings of this study shows that there is a positive and significant relationship between Social Innovation and economic sustainability of small and medium scale enterprises (SMEs) in Lagos state.

### **Conclusion**

Social Entrepreneurship unlike traditional entrepreneurship is majorly not in existence to make profit. However they still make profits through their products and services, which invariably are giving back to the society in form of social and environmental infrastructures. The sustainability of social Entrepreneurship in small and medium scale industry is in no doubt as their activities in the society will go a long way to affect their business positively.

### **Recommendations**

The study hereby recommends that Entrepreneurs should engage in more of social activities rather than see entrepreneurship as profit making venture alone.

Government should also ensure that their policies supports, encourage, promote and facilitate entrepreneurship in Nigeria.

Financial institutions should also support them financially by making loans available to them at low interest rate.

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