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# The Impact of Small and Medium Scale Enterprises On Nigeria Youths Employability

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## Abstract

*This study examines the impact of small and medium scale enterprises on Nigeria youths employability in Wukari local government area, Taraba State Nigeria. The survey method was adopted for this study and the case population is 299 SMEs operators in Wukari LGA in Taraba State Nigeria. Convenience and straight judgmental sampling approaches was employed to select all 299 SMEs samples using insider strategy (as the lead author is an SME operator within the locality). Data analysis techniques used are Chi-Square and simple percentages. Findings showed that there is a significant relationship between SMEs and youth employability. SMEs development is critical for generating employment opportunities for youths in Wukari Local government area.*

**Keywords:** Small and medium scale enterprises, youth employability, Nigeria

## Introduction

Over the year, small and medium scale enterprises (SMEs have been very significant to the economic development of most developing and developed countries (Bassam, Rana and Kamel, 2017). It is a major form of labour with a strong positive impact on the economic growth and labour market in Nigeria as its constituted 97% of the entire enterprises in Nigeria, it contributed about 46% to the Gross Domestic Product (GDP) while more than 50% of Nigeria's workers were employed by SMEs (MSME survey Report, 2010; Taiwo, Ayodeji, and Yusuf, 2012). SMEs are largely viewed as the engine wire of any nation economic growth and they are regarded as justifiable means that proper development in globally (Abeh, 2017a,b; Kadiri, 2012). SMEs are labour intensive; as must as they are capital saving business venture since some of the small business operators start their business with personal saving and do virtually most of the work themselves. They are capable of making people self-reliant and generating billions of new jobs globally (Abeh, 2017a, b; Kadiri, 2012). SMEs are labour intensive; as much as they are capital saving business ventures since most of the small businesses operators start their business with personal saving and do virtually most of the work themselves. They are capable of making people self-reliant and generating billions of new jobs globally (Abeh, 2017a, b; Kadiri, 2012).

Nowadays, there is no consensus regarding a worldwide definition of SMEs (Omar, Arokiasamy and Ismail, 2009; Hooi, 2006). Government and Banks defined SMEs the way they deem it fit. According to Garika (2011) SMEs are defined by a number of personnel, capital engaged, and sales turnover. Hence, SMEs are defined

by the number of employees and or by the value of their assets.

The classification of SMEs by size is relevant to the industry. For instant, a firm of certain size could be considered small in one many competitors where as a firm of a similar size may be considering lager in another sector with fewer competitors or generally smaller countries. However, it may be suitable to define the size of a company by the number of employees in some sectors but more appropriate to use turn-over in other where the company does not require a lot of labour but has a very big turn-over this is because of the types of product or services offer by different companies couple with their location and position.

Historically Nigeria's independence in 1960 marked a turning point in the growth and development of SMEs which has created much of the emphasis on SMEs as panacea in the reduction of poverty and joblessness or unemployment in Nigeria as a whole (Abeh, 2017). The adoption of the Economic Reform Programme (ERP) of 1986 indicated a pivotal shift from impressive capital intensive and large scale industrial projects based on import substitution to small scale industries with economies potentials for the development of domestic's linkage for sustainable economics and industrial development (Agwu and Emeti, 2014). According to Ololube (2016) in Abeh (2017a) the budgetary allocation set aside to assist that are available for SMEs growth and development in Nigeria is very small. Funds provided for SMEs are too small for proper planning for the take-off of SMEs (Abeh, 2017b). Inadequate funding of SMEs stands as one of the major factor working against effective SMEs planning and implementation.

SMEs reduce the flow of rural to urban migration because SMEs can easily be set up with minimal capital and managerial skills. Example setting up hair styling/barbing saloon, retails shops, private schools teaching, importation of secondhand shoes and clothes, baking of breads/cakes etc. do not required much capital-based to invest in them. As much as they can easily be set up they contribute immensely to country's Gross Domestic Product (GDP).

In Nigeria, small and medium scale enterprises (SMEs) accounts for 48% of total Gross Domestic Product (GDP) generated in the nation which represent about half of Nigeria's GDP. SMEs accounts for over 25% of employment in Nigeria which makes it suitable for business people to venture into successfully. Hence, it is of no doubts that small firms are back bone of any economy (Adetiloye, 2017). According to the Enterprises Baseline survey in the year 2012, it was revealed that there are 17 million small and medium scale enterprises in Nigeria, employing 32.41million persons and makes a contribution of about 46.54 percent to the nation's GDP in nominal terms. SMEs in the context of this study are enterprise that have very little capital requirement for it establishment and have common characteristics of ownership and management of individual or family that is capable of making some one self-reliance and independence. Here the interest is on SMEs with the employment capacity of about 2-25 personnel with the financial strength of 1million Naira.

Kongola (2010) note that globally small business owner has the same characteristic face the same obstacles but differ in their thoughts of how small business contribute to economic growth. SMEs have the ability to fuel economic growth because they create new jobs, expand the tax base and are drivers of innovation. Small and medium enterprises (SMEs) sector is not growing at the expected rate despite of the government's effort in Nigeria. According

to research findings SMEs have high mortality rates with most of them not serving to see beyond their anniversary (Gakuru, 2011). Furthermore, SMEs face many challenges such as; lack of managerial expertise, inadequate education and skills, lack of credit, technological change, poor infrastructure and insufficient market information and entrepreneurial advisory services (Gakuru, 2011).

Nigeria government has consistently made efforts toward the growth and development of SMEs in the country. However, in spite of those efforts, the expected results in term of solving the challenges facing SMEs still persist. For instance, the National Directorate of Employment (NDE) was legally empowered by NDE Act, CAP 250 of the Law of the Federal Republic of Nigeria (Formally Decree No34 of 1989), the Directorate has the responsibility to design and implement programs include vocational skills acquisition training employment counseling and job linkages, entrepreneurial training and enterprises creation amongst others. But the NDE programs are unable to provide post-training resources for job creation resulting from lack of commitment by successive state and federal governments.

According to Anochie, Ude and Egbo (2015) the effort of the government can be identified by the establishment of the following schemes; Youth Enterprises with Innovation in Nigeria (YouWIN,2013), Entrepreneurship Development Centres (EDCs), the National Directorate of Employment (NDE), Microfinance Banks (MFB,2011), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2003), BANK of Industry (BOI, 2000), Nigeria Agricultural cooperative and Rural Development Bank (NACRDB, 2000), and Small and Medium Industries Equity Investment Scheme (SMIEIS, 1999). Most of these schemes have impacted by creating jobs for the youth; thus, NDE affected over 100,000 persons in Edo State of which many are employed and others are on self-employment. In Agricultural industry, the NDE has provided about 800,000 jobs whilst SMEDAN has created 5million jobs. In the Federal Government's pilot conditional grant for SMEDAN, Akwa Ibom indigenes benefited about with 2,790 jobs created. Youth Enterprise with innovation in Nigeria aimed at creating 110,000 jobs over a 4 years' period to encourage and support the aspiring entrepreneurial youth in to developed execute business ideas whereas microfinance Banks created 2000 jobs to people in Benue State and so on. These different conclusions have informed the rational for conducting this study. The study seeks to evaluate the impact of SMEs specifically those whose employee strength is between 25 to 500 and capital base of above 1 million and with 10 years of existence. Nigeria is currently battling with the challenges of increase in crime rates, sex prostitution, high mortality rate, political tuggery amongst others and could be traceable to youth unemployment. The menace of unemployment in this country is the somewhat disturbing as it impacts the economy negatively with evidence in dwindling economic growth and development as a result of inadequate number of economic activities which can be cushioned by youth involvements in entrepreneurship projects through small and medium scale enterprises. Therefore, this study tends to explore ways of addressing the mention problems. The following hypotheses are developed given the aim of the study:

**Hypotheses**

$H_{01}$: Small and Medium Scale Enterprises (SMEs) have no significant relationship with employment.

$H_{02}$: Improvement of SMEs revenue growth and skills acquisition, have no relationship with creation of more employment opportunity

## Review of literature

### The concept of Small and Medium Scale Enterprises (SMEs)

The term SMES has no unified or universally accepted definition. According to Omar, Arokiasamy and Ismail (2009); Hooi (2006) there is no consensus regarding a worldwide definition of SMES. They said Government and banks define SMEs the way they see or deem it fit. SMES are defined by a number of personnel, capital engaged and sales turn over. Hence, SMES are defined by the number of employees and/or by value of their assets (Garikai, 2011). Eniola and Ektebang (2014) observed that SMES are significant part that links strengthen and enhance the development of the countries. Their performance and growth in manufacturing agriculture, services etc., has been considered as the drivers and has contributed to the Nigeria economy, sustainable growth and the increase in SMES performance create competitiveness that opens numerous doors for employment opportunities, tangible and intangible assets (investment) in the environment. Agwu and Emeti (2014) opined that SMES are key drivers to economy growth and poverty reduction. According to Rwigema and Karungu (1999) SMES are dominant in number in must economies. In first world countries like united states of America and the United Kingdom, small enterprises play an important role in the economy accounting for an estimated one third of industrial employment and a lower percentage of output. In third world countries where SMES dominant economically actives enterprises, the SMES property is considered far more important than the first World countries.

World bank (2010) examined the role of SMES job creation in South African economy Kongolo noted that SMES are business employing 1-499 people account for over 76% of the total employment in the economy and of the net new jobs created between 2004 and 2007, they created 53% of these in short, any sector creating 53% of the new jobs in our economy needs to be natured. SMES and medium enterprises are considered as those enterprises which have fewer than 250 employees. In distinguishing between small and medium sized enterprises, the small enterprise is defined as an enterprise, which has fewer than 50 employees. These businesses are often referred to as SMEs and are traditionally associated with owner operators (Meredith 2011; Ato, 2004; Schaper and Volery, 2004). In the context of this study SMES is seen as those average businesses that are neither too large nor too small that generate reasonable income/or profit to the promoters.

### Characteristics of SMEs

Besides the number of employees, the other key factors that characterize the SMES are related to management and the nature of operations. The SMES may be managed by their owners who are often assisted by family members (Okello-Obura and Matovu 2009). In this regard, the decision-making system is quite flexible, informal and dependent on the personal derive of one or more of the executives. By their nature of operation, the SMEs have a narrow range of products/services and a relatively simple and unsophisticated management structure with a narrow

tolerance range of risk. Individual SMES experience difficulties in achieving economies of scale in the purchase of inputs and are often unable to take advantage of market opportunities that require large production qualities, homogenous standards and regular supply. Above all, SMES are confronted with situations where decisions are made haphazardly and not based on accurate business information (Okello-obura and Matovu 2009, Grovum, Verreynneetal. 2012).

**Classification of SMEs**

Since there is no universally accepted definition of SMEs, in the context of this work the researcher is adopting the classification of SMEs in Lebanon by (Ministry of Economy and Trade, 2014). Thus;

- ✓ **Micro Enterprise:** less than $300 thousand and less than 10 employees
- ✓ **Small Enterprise**: less than $3 million and less than 50 employees
- ✓ **Medium Enterprise**: less than $30 million and less than 100 employees

The World Bank's MSME database estimates that before the final war in Lebanon, approximately 192,569 SMEs were operating in Lebanon, which effectively translates into a rate of 47.2 MSME per 1000 people (Word Bank, 2006).

T**heoretical framework**

The theoretical framework choose for this study is; the Modern theory which from it perspective attempt to explore the important roles play by MSMES, in the economy growth and development thus; acceleration of economic growth through the growth of their output contributions to gross domestic product (GDP) and the creation of employment opportunity which reduces poverty in the society specifically Nigeria. This theory worth apply to this study work because of it perspective and focus that is why the researcher decided to adopt it in this work.

**The Modern Theory**

The modern theories emphasize the importance of small and medium-sized enterprises to economic growth and development and this argument have been supported by the works of Berry and Mazumdar (1991) and Levy (1991) in the newly industrialization countries in East Asia like Taiwan and South Korea, and literature on flexible specialization thesis based on many experiences from SMEs in Western European countries. From the modern theory perspective, MSMES have two important roles to play simultaneously; to accelerate economic growth through the growth of their output contribution to gross domestic product (GDP), ant to reduce poverty through employment creation and income generation effects of their generated output growth. In addition to these direct effects, SMEs have also indirect effect on economic growth and poverty reduction through their growth linkage effects. Output and employment to increase in the rest of the economy through three main linkages; production (forward and backward), investment and consumption. The World Bank gives three core arguments in supporting SMEs in least developed countries, which is in line with the arguments of the 'modem' paradigm on the importance of SMES in the economy (World Bank, 2002, 2004, as cited in Bosede et al, 2016).

First, SMEs enhance competition and entrepreneurship and hence have external benefits on country efficiency innovation, and aggregate productivity growth. Second SMES are generally more productive than large enterprises but financial market and other institutional failures and not-

conductive macro-economic environment impede SMES development. Third, SMES expansion boosts employment more than large enterprises growth because SMES are labour intensive. In other words, the World Bank believes that direct government support for SMES in least developed countries help these countries exploit the social benefits from their greater competition and entrepreneurship and their MSMES can boost economic growth and development (World Bank, 2004 in Bosede et al, 2016).

**Review of empirical literature**

Mba and Emeti (2014) examined issues, challenges and prospects of small and medium scale enterprises (SMES) and found out that government intervention through the provision of financial assistance, social infrastructures and favorable taxation policies will ameliorate the challenges. Gulani and Usman (2012) evaluated the challenges SMEs face in financing new or existing businesses and their result revealed that, there are no significant differences in the difficulties SMEs face when accessing finance from various sources, but there are significant differences on the level of awareness of MFIS by SMEs. The research however, recommended that the government policy of initiating various intervention funds for entrepreneurial development should be encouraged; SMES in the state should be sensitized on the activities of micro finance institution (MFIs). Saka, Namusonge and Irawo, (2017) appraise the effect of enterprises survival in Kakamega country Kenya and found that there was a positive and significant relationship between entrepreneurial skills and SMEs survivals see also (Mukuluetal, 2016; Hala, 2014; Thomas, 2012; Fred, 2012; Tamara, 2011 and Ahmed et al. 2011). Hala (2014) found a positive relationship between entrepreneurship education and intention and perceived desirability. Louise (2010) found that the lack of marketing skills has a negative impact on the success of small businesses. The conclusion was that a positive correlation between lack of marketing skills and business failure exist amongst Africa businesses. Mukuluetal. (2016) reported that youths entrepreneurial skills were critical for determining their levels of innovation in their enterprises and then affect positively their survival.

Bosede, ogunleye and Arogundade (2016) in their study into small and medium scale enterprises (SMEs) financing and Economic Growth and found that there is no direct relationship between SME financing and Economic growth in Nigeria. This may be due to policy inconsistencies in SMEs financing sector. Abeh (2017) found that the challenges of SMEs significantly affect the growth and development of SMEs and government efforts also affected the growth and development of SMEs significantly in Nigeria. Ololube and Uzorka (2008) opined that several current phenomena makes SMEs skills development essential, more critical is rapid creation of SMEs knowledge, the complexity of SMEs, technological innovation and the need for global competitiveness (Enoila, 2014). Bassam, Rana and Kanel (2017) revealed that SME enterprises are important for attaining economic prosperity and depends on its working population for economic growth sustainability. Mohammad, Abul, and Jamaliah, (2016) found that the development of Micro Small and Medium Enterprises depends on individual or a group of people that have certain factors such a innovativeness, family that background government support programs, and training or education.

Munirat Habeeb and Yusuf (2017) explored Nigerian SMEs Development and the unfulfilled Economic promises of the new political Era (1999-2015). The researcher applies the use of deduction from secondary sources of information

about the SMEs sector in Nigeria published both international and local journals, other are global information sites and news sites. Kadiri (2012) examine the contributions of SMEs to employment generation in Nigeria and found that the sector was unable to achieve this goal due to its in ability to obtain adequate business finance; and that virtually all the SMEs that were sampled relied on informal sources of finance to start their business. Egbuna and Agali (2013) found that economic instability and access to sources of finance were major challenges facing SMEs; while proper planning can increase the productivity and profitability of SMEs in Nigeria (Ammad and Sadaf, 2017).

**Methodology**

The survey method was adopted for this study and the case population is 299 SME operators in Wukari LGA in Taraba State Nigeria. Convenience and straight judgmental sampling approach was employed to select all 299 SMEs samples using insider strategy (as the lead author is an SME operator within the locality). Questionnaire instrument was developed to collect data from 299 SMEs within a period of two weeks and the data analysis technique used is Chi Square and simple percentages.

**Analysis of data**

A total of two hundred and ninety nine (299) copies of questionnaires were administered and two hundred (200) copies representing (67%) of the questionnaire were properly completed and returned while fifty-eight (58) copies representing (19%) were not properly filled but returned and forty one (41) copies were not returned which represent (14%). Given that 67% of the respondents are reliable percentage, all further analysis will be done considering 200 respondents.

**Test of Hypotheses**

$H_{01}$: SME Enterprises have no relationship with youth employability.

Table 1.0: Contingency Table

| **Variables** | **Fo** | **Fe** | **Fo – Fe** | **$(Fo – Fe)^2$** | **$\frac{(Fo – Fe)^2}{Fe}$** |
|---|---|---|---|---|---|
| Strongly Agreed | 64 | 40 | 24 | 576.0000 | 14.4000 |
| Agreed | 46 | 40 | 8 | 64.0000 | 1.60000 |
| Undecided | 22 | 40 | -18 | 324.0000 | 8.1000 |
| Disagreed | 38 | 40 | -2 | 4.0000 | 0.1000 |
| Strongly Disagreed | 28 | 40 | -12 | 144.0000 | 3.6000 |
| Total | 200 | | | | $x^2c = 27.8$ |

Source: Researchers' data analysis output 2018

$X^2$ calculated = 27.8

$X^2$ tab value at 0.05 = 5% level of significance

A = 5% = 0.05

d.f = (r – 1) (c – 1)

Where r = row total c = Column total

r = 5, c = 2

df = (5 – 1) (2 – 1)

df = 4x1 = 4

$x^2$ tab at 5% level of significant df 4= 9.49

Interpretation

From the statistical test, since the $x^2$ calculated value is 27.8 while $x^2$ tabulated value is 9.49. this shows that $x^2$ calculated of 27.8 is greater than $x^2$ tabulated of 9.49. That is $x^2$ calculated (27.8) > $x^2$ tabulated of 9.49. We therefore reject the null hypothesis ($H_{01}$) in favour of the alternative hypothesis and then conclude that the SMEs have significant impact on employment in Nigeria. In addition, the result obtained and the decision rule from our tested hypothesis implies that SMEs have significant impact on job creation (Kadiri, 2012) on the contributions of SMEs to employment generation in Nigeria through a sectored analysis.

$H_{02}$: there is no relationship between SME Enterprises revenue growth, skills acquisitions and creation of employment opportunities.

Table 2: Small and Medium Scale enterprises revenue growth and skills acquisition, creation of employment opportunities

| **Variables** | **Fo** | **Fe** | **Fo – Fe** | **$(Fo – Fe)^2$** | **$\frac{(Fo – Fe)^2}{Fe}$** |
|---|---|---|---|---|---|
| Strongly Agreed | 62 | 40 | 22 | 484.0000 | 12.1000 |
| Agreed | 44 | 40 | 4 | 16.0000 | 0.4000 |
| Undecided | 32 | 40 | -8 | 64.0000 | 1.6000 |
| Disagreed | 38 | 40 | -2 | 4.0000 | 0.1000 |
| Strongly Disagreed | 24 | 40 | -16 | 256.0000 | 6.4000 |
| Total | 200 | | | | $x^2c$ = 20.6 |

Source: Researchers' data analysis output 2018

$X^2$ calculated = 20.6

$X^2$ tab value at 9.49 = 5% level of significance

A = 5%

d.f = (r – 1) (c – 1)

Where r = row total c = Column total

r = 5, c = 2

df = (5 – 1) (2 – 1)

df = 4x1 = 4

$x^2$ tab at 5% level of significant df 4= 9.49

Interpretation

From the analysis above, $x^2$ calculated value is 20.6 while $x^2$ tabulated value is 9.49. This shows that $x^2$ calculated of 20.6 is greater than $x^2$ tabulated of 9.49. That is $x^2$ calculated (20.6) > $x^2$ tabulated of 9.49. Therefore, we reject the null hypothesis ($H_{02}$) and accepted the alternative hypothesis. This is supported by the work of Mukudu et al (2016) which indicate that entrepreneurial skills that were manifested in youth enterprises play a key role in determining the level of innovation in those enterprises and then affect positively their survival.

**Discussion, conclusion and recommendations**

This study revealed that, there is a significant relationship between SMEs and employment. Therefore, SMEs development has been seen as a means of generating greater employment

opportunities, conserving foreign exchange earnings and stimulating economic growth and development of any society. The unacceptable rate of youth unemployment in Nigeria is the main motivator of this work. After successfully carrying out the research, the study revealed that SMEs have significant impact on employment generation in Wukari Local Government through increased expansion of markets for local goods and services, improved economic growth and development, and a reduction of poverty and unemployment problems of the community. The government and private organization (NGO) have participated through various ways and support agencies and programs to strengthen SMEs so that it contributes to the growth and development of the economy. However, SMEs still face several challenges as they strive towards creating the much needed jobs. Notwithstanding, there are good prospects (hope) for their growth and development as great opportunities abound in the local government. Based on the findings from this study, it can be said that SMEs have significant impact on skills acquisition and employment generation and remains one of the biggest catalyst for creating employment opportunities. This thus implies that SMEs is critical tool for job creation for youths in Nigeria. Based on our findings we first conclude that small and medium enterprises are critical for achieving economic prosperity through youth employability. Hence unemployed as well as underemployed youths should be encouraged and empowered to pursue entrepreneurial opportunities through SMEs since our study has proved that it helps in the reduction of poverty and improvement of living standard of citizenry. Second, private sector organization should increase their funding for SME infrastructure as critical partners in nation building thruough positive youthful engagement. The study recommendations for strengthening SMEs for youth employability in Nigeria: That the government should encourage youths specifically in Wukari LGA and the State at large to cultivate and nurture entrepreneurial penchant as a way of achieving gainful employment given the arability of natural resources within the case area. Second, the government should review and expand its skills acquisition programs by creating additional skills acquisition centers in addition to the already existing ones in order to boost skill acquisition and entrepreneurial capability of the youths. Third, government should formulate economic policies that would boast SMEs and encourage the establishment of additional micro finance banks to make funds more easily accessible to entrepreneurial youths.

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# Market Orientation and the performance of Public sector Organizations in Nigeria: A study of selected General Hospitals in Benue state

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**Abstract**
*Market orientation is believed to be the foundation for any firm's performance and competitive strategy. Its importance to organizations is widely acknowledged due to the prevailing wisdom that it is critical for long-term positive performance even in competitive environments of modern day businesses. This study investigated the effect of Market Orientation on the performance of Public Enterprises in Nigeria. The study adopted a cross-sectional and correlation survey* design *while relevant primary data was collected from 401 sampled very senior Staff of public enterprises from a population of 304. The unit of analysis was public enterprises. The collected data was analysed via regression statistical tool, with the aid of SPSS 20.0 at 0.05% level of significance. The result of the analysis revealed that positive relationships exist between Market Orientation and the Performance of public enterprises studied. The study therefore concluded that Market Orientation has a significant effect on the performance of public enterprises and is in line with a priori expectation. Based on the research outcome, the paper recommended (among others) that public enterprises should accord market orientation the attention it deserves so as to continue maintaining enhanced business performance.*

## Introduction

Today's business environment has become increasingly volatile, competitive, dynamic, instable and with increasingly rapid radical changes in consumer preferences, faster technological progress, and growing competitive rivalry. The development has left all organizations with no option than to become customer focus. This entails (among other things), obtaining information from customers about their needs and wants, being customer research and taking actions based on market intelligence (Matsuno, Mentzer & Rentz, 2005). It has been confirmed (Narver & Slater, 1990) that customer opinions help organizations to develop mechanisms and practices that generate appropriate market information that may be used to continuously remain relevant to maintain a focus on their customers and markets. Though it is very hard to give a single formula or prescription for profitability and organizations performance, many managers and marketing academicians are convinced that market orientation improves the performance of any enterprise (Itodo, 2017). Beside, the philosophy of the marketing concept attributes successful organizational performance to several ingredients including the integration of market activities and effective ways to identify and satisfy the needs and wants of target markets over their competitors (Kotler, 1997).

Market orientation is undisputedly at the heart of the practice of marketing management and is believed to be the foundation for a firm's competitive strategy as its importance to all classes of enterprises is widely acknowledged due to many factors including the prevailing wisdom that market orientation is critical for long-term success in the highly competitive environments of modem day businesses (Narver & Slater, 1990). The concept is perceived in the business world as a cornerstone of sustained organizational performance and it represents the foundation of high-quality marketing practice, the prevailing wisdom is that a market oriented culture is crucial for superior performance and long-term success even in a highly competitive environment as is the case with modern day businesses (Narver & Slater, 1990, Itodo, 2017).

A business is considered to be market oriented when it successfully practice the principles of marketing concept. In order to accomplish their ultimate objectives, organizations are supposed to maintain their competitive advantage by offering special values to customers (Porter, 1985). The set of activities developed by business organizations in this regard is referred to in the Marketing literature as market orientation. Market orientation has been widely accepted by scholars and business executives as the implementation of the marketing concept (Kohli, Jarowski & Kumar, 1993); as an integral part of market economies (Matsuno et al., 2005); and as one of the strategic management behaviors that leads to competitive advantage (Itodo, 2017).

Market orientation helps private and public enterprises to adopt the most effective and efficient activities for creating superior value for buyers and thus continuous superior performance for the business (Narver and Slater 1990). As today's competition has become increasingly challenging, there has been a growing interest in the practice of market orientation in both business and public enterprises (Itodo, 2017) and its usefulness in increasing companies' economic performance (Jaworski and Kohli, 1993). This study examined the effect of market orientation on the performance of public enterprises in in Benue state, Nigeria.

## Literature review and conceptual clarification

### Market orientation

Market orientation refers to a business behavior which ensures that products and services are developed such that meet customer needs and expectations (Suliyanto & Rahab, 2012). The concept may also be viewed as the entrepreneurial strategy-making processes that key decision makers use to enact their firm's organizational purpose, sustain its vision, and create competitive advantage (Maydeu-Olivares and Lado, 2003). A market- oriented firm involves its customers in designing the marketing mix in order to provide them the needed value (Alhakimi & Baharun, 2009).

Chen, (1998.) sees Market Orientation as a firm's ability that is extremely valuable, rare, and which cannot easily be imitated, with emphasis of placing the customer in the center of firms' strategy and operations. The academic understanding of the Market Orientation concept is categorized into two as behavioral and cultural approaches respectively. Kohli and Jaworski (1990) are the proponents of behavioral approach, they hypothesized that Market Orientation involves a set of activities directed towards making the customer happy. In contrary, Narver and Slater, (1990) in Slater and Narver (2000) who are the advocates of cultural approach give emphasis on the shared values of firm that consider customers interest as number one priority.

Market orientation was first identified as the important determinant of a business' performance by Kohli and Jaworski (1990) and Narver and Slater (1990). Since the work of these authors, many studies (among them Kara, Spillan & DeShields, 2005) have been done to establish the link between market orientation and firm performance. Most of these studies have found a strong positive correlation between market orientation and performance (Dawes, 2000); though there are a small number of studies among them Au and Tse, (1995) that found no positive linear relationship between market orientations and firm's performance. Previous studies have suggested a direct relationship between market orientation and business performance, using the business environment as moderator (Kara, Spillan & DeShields, 2005). Among the many benefits of market orientation is the fact that it help firms adopt the most effective and efficient activities for creating superior value for buyers thus, ensuring continuous superior performance for the business (Narver and Slater, 1990).

A review of the literature suggests that despite the many studies that have been undertaken to learn about market orientation, certain important variable such as the environment in which the business is conducted have not been given desired attention in the literature. This creates a gap in the market orientation-performance relationships.

**Public Organizations**

The term "Public Sector" is understood to mean different things to different people in different countries. In its widest interpretation, the Public Sector encompasses all activities of Government. It covers "Any commercial, financial, industrial, agricultural or promotional undertaking – owned by public authority, either wholly or through majority share holding – which is engaged in the sale of goods and services and whose affairs are capable of being recorded in balance sheets and profit and loss accounts. Such undertakings may have diverse legal and corporate forms, such as departmental undertakings, public corporations, statutory agencies, established by Acts of Parliament of Joint Stock Companies registered under the Company Law (Dimgba, 2011).

The definition of public enterprises as viewed by Okoli, (2004) integrates all essential elements constituting the public and enterprise dimensions. In this regard, a public enterprise is conceptualized as an organization which is owned by public authorities including central, state or local authorities, to the extent of 50 percent or more; and is under top managerial control of the owning public authorities, such public control including inter alia, the right to appoint top management and to formulate critical policy decisions. Such an enterprise is usually established for the achievement of a defined set of public purposes, which may be multi-dimensional in character and is consequently placed under a system of public accountability. Such an organization engages in activities of a business character, involves the basic idea of investment and returns and markets its output in the shape of goods and services.

The setting up of public enterprises the world over is motivated by specific developmental imperatives dictated by the political, social and economic realities on the ground. The philosophy or ideological leaning of the country in question also affects significantly the reason why public enterprises were set up and saddled with specific functions (Okoli, 2004). Public Enterprises which have been in existence Since the 1930s and particularly after World War II, were created in both developed and developing countries to address market deficits & capital short-

falls, promote economic development, reduce mass unemployment and/or ensure national control over the overall direction of the economy, especially in developing countries. Ezeani, (2005) justified the establishment and existence of public enterprises as providing capital and technology to strategic areas where the private sector either shield away from or lacked the capacity to invest (such as heavy industries, infrastructure etc). According to Ezeani (2005), most governments resorted to the establishing of public enterprises to increase capital formation, produce essential goods at lower costs, create employment and generally contribute to the economic development of the nation state. This trend is still been embraced by government at different levels till date. .

In Nigeria, A wide and vast application of the instrumentality of government was designed to correct the economic and social imbalance through investment, production, trade, distribution and consumption. This informs the need to establish public enterprises. However, there has been a growing concern over the usefulness of public enterprises as instrument of development and change in the country. The prevailing opinion in early 1980's in many countries was that the government-owned Enterprises have become a drain on national economy. In this regard, Itodo (2017) opine that appropriate marketing practices should be employed as a significant element to enhance the performance and fortunes of these classes of enterprises. This will also reduce fiscal deficits, subsidies and costs of debt servicing. At the same, interest of workers was protected through safety nets

In particular, the performance of public enterprises has been a major concern for both the citizens as well as any responsible government whose concern is the provision of public goods/services for the satisfaction of her citizens. Since Nigeria's independence in 1960, it has not been easy for the country to attain efficiency and effectiveness in the performance of public enterprises as regards the provision of public services. To accelerate the growth and enhance the performance of Public enterprises in order to gain and guarantee their success and sustainable development, the market orientation function must be taken very seriously and correctly applied. But as Baltar & Coulon (2014) maintain, achieving the desired success from any organization's marketing effort is a function of the type of marketing and market orientation practice adopted as well as the nature and scale of the business organization in question. Inalegwu, (2014) views marketing practices as the methods, processes, generally accepted techniques and standards used by businesses in the pursuit of their objectives to accomplish a set of outlined tasks. In the words of Njau & Karugu, 2014) executing proper marketing orientation practices adds excellence to a firm's activities and strengthens its competiveness and market share. Firm performance has been established to directly depend on efficient market orientation practices (Arsalan, Naveed and Muhammad, 2011).The use of appropriate market orientation practices at the right time can increase sales, launch new products and generally provide profit for a company (Schlinke& Crain, 2013). In Nigeria, Public Enterprises are generally corporate entities other than ministerial departments; they derive their existence from special statutory instruments and engage in business type of activities to provide goods and services for the cultural, social and economic upliftment of the citizen. These include corporation, authorities, boards, companies and enterprises so owned and operated (Jerome, 1999).

**Business Performance**

Performance is a process or the manner by which the businesses execute their functions and crucial element to improving business performance in organizations (Garengo, Biazzo, & Bititci, 2005). It can also be looked upon as a multidimensional construct, comprising two broad measures: judgmental performance (e.g. customer service loyalty) and objective performance (e.g. ROA) (Agarwal et al. 2003). The performance and growth of a business is a major driver and indices for the level of industrialization, modernization, urbanization, gainful and meaningful employment for all those who are able and willing to work, income per capital, equitable distribution of income, and the welfare and quality of life enjoyed by the citizenry (Aremu & Adeyemi, 2011), because public enterprises contribute to economic development. .

A substantial volume in the literature reveals that market orientation is associated with judgmental performance and specifically with both the degree of long-run and short-term profitability, expressed as return on assets (Narver & Slater 1990), market growth rate and sales growth (Dawes 2000). However, objective measures of performance such as gross operating profit, market share and capacity utilization have been also found to be related to market. Scholars have noted that while judgmental measures of performance are important to profitability, objective measures of performance provide the link to profitability in service organizations (Hanmaikyur and Aaver, 2016). By being market oriented, a firm can keep existing customers satisfied and loyal, attract new customers, accomplish the desired level of growth and market share and, consequently, achieve desirable levels of business performance (Homburg and Pflesser 2000).

**Market Orientation and Performance**

The relationship between market orientation and performance can best be described as the ability of market-oriented firms to understand and satisfy customers' needs and wants in order to create a sustainable competitive advantage. Research on the relationship between market orientation and performance outcomes has been largely based on work conducted in the area. Dawes (2000) noted that a number of studies focused on market orientation and performance relationships and that for several years these studies have presumed that market orientation is linked to better firm performance. Pelham and Wilson (1995) found that small firms cannot compete successfully by duplicating the strategies and practices of large firms, but small firms could achieve sustainable competitive advantage by installing market-oriented behaviors in employees. Horng and Cheng (1998) found that marketing training programs help to improve the manager's level of market orientation and that this, in turn, contributes to better business performance. Further, the most frequent measures of business performance were profit, sales, market share and cash flow. Hence, it is interesting to examine whether the concept of market orientation can influence achievements of SMEs hospitality enterprises.

A good number of studies have examined the relationship between market orientation and business performance and findings from many of the studies appears to be mixed. Some researchers found a positive association between market orientation and performance (Narver & Slater 2000; Li & Justin 2008), while many others including; Au & Tse, (1995) could not find any direct relationship between MO and firm performance. This inconclusiveness shows a need for research to identify factors that intensify the strength between MO and

performance. in their empirical investigation, Slater and Narver (2000) used a survey which provided a repetition of the earlier study, with a sample of fifty three single businesses through regression method. This repetition provides robust backing for the presence of a positive relationship between market orientation and performance. Their findings established the existence of the significant and positive association between market orientation and performance. Shoham and Rose (2001) examined market orientation to performance relationship, which was considered as a seminal work of an earlier investigation. Survey design was used and a sample of two hundred and fifty small firms from four businesses as soft, food, construction and agriculture were chosen. One hundred and one managers responded by completing and returning the questionnaire received. They report a positive and significant association among MO and firm performance. Subramania and Gopalakrshna (2001) investigated the relationship between market orientation and performance in the context of a developing economy, using a survey questionnaire administered on one hundred and sixty two manufacturing and service firms. The result was analyzed using regression method and the finding indicated that market orientation is an important predictor of performance.

Pelham and Wilson (2001) reported a significant and positive influence of market orientation on firm performance. Agarwal and Dev (2003) in their study of the MO to the business performance in service firms: role of innovation, examined the association between MO and performance in the hospitality business, more specifically to international hotels. Two hundred and one data was generated through survey questionnaire and the preliminary questions were pre-tested on thirty hotel chief executives who joined an executive development program at a leading hotel and restaurant in the north-eastern USA. The finding shows that MO is positively related to both financial measures of performance- service quality, customer satisfaction, and employee satisfaction and non-financial of performance-occupancy rate, gross operating profit and market segment. It establishes a strong positive association between MO and all forms of performance. The findings of Wei and Morgan (2004), and Ge and Ding (2005) were in line with these findings. Similarly, Webster, Hammond and Rothwell (2014) investigated the market orientation effect on business performance of business schools that register with the association of advance collegiate schools of business in the US. One hundred and sixteen academic vice president and one hundred and thirty one deans were the respondents. The finding from their study indicated a significant and positive relationship between market orientation and performance. Additionally, the study of Kelson (2014) reported a significant relationship between market orientation and business performance of twenty four listed companies in Ghana. In the same vein, Wilson, Perepelkin, Zhang and Vachon (2014) investigated four hundred and fifty three Canadian medical biotechnology companies, and reported a significant and positive association between market orientation and performance. The above findings are in concord and with each other, evidencing a significant positive relationship between market orientation and performance.

In contrast, other researches with a negative finding on the relationship between MO and business performance include: Au, and Tse, (1995) in their study which employed hotel as sample with marketing managers as respondents. The results indicated no significant association between market orientations and hotel performance. Demirbag, Lenny, Koh,

Tatoglu and Zaim, (2006), conducted a study on TQM and market orientations impact on SMEs performance, using structural equation modeling for data analysis, with one hundred and forty one SMEs operating in the Turkish textile industry. They found no significant relationship between market orientation and organizational performance, the only relationship established was between market orientation and organizational performance with the mediation of total quality management. Haugland et al., (2007) conducted studies on MO and firm performance in the service industry. The sampling border is the Dunn and Bradstreet data base which consisted of accounting information for all the Norwegian limited companies and it include five hundred and thirty hotels registered in the data base. The findings indicated that MO has only an uncertain consequence of absolute productivity and no effect on return on assets. Market orientation has been theorized to have a significant and positive effect on marketing performance in an international context as well as a domestic context.

The above finding confirms that a long-term competitive advantage and superior performance can be achieved by being equipped to respond to customer's needs and wants. It is therefore confirmed that market orientation is a necessary ingredient for successful marketing performance. The desire to create superior value for customers and attain high performance drives a business to create and maintain the market orientation culture that will produce the necessary behaviors. It is clear that Market orientation effectively and efficiently create the necessary behaviour that draws superior value for buyers which transcend to superior performance for the businesses that implement it.

**Methodology**

This study adopted a cross-sectional design and correlation survey. The Cross sectional design is a type of research/survey involving the collection of information from any given sample of population elements only once", the design is believed to be most suitable since there are no real experiment carried out with human beings who are the study subject in this case (Emaikwu, 2011). The suitability of the design is also seen in the fact that it involves taking a sample of elements from a population of interest which is measured at a single point in time (Baridam, 2008). The survey instruments such as questionnaires and interview methods are designed in such a way that meaningful result will be achieved.

The hypothesis of the study was tested using regression analysis.

**Data presentation and analysis**

A total of 304 copies of the research questionnaires were distributed to the sampled staff in the study area, 288 of them or 95% were actually returned while 16 of them representing 5% were not returned. of the 288 questionnaires returned, 2 of them representing 1% were rejected due to different errors detected on them. 286 of questionnaire representing 94% however constituted the final sample for the research which is considered a good response rate. The percentage of the returned questionnaire is considered sufficient, realistic and objective for any realistic study based on Sekaran's (2010) argument that a 30 percent response rate is suitable for any good survey. Similarly, the response rate for the study is considered adequate going by the suggestion that a sample size should be between 5 and 10 times the number of study variable for regression type of analysis to be investigated (Hair, Ringle & Sarsedt, 2011).

**Table 1:** ***Questionnaire distribution and retention***

| **Questionnaires Items** | **Frequency** | **Percentage (%)** |
|---|---|---|
| Questionnaires Distributed | 304 | 100 |
| Questionnaires Returned | 288 | 95 |
| Questionnaires Not Returned | 16 | 5 |
| Questionnaires rejected due to errors | 02 | 1 |
| Questionnaires used for analysed | 286 | 94 |

**Source: Researchers' Field survey (2018)**

The demographic information presented below is a true representation of the study area as presented by the sampled respondents.

**Table 2: Demographic Characteristics of Respondents**

| **Response and their variables** | | **Frequency** | **Percentage** |
|---|---|---|---|
| Sex | Male | 191 | 67 |
| | Female | 95 | 33 |
| | **Total** | **286** | **100** |
| Age | 18-27 | 80 | 28 |
| | 28-37 | 122 | 43 |
| | 38-47 | 64 | 22 |
| | 48 and above | 20 | 7 |
| | **Total** | **286** | **100** |
| Marital Status | Single | 201 | 70 |
| | Married | 85 | 30 |
| | **Total** | **286** | **100** |
| Working Experience | 1 - 5 years | 97 | 34 |
| | 6 – 10 years | 116 | 41 |
| | 11 – 15 years | 46 | 16 |
| | 16 – 20 years | 15 | 5 |
| | 21 Years & above | 12 | 4 |
| | **Total** | **286** | **100** |
| Educational Qualification | Post Graduate | 54 | 19 |
| | B.Sc/HND | 142 | 50 |
| | NCE/Diploma | 75 | 26 |
| | O Level & Below | 9 | 3 |
| | Others | 6 | 2 |
| | **Total** | **286** | **100** |

***Source:*** **Researchers' Field Survey, (2018)**

**General Individual and firms' Demographic Information**

Table 2 presents the general findings of the individual respondents and firms' demographic information. As is shown on the table, 286 respondents were sampled for this study. Of this number, 191 are male representing 67% of the sampled population while 95 of them or 33% are

female. The finding shows that both sexes are ably represented in the survey.

In the age bracket of the respondents, 80 of them are within the 18 to 27 years age bracket they represent 28% of the total number sampled for the study 122 other respondents fall in the 28 to 37 years age bracket and they constitute 43% of the sample studied. In the 38 to 47 years category are 68 respondents representing 22% of the total sample while the remaining 20 respondents representing 7% are between 48 years and above respond to the questions put across to them. The implication of this finding is that all the sampled respondents are experienced enough to contribute to the study. In the marital status category, 201 respondents or 70% are married while the remaining 85 or 30% are single. This implies that both the married and the unmarried are well represented in the study.

Next was the respondent's working experience. Here, 97 respondents representing 34% claimed they have worked for between 1 and 5 years. In the 6 to 10 years category are 41% of the respondents which is an equivalent of 116 of them. 46 other respondents representing 16% were from the 11 to 15 years group. In the 16 to 20 years category we have 15 respondents which is equated to 5%. The last group in this category is made up of respondents that have the working experience of 20 years and above. In this group were 12 and constituted 4%. This is a proof that respondent have various working experience and are all qualified for the survey. On their academic qualification, 54 respondents or 19% have post graduate certificates. The respondents in the Degree and HND category were 142 or 50%. In the National Diploma/ NCE group are 75 or 26% of the respondents. O'level and below had 9 and 3% while those respondents with different other qualifications were 6 which accounted to approximately 2%. It is clear that all the respondents were qualified in all the conditions laid down to participate in the study.

**Interpretation of the Regression Results**

**Market Orientation and the Performance of Public sector organizations**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 7.299 | 1.949 | | 3.745 | .001 |
| | MO | .550 | .063 | .479 | .012 | .002 |

a. Dependent Variable: INC

Performance = 7.299 + 0.479PRI - - - - - - (1)
S ($b_i$) : [0.063]

As can be confirmed from the result of the regression analysis above, market orientation has a positive effect on the performance of public enterprises studied and the effect is statistically significant (*p<0.05).* This is also is in line with *a priori expectation*. This implication of the

above finding is that a unit increases in Market Orientation will result to a 47.9% improvement in improvement of public enterprises proxied as performance. .

**Model goodness of fit**

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | . 860[a] | .790 | .720 | 3.85294 | 2.118 |

a. Predictors: (Constant), PRI
b. Dependent Variable: INC

As shown in the table above, the coefficient of determination $R^2$ for the model is 0.790 or 79.0%. This indicates that 79.0% of the variations in the dependent variable can be explained by the explanatory variable of the model while 21.0% can be attributed to unexplained variation captured by the error term. Since the Durbin Watson statistics is greater (2.118), it shows that there is a minimal degree of negative autocorrelation in the model of the study which means that successive error terms are, on average, much different in value from one another, i.e., negatively correlated.

**Test of study Hypothesis**

The following conditions are put in place for Accepting or rejecting the study hypotheses.
Using Standard error test to test the hypotheses, the following decision rules are made.

*If the standard error of* $b_i$ **[***S* $(b_i) > 1/2b_i$ ] we accept the null hypothesis, that is, we accept that the estimate $b_i$ is not statistically significant at the 5% level of significance.

*If the standard error of* $b_i$ *[S* $(b_i) < 1/2b_i$] we reject the null hypothesis, in other words, that is, we accept that the estimate $b_1$ is statistically significant at the 5% level of significance.

**$H0_1$: Market Orientation has no effect on the performance of public sector organizations in Nigeria.**

Recall our model specification in the equation above:

Performance = 7.299+ 0.479PRI - - - - - - - - (2)

S $(b_i)$: [0.063]

From the regression equation above,

$b_1 = 0.479$

Standard deviation of $b_1 = 0.063$

$H_{0:}\ b_1 = 0.$

$H_0\ \ b_1 \neq 0$

½ $b_1$ equals 0.2395

Using the standard error test, $S(b_2) < 1/2b_1$ above, $0.063 < 0.2395$. The study has no option than to reject the null hypothesis. This means that we are compelled (by the findings of the analysis conducted) tp accept the alternative hypothesis that the estimate $b_1$ is statistically significant at the 5% level of significance. The implication here is that Market orientation has a significant positive effect on the performance of public sector organizations in Nigeria. .

**Conclusion and Recommendations**

This study sought to establish the Effect Market Orientation has on the performance of public sector organizations in Nigeria. The aim was to assess the nature of effect of the relationship between the two variables and to establish whether the variable is a good predictor toward the performance of public organizations in Nigeria. This was presented in the hypothesis formulated for the study that, the performance of public organizations in Nigeria is not significantly affected by the effect of market segmentation entrepreneurial marketing practice. To establish the Effect Market Orientation has on the performance of public sector organizations in Nigeria, the primary data collected was empirically and statistically analyzed. The findings indicated that market orientation has a positive effect on the performance of public sector organizations that embraces it in the right proportion. It is expected that the findings of the study will help owners, managers and policy makers of public organizations as it will give them an empirically tested outcome on some determinants of public sector organization's performance so that they can understand the effects of variables under study to improve business performance better. The findings of this study serve as a frame of future reference to managers of public enterprises, their owners, policy makers, operators, academia, students and other stakeholders; it would equally help in making relevant recommendations. The study concluded that Market Orientation has positive effect on the performance of public sector organizations in Nigeria.

On the basis of the above, conclusions, the following recommendations were made. Since there is empirical evidence that a positive relationship exist between Market Orientation and the performance of public sector enterprises, relevant stake holders in public organizations should invest more in Market Orientation to maximize the enhanced performance that go with its implementation. With such an impressive result, it is expected that public sector organizations will try to sustain this relationship by being more Market Oriented.

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# Employee Training and Customer Service Delivery in Nigeria Money Deposit Banks

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## Abstract
*This study investigates the influence of employees training on customer service delivery in Nigeria money deposit banks. The quantitative survey method was chosen specifically questionnaire instrument was designed to collect data from the study population. The population of the study comprises of employees of all money deposit banks in Nigeria, but samples were drawn from employee population of these banks in Taraba State while the units of analysis are middle and lower level employees. Pearson Product Moment Correlation technique was used to to test the correlation between employee training and customer service delivery with the aid of Statistical Package for Social Sciences (SPSS) version 21. We found that there is significant and positive relationship between the reaction of ET and the reliability of CSD. This study have contributed to the existing body of knowledge as customers, business owners and operators through these findings will better understand the depth of the impact of employee training on customer service in Nigeria money deposit banks.*
***Keywords**:* Employee training, customer service delivery, money deposit banks

## Introduction

Over the years, employee competition among various organizations has made management of corporations to strategically align their human resource to achieve their goals (Dessler, 2005). Dessler also says that, the importance of training and development is obvious given the complexity of the work environment, the rapid change in organization and advancement in technology. According to land (2006) training is the term used to describe the process through which organization build skill and abilities of managerial and non-managerial employees. The effect of employee training (ET) on customer service delivery (CSD) has now attracted the attention of banks, although they acknowledge it as the means to generate revenue. But customers who experience poor service are likely to tell up to 20 people out about their experience which is not good advertisement for the business and may deter others from trying products or services of the company. Commercial Institute of Management (CIM2010)

Reichheld and Sasser (1990) reports that many industries are paying greater attention to service quality and customer satisfaction, for reasons such as increased competition and deregulation. They also says, customer service training creates a customer centred culture, empowers employee to provide solutions, makes a commitment to customers, promotes consistency to create a service brand, offers professional development and allows for continued service improvements.

Mantey (2012) training on customer service delivery is creating a service driven culture within an organization, monitors effective customer service levels and compliance with policies and procedures, increase employees performance abilities and praises and recognizes employees who add value to the organization. In addition, human resource employment practices and services delivery by including proved selection strategies for hiring top quality service.

Fheili (2007) believes that some organizations are not interested in providing training that are generalized in nature, they are focusing on specialized training and developments which is relevant to a specific task and make the employees unfit for competitors use. He said by such these organizations are limiting employee's ability to switch to another job in an industry; organizations are finding ways to make the employees specialized rather than a generalized one. These conclusions have informed the rational for conducting study. This study therefore, seeks to evaluate the impact of employee training on customer service delivery. In the Nigeria deposit money banks. For better understanding of employee training on customer service delivery, we adopted and modified the measures of employee training as propounded by Donald (1954) such as: reaction and learning and our dependent variables customer service delivery postulated by Parasuraman et al (1985) as cited by Wali (2013) such as: reliability and accessibility.

Training sessions have been held in these deposit money banks for employee, but it appears that the effect of these training sessions on customer service delivery has not been felt by customers. Thus, it is not clear if training provided for employee members in these banks is requisite for excellent customer service delivery. There is the need to bring understanding to the issue of the impact of training on customer service delivery based on a contextual analysis of limited number of training sessions held for the employee of these selected banks in Nigeria and their relationship with customer service delivery (Mantey, 2012). Our research therefore examines the impact of employee training on customer service delivery in money deposit banks in Nigeria and the following hypotheses were developed:

$H_{01}$.There is no significant relationship between employee training and reliability of customer service delivery

$H_{02}$. There is no relationship between employee training and the accessibility of customer service delivery

**Literature review**

**Employee training**

According to Harris et al, (1998) training refers to the acquisition of knowledge, skills and competencies as a result of the training of vocational or practical skills and knowledge that relate to specific useful competencies; training has specific goals of improving ones capability, capacity and performance at the work place or off the place. They added that, work place development is a term use for work place learning to improve performance. These forms of training have been categorized as on- the- job or off- the- job training. On- the- job training take place in a normal working situation, using the actual tools, equipment, documents or materials that trainees will use when fully trained. On- the- job has a general reputation as most effective for vocational work. Off- the- job training takes place away from normal work situations implying that employee does not count as a directly productive worker while such training takes place. Off- the- job training has the advantage that it allows people to

get away from work and concentrate more thoroughly on training itself.

Ngu (2006) sees training to be the process of behavioral modification or molding of workers to integrate organizational needs with their characteristics. Kulkarni (2013) added that training and development aims at developing competencies such as technical, human, conceptual and managerial for the furtherance of individual and organization growth. In interpreting the above postulation Onah (2003) maintains that at the time of technological change and innovation both new and old employees need to be trained to update their knowledge and skills and keep them abreast of the new development in the techniques and methods of doing their jobs in order to achieve individual and organizational objectives. Atiomo (2000) opine that training is the process of acquiring knowledge, skills and attitude for the sole purpose of executing a specific or present job more effectively and efficiently. Flippo (1980) as cited in Ngu (1994) conceptualizes training as efforts aimed at increasing an employee skills for doing a particular job and developing persons knowledge for vocational purpose. French (1974) maintain that training is a process that aims to bring up individuals up to a desire standards for present or potential assignment. In a similar line of reasoning Glueck (1986) sees training as a systematic process of altering the behavior, knowledge and motivation of employees in a direction to increase organizational achievement. Glueck goes further to assert that training is a premeditated course of action taken in order to bring about changes in employees approach to work. Stones (1982) as cited in Atiomo (2016) corroborated that training is any organizational planned efforts to change the behavior of employees so that they can perform to an acceptable and standard result on the job.

**Why train employees?**

According to Ngu (1994) training objectives can be derived from the current manpower situation. He reiterated that the existing manpower situation determines the training the training objectives both at the organizational and national level. Ngu corroborated that to be able to identify training needs, therefore will entail a comprehensive manpower survey which is usually an aspect of manpower planning. He added that a comprehensive manpower survey will expose the types of skills and personnel that need to be developed or trained. Ngu (1994) reaffirms that for a country to enjoy both domestic and international influence and prestige, its citizens must be highly educated, honest and well respected rather than being ignorant, inefficient and corrupt. A training policy therefore is also geared towards that. Kulkarni (2013) corroborated that the key determinants of overall satisfaction with training are perceived training efficiency and perceived usefulness of training. Kulkarni affirms that training objectives tell the trainee that what is expected out of him at the end of the training program. He added that training objectives are of great significance from a number of stakeholders' perspectives, like the trainer, trainee, designer and evaluator. For an example:

(a) Dealing with customers: involves the appreciation of the time of customers and tolerating their behaviors. The provider must always convey to the customer that he or she appreciates the time it takes them to do business with the company. Respecting the customers time implies that members of an organization should always work at peak efficiency and stay focused on the customer. Respecting the customer's time by not imposing bad or negative mood on anyone else, recognizing regular customers, avoiding destructive remarks and showing initiative

are tips to creating challenging customers (Thompson and Kolsky, 2004)

(b) Training on customer mood: although everyone has a bad day once in a while, customers service providers should try not to be moody or neglect instructions with internal customers as a result. Rather they should avoid insulting their customers because they may assure that the service provider and the entire organization he or she works is made generally customer expect to work with someone with initiative and willing to do business with someone who will go the extra mile for them. The customer service provider must deal with customers as individual human beings. Each customer must be respected for their time, circumstance and priorities (Harris et al, 1998).

(c) Personalities and communication style: personalities and communication styles of customers make it difficult for employee of an organization to interact with them. Customers become difficult to deal with through their various ways and attitudes. Various characteristics of customers which make them challenging include being old, talkative, immature, impatient, angry, difficulty with English and their attitude of using abusive or vulgar language. They become challenging to deal with because they do not speak the same language and do not have the expertise or an understanding of the product or situation (Harris et al, 1998).

(d) Critical elements ensuring positive customer experience by asking the customer questions concerning what is being done well and what could be improved, an organization will be measuring customer's satisfaction. It is essential that an organization monitors the satisfaction level of its customers. Measuring customer satisfaction involves asking the customers questions. It also involves setting aside the hearts and heads of customers (Perreault and Carthy, 1997) and looking beyond the customer base of an organization. While customer satisfaction is not the easiest outcome to measure, the manager and all employees of the marketing department can continuously improve methods for receiving feedback from customers (Churchill and Peter, 1995). For example, all employees may be trained to observe and report feedback from customers. Packaging for customer goods may display a toll free customer hotline. Publishers of computer software often include in their manuals a toll free number for help (Churchill and peter, 1995). Occasional communicating with customers results in an opportunity to provide exceptional service (Churchill and Peter, 1995).

**Customer service and customer service delivery**

Customer service is the practice of providing customers with a positive helpful experience when they enter a business, throughout the time they stay at the business, and even after the customer leaves, should they have additional questions or products to return (Thompson and Kolsky, 2004). Customer service, especially in the shape of a call-centre is to customers one of the most visible and significant aspects of organizational performance (Flanagan and Fredericks, 1993). This important resource contains strategies and tactics to improve and manage service delivery and offers illustrative case examples of how organizations have successfully improved and managed customer service. Examples are the use of websites or calls by customers to draw the attention of organizations to improve their services (Skrabeck and Quentin, 1993). Customer service delivery taps in to business, marketing, and psychological research and practices to provide a wealth of knowledge about customer service and provides a framework for service delivery processes and an outcomes (Grassel and Zeidler,

1993). In addition, this important resource contains strategies and tactics to improve and manage service delivery and offers illustrative case examples of how organizations have successfully improved and managed customer service. Examples are the use of websites or calls by customers to draw the attention of ways to improve services (Skrabeck and Quentin, 1993).

**Perspectives of customer service delivery**

There are different perspectives to CSD in literature, but we shall be exploring reliability and accessibility following (Parasuraman et al, 1985; Aham and Nwokah, 2008; Wali, 2013). According to Parasuraman et al, (1985) reliability indicates the employees are able to provide the services accurately, consistently and dependably they added that in another way reliability also means that the services are correctly performed. Aham and Nwokah (2008) in Wali (2013) reliability involve consistency of performance and dependability as Wali added that it means firms' performing the service right at the first time, whilst accessibility involve approachability and ease of contact (Wali, 2013). It also means the service is easily accessible by telephone (lines are not busy and they don't put you on hold); waiting time to receive service (e.g., at a bank) is not expensive, convenient hours of operation; convenient location of service facility (Aham and Nwokah, 2008; Wali (2013). According to Parasuraman (1985) access is how easy it is to reach the service provider, geographically or by phone, e.g are there car parking facilities close to the solicitor's office? Does it always take five attempts to get the solicitor on mobile phone?

**Theoretical framework**

Human capital theory has developed rapidly since Mincer (1958), Schultz (1960), Becker (1962) and Ben-porath (1958) first propounded the theory whilst seeing ET as investment. Further it involves costs and benefits, which can be assessed by using financial criteria such as present value and the internal rate of return. Initially, Becker (1962) studied the impact on wage levels of two types of human capital operating in a perfectly competitive labor market that had no imperfections or distortions. One type of human capital can be transferred to other organizations, which encourages employees to cover the costs and to obtain all the benefits of training. The second type of human capital is regarded as specific to a company and cannot be transferred to other companies, which incentivizes employers and employees to share the costs and benefits of training (Becker, 1962). According to Garcia (2005), as employees do not obtain considerable pay increases due to increased productivity after attending specific training sessions, they will not be motivated to finance their own training requirements. On the other hand, companies will be keen to cover these training costs, as they will obtain almost all the returns from the enhanced productivity produced by the new skills generated (Garcia, 2005).

**Empirical review**

Wali (2013) conducted a study on "information technology infrastructure and customer service delivery" and revealed that compatibility and connectivity of ITI has strong and positive impact on reliability and accessibility of customer service delivery in Nigeria banks. Dearden, Reed and Reenan (2006) used a new panel of British industries and variety of estimation techniques to investigate and interrogate. "The impact of training on productivity and wages" and revealed that, work related training is associated with significantly higher productivity. Thus, a 1% point increase in training is associated

in value added per hour of about 0.6% and an increase in hourly wages of about 0.3%. Studies by Kornings and Vanormelingen (2010) empirically investigated the impact of firm provided training on both wages and productivity, by using a firm level data set of more than 170, 000 firms active in Belgium and revealed that training boosts marginal productivity of an employee more than it increases its wages. Thus, productivity premium for a trained employee is on average around 23%. Studies by Ghafoor, Furqan and Muhammed (2011) revealed that job training, role design and delivery style have significant effect on organizational performance. Thus, it means that training increases the overall organizational productivity.

Literature findings by Kulkarni (2013) also confirmed that training and development program improve employee's performance at work place, it updates employee's knowledge and enhances their personal skills and as well helps in avoiding managerial obsolescence. This study is also in line with (Dearden et al, 2006; Konings and Vanormelingen, 2010; Ghafoor et al, 2011 and Kulkarni, 2004) who concluded that there is a positive relationship between ET and employees' quality service delivery.

Ahmad and Schroeder (2003) estimated the effects of training in job skills and cross training on operational firm performance. Their results showed that training was only related to operational performance through its effect on organizational commitment within the plants. The Nigeria Tertiary Education Trust Fund (TETFUND) academic employee training and development (2010) conducted a study on the impact of employee training and development of workers' productivity and revealed that training and development programs improve employees' skills and performance at work place, enhance their technical know-how and wherewithal to withstand the challenges of contemporary times, thus, an effective tool for sustaining and enhancing workers 'productivity in the academia.

Huselid (1995) found that high performance work practices were significantly related to turnover, productivity, and financial performance. or internal career opportunities and business strategy in impacting firm's performance in the banking industry. Training and internal career opportunities were unrelated to firm performance. A study in France d'Arcimoles, (1997) found that the more training given, the better the economic performance. Training was permanently and clearly associated with an increase in profitability and productivity. Raising the proportion of workers trained in an industry by 5% points (say, from the average of 10% to 15%) was associated with a 4% increase in value added per worker and a 1.6% increase in wages. They note that this level of increase has also been found by other researchers like Blundell *et al.*(1996) and Booth (1991).

Collier *et al.* (2002) found that increasing investment in training reduces the chance of firm closure. For small firms it was the training of craft and manual workers that made the difference, for larger firms it was training of professional, clerical and secretarial employees. Others had found evidence on benefits from training in terms of motivation and attitude as they suggested that training fosters common firm culture and helps attract good quality workers; (Booth and Zoega, 2000; Green and Felstead *et al.* 2000). Mintah (2014) revealed that rural banks in the Ashanti region have training and development programs in place, but were poorly planned and executed. The study also found that low budget allocation had negative influence on the implementation of training and development programs. Result from the study of Neelam*et et al*

(2014) showed that there is significant relationship between training and employee performance in private sector organization, but a negative relationship on employee performance in public sector organization see also (Usman, 2014).
Frankling, *et. al* (2014) revealed that working conditions and a lack of resources affect the training and development of employees. They recommended certain areas of improvement, like management support, the provision of feedback to employees and implementation of employees training on a continual basis for competitiveness and profitability. Happiness and Michael (2014) found that there is positive relationship between training/employee development and organizational effectiveness. More so, they concluded that effective training is human resource capital investment that has immediate and long term returns.

James and Daniel, (2014) in their study revealed that there is a strong positive relationship between training of employees and performance in selected financial organizations in Ghana. Falola *et. al* (2014) found that strong relationship exists between training and development, employees' performance and competitive advantage. Summary of the findings indicates that there is strong relationship between the tested dependent variable and independent construct. However, bank management should not relent in their quest to train their employee to develop new ideas that will keep improving and retaining employee performance.
Victor and Jonathan, (2013) found that training and manpower development contributes positively towards enhancing efficiency and job productivity of employees in Nigeria banks.

**Research strategy**

The survey method was adopted, but we specifically used questionnaire strategy for data collection and the study area is Taraba State which comprises the pre 1976 divisions of Muri, Mambilla and Wukari. The population of the study comprises of employees of all money deposit banks in Nigeria, but samples were drawn from employees population of these banks in Taraba State while the units of analysis are middle and lower level employees. We used the probability and non probability sampling techniques to determine our sample and sample size, specifically Taro Yamani formula was applied to arrive at 500 samples and simple random sampling technique was used to administer the instrument of selected employee on 19 banks in Taraba State. Pearson Product Moment Correlation analysis was used to test the correlation between employee training and customer service delivery with the aid of Statistical Package for Social Sciences (SPSS) version 21.

**Data Analysis**
Of the 500 instrument distributed 100% of those were fully completed returned.

**Table 1: Supportive responses of trained employees motivate customers to repeat patronage**

| Description and classification | | Frequency | % |
|---|---|---|---|
| **Valid** | Strongly Agree | 300 | 60 |
| | Agree | 80 | 16 |
| | Undecided | 20 | 4 |
| | Disagree | 60 | 12 |

| | | | |
|---|---|---|---|
| | Strongly Disagree | 40 | 8 |
| | Total | 500 | 100 |

**Source:** Researchers' field survey, 2018.

Table 1 attempt to find out if supportive responses of trained employees motivate customers to repeat patronage and 300 respondents representing (60%) strongly agreed, 80 representing (16%) agreed, 20 representing (4%) were undecided, while 60 and 40 respondents representing (12%) and (8%) disagreed and strongly disagreed respectively. This shows that most employees confirm that supportive responses of trained employees motivate customers to repeat patronage.

**Testing of Hypotheses**

**$H_{01}$**: There is no significant relationship between the employee training and reliability of customer service delivery.**Table 2: Analysis of Correlation**

| | | Employee Training Reaction | Customer Service Delivery |
|---|---|---|---|
| Employee training | Pearson Correlation | 1 | .818** |
| | Sig. (2-tailed) | | .029 |
| | N | 500 | 500 |
| Reliability of customer service Delivery | Pearson Correlation | .818** | 1 |
| | Sig. (2-tailed) | .029 | |
| | N | 500 | 500 |

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

**Source**: SPSS Ver. 21

The test of correlation on Table 2 reveals a positive and significance r-value of $0.818^{**}$ and p-value of 0.029, thus we reject the null hypothesis and accept the alternate because the p-value is less than 0.05 ($p = 0.029 < 0.05$) Hence we conclude that there is positive and significant relationship between employee training and reliability of customer service delivery in Nigeria money deposit banks.

**$H_{02}$**: There is no relationship between employee training and the access of customer service delivery.

**Table 3: Analysis of Correlation**

| | | Learning of Employee Training | Customer Service Delivery |
|---|---|---|---|
| Employee Training | Pearson Correlation | 1 | .931** |
| | Sig. (2-tailed) | | .000 |
| | N | 500 | 500 |
| Access of customer service delivery | Pearson Correlation | .931** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 500 | 500 |

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

**Source**: SPSS Ver. 21

The test of correlation on Table 3 shows a high positive and significant r-value of 0.931** and p-value of 0.000. Thus, because the p-value is less than 0.05 (p = 0.000 < 0.05) r-value which is the minimum level for accepting null hypothesis, the null hypothesis is rejected and the alternate accepted that, there is positive and significant relationship between employee training and the access to customer service delivery.

**Discussion, conclusion and recommendations**

This study examines the impact of employee training on customer service delivery in money deposit banks in Nigeria. The study earlier stood on the view that employees' training has no significant impact on customer service delivery. But after rigorous statistical analysis on proposed hypotheses using Pearson Product Moment Correlation with the aid of SPSS it was found that there is significant and positive relationship between the reaction of ET and the reliability of CSD. The extent of the relationship between ET and reliability of CSD has been established at (0.81) probability value, which implies that the more employees are trained the higher their level of customer service delivery

and vice versa and this shows support for the relevance of human capital theory (Mincer, 1958; Schultz, 1960; Becker, 1962 and Ben-porath, 1958) for continuous delivery of high quality services to customers. However, this finding follows (Dearden, et al., 2006; Konings and Vanormelingen, 2010; Ghafoor et al., 2011) as their study revealed that there is a relationship between ET and employees' quality service delivery. Further, hypothesis two reveals that there is strong and positive relationship between learning of ET and accessibility of CSD. The depth of the relationship between these variables is statistically established at (0.93) probability value. This signifies that learning of ET could help organizations to create ease service accessibility for effective CSD see also (Wali, 2013; Neelam*et et al.* 2014; Gunu et al, 2013; Victor and Jonathan, 2013).

This study concludes that there is significant relationship between employee training and customer service delivery and have contributed to the existing body of knowledge, because customers, business owners and operators now through these findings will better understand the depth of the impact of employee training on customer service in Nigeria money deposit banks. Employee training is fundamental for all business organization, because it deals with the integration of employee to support business needs and create service value for their teaming customers and attract competitive edge. The results of our study revealed that the measures of employee training has strong and positive impact on the measures of customer service delivery, in other words, reaction and learning has strong impact on reliability and access. That is, employee training measures enables an organization to deliver reliable service and enable customers to have access to quality service. More so, to quickly and easily modify existing training programs as to give prompt solutions to customer complaints, however, the study has contributed to knowledge by filling the gap identified in this work, Again the study has created a framework for prospective researchers to study other elements of employee training and customer service training.

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# Enhancing Organizational Performance Through Human Capital Management Strategies

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## ABSTRACT

*This study examined the impact of human capital management on the performance of an organization. Using a sample of 108 drawn from the staff of three commercial banks in Wukari metropolis (Zenith bank, UBA and Unity bank), data was generated through a questionnaire. The variables were statistically analyzed using regression technique. The study found that; human capital management has a significant relationship with an organizations' performance. A well managed worker is likely to render better quality service to their customers, reduce wastage and so cost of operation leading to profitability and ultimately, lead to meeting of the organizations set targets which may be in terms of market share, service quality, return on investment and also increase profitability. This study recommended that, banks, should take seriously, the training and retraining of their employees to better equip staff with the dexterities required for effective and efficient performance of their assigned tasks; banks should imbibe the promoting of social interactions, bonds and cordial relationships among staff, this will create an avenue for staff to better understand themselves and this would lead to cordial and harmonious working relationship which is paramount in team successes; banks should encourage and create avenues for staff where they would exercise and embark on other activities to keep fit and live a healthy life for only a healthy and fit staff is likely to perform well and also, stay long on the job; banks should employ good motivational strategies to spur employees increased performance as this would ultimately lead to enhanced organizational effectiveness.*

**Keywords:** Human capital management, organizational performance, banks

## Background

In order to achieve set goals in the presence of technological advancement, sophistication of business processes, knowledge explosion and need for constant growth, an organization needs to constantly look at its human capital

which entails a totality of people who carry out the process of putting other resources to use towards goal achievement. Organizations had traditionally based their competitive strategies on other factors, such as product and process technology, protected market niches, access to financial resources and economies of scale. However, in an entrepreneurial environment such as the present one, characterized by market globalization, the intensification of competition and the high rate of technological change, tangible assets no longer provide sustainable competitive advantages (Perez & Pablos, 2003). The contribution

of an organization in its human capital can greatly benefit the firm and the individuals working in that firm. It helps in the development of employees to be more productive which helps the firm to perform better (Awan & Sarfraz, 2013).

The concept of human capital is used to represent the human factor in the organization; it entails a combined intelligence, skills and expertise that give the organization its distinctive character (Ajisafe, Orifa & Balogun, 2015). Human capital is the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being. The aspects of human capital that are of most relevance to the organization's workforce and productivity are: formal learning (learning leading to a qualification); non certified learning (on-the-job training, work experience, or other learning not leading to a formal qualification); foundation skills; management skills and leadership skills (Ajisafe et al, 2015). Employees' knowledge and skills are known as human capital. It is the core of intellectual capital that derives business performance (Ajisafe et al, 2015).

The impact of human capital can be measured from individual point of view (investment in education) as it increase in individual return; and also from organizational point of view (investment in general and specific trainings) as enhancement in the market returns and from countries point of view (investment in education, health and migration) as economic growth models (Jamal & Saif, 2011). For an organization, competence and skills are very important for the future success and security. It is commonly accepted that the education and training that a person attains during a span of his professional career increase his abilities and potential to work, resolve problems and carry out innovation. The current market faces increasingly rapid amount of changes in technology, systems and products. Usually most of the organizations make investments in training of their employees because they believe that it will lead to higher performance and it will yield results (Alliger, 1997 & Kozlowski, 2000 cited in Munjuri, K'Obonyo & Ogutu 2015).

According to Choudhury and Nayak (2011), people are the greatest asset, providing the intellectual capital that drives goals in an organization in terms of differentiation and value addition. In banking sector, human resource professionals along with all other banking executives and line managers must adapt to the inexorable globalization of the financial services industries which can make it difficult to manage, evaluate, and deploy employees across business units, regions, and continents. Similarly, the consolidation trend in the sector means banks must be prepared to blend work forces from acquired companies, making sure that valued employees don't defect during periods of uncertainty (Nzuve & Bundi, 2012). Perhaps, there are two fundamental challenges that must be addressed by any bank that seeks to survive and prosper in the intensely competitive financial service arena; human resource related expenses must be reduced to meet profitability goals, and workforces must be equipped and trained to handle value adding initiatives such as personalized customer service, new product development and cross-selling (Nzuve and Bundi, 2012).

Investments in the human capital of the workforce may increase staff competencies and skills which would result to higher productivity and increase financial base of the organization. Cunningham (2002) posits that, helping individuals to develop knowledge, skills

and competence increases the human capital of the organization. People are better equipped to do their jobs and this is generally of value to the organization. The resource-based theory argues that, firm performance is a function of how well managers build their organizations around resources that are valuable, rare, inimitable, and lack substitutes (Barney, 1991). Human capital as resources meet this criteria, hence the firm should care for and protect them, because doing so can improve organizational performance (Crook, Ketchen, Combs & Todd, 2008).

Over the years however, banks have traditionally emphasized shrewd use of financial assets, the increasingly competitive global marketplace is causing financial institutions to take a fresh look at the way they manage human capital. The banking industry is being buffeted by a storm of trends and challenges. Customers perceive banking products and services as commodities; shareholders demand healthy growth and fat margins; employee turnover is a persistent problem; and skilled talent is in short supply (Munjuri, K'Obonyo & Ogutu, 2015).

In today's environment generally, business is becoming very competitive thereby making skilled human capital a major factor for successful organizations. Despite the efforts made by organizations in human capital development through training with the intention of improving employee's performance, poor performance still exists. This may be as a result of some factors such as shortage of staff to perform the required task within a given period of time and failure to utilize the knowledge obtained during the training.

Furthermore, the banking industry is being affected by a storm of trends and challenges. Shareholders demand healthy growth and fat margins; employee's turnover is a persistent problem; and skilled talent is in short supply. Organizational performance failure can be traced to lack of value placed on human capital been the most valuable asset in the organization. Human capital management has been experiencing many problems ranging from challenges in recruiting and integrating younger employees, limited supply of candidates with the right skills and inability to provide attractive career paths to the employees. It is on the above stated problems that this study was designed. The general objective of the study is to examine the impact of human capital management on the performance of commercial banks in Wukari metropolis in terms of customer service delivery, cost reduction, profitability and meeting organizational targets. The following hypotheses were made:

| | |
|---|---|
| $Ho_1$ | Human capital management has no significant impact on customer service delivery |
| $Ho_2$ | Human capital management has no significant impact on organizational cost reduction |
| $Ho_3$ | Human capital management has no significant impact on organizational profitability |
| $Ho_4$ | Human capital management has no significant impact on meeting organizational targets |

**Conceptual Framework**

According to Marimuthu, Arokiasamy and Ismail (2009), human capital is that processes that relates to training, education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values and social assets of an employee which will lead to the employee's satisfaction and performance. Rastogi (2002) opined that human capital is an important input for organizations, especially for employees' continuous improvement mainly on knowledge, skills

and abilities. The Organization for Economic Co-Operation and Development (OECD) (2001) referred to human capital as the knowledge, skills, competencies, and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being. Chen, Zhu and Xie (2004) viewed human capital as factors employees' knowledge, skill, capacity, and attitudes in relation to fostering performances which customers are willing to pay for and the company's profit comes from. Wan (2007) posits that human capital development policies can enhances employee satisfaction and it is evident from many research studies that employee satisfaction has positive significant relation with employees' performance.

Ajisafe, Orifa and Balogun (2015) defined human capital as a collection of resources all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment and wisdom possessed individually and collectively by individuals in a population. They further states that these resources are the total capacity of the people that represents a form of wealth which can be directed to accomplish the goals of the nation or state or a portion there of. According to Ajisafe, Orifa and Balogun (2015), human capital management is an integrated effort to manage and develop human capabilities to achieve significantly high level of performance. Human capital management practices are set of practices that are focused on organizational needs to provide specific competencies. According to Gartner (2015) cited in Ajisafe et al, (2015), it is a "set of practices related to people resource management," specifically in the categories of workforce acquisition, management and optimization.

From the foregoing therefore, this research sees human capital as the acquisition of right human resource, training, management of it in terms of education and other professional initiatives in order to increase the levels of knowledge, skills, abilities, values and social assets that will lead to the employee's satisfaction and so, optimum performance.

**Theoretical Framework**

The study adopted the human capital theory. The human capital theory, developed by Schultz, (1960s) and later collaborated by Becker, (1962) views human capital in different but close perspectives; Schultz analyzes the use of education as a form of investment whereas Becker view human capital formation as the rate of return to invest in education. Using the theory to explain the situation of workers performance in the banking sector, it was assumed that, their working performance correlates with the level of human capital potential which may invariably be linked to the extent to which they have been educated in widening the knowledge and skills relevant for their jobs.

It is an aggregate economic view of the human being acting within economies, which is an attempt to capture the social, biological, cultural and psychological complexity as they interact in explicit and/or economic transactions. Human capital theory explicitly connect investment in human capital development to education, and the role of human capital in economic development, productivity growth, and innovation has frequently been cited as a justification for government subsidies for education and job skills training (Michael, 2013)

Human capital theory attempt to break down human capital into one or more components for analysis usually called intangibles (Eric, 1997). Most commonly, social capital, the sum of social bonds and relationships, has come to be recognized,

along with many synonyms such as goodwill or brand value or social cohesion or social resilience and related concepts like celebrity or fame, as distinct from the talent that an individual (such as an athlete has uniquely) has developed that cannot be passed on to others regardless of effort, and those aspects that can be transferred or taught: instructional capital (Eric, 1997).

**Empirical Review**

In a research conducted by Bai, *et al.*, (2015) titled impact of human capital variables on the effectiveness of the organizations in Pakistan; the authors assessed the impact of Human Capital Variables such as acquisition of knowledge, skills and expertise of the employees on the satisfaction of the employees and on the effectiveness of the organizations. Simple random probability method was used for sample selection and primary data was collected by administering questionnaires. Correlation technique showed that human capital development has strong significant positive relation with satisfaction level of the employees and customers, which will eventually lead to enhanced organizational performance.

Another study which was conducted by Ghannar (2015) on impact of human capital variables on effectiveness of the organization confirmed that when employees are provided with ample chances of human capital development they become satisfied from organization, when they become satisfied from organization they will automatically perform better in the organization which will lead to satisfaction of customers of the organization. It is accepted that when employees and customers are satisfied from the organization, it means organization is performing well.

In a study conducted by Seleim, Ashour and Bontis (2007) analyzing the relationship between human capital and organizational performance of software companies also, the researchers found out that, human capital indicator has a positive association on organizational performances. These indicators such as training led to team-work practices, tended to result in superstar performers where more productivity could be translated to organizational performances.

Based on these studies, we can conclude that human capital indicators enhance the firms' performance directly or indirectly. The conceptualization of human capital is closely linked to some fundamentals of economics and firms' performance. Our research however, takes a step further to identify and present clearly the strategies embarked upon by banks in Wukari metropolis towards human capital development and the impact such activities have on their organisations' performance.

**Methodology**

This study adopted a survey research design. Data was collected through the use of questionnaire administered on respondents who are employees of commercial banks in Wukari metropolis. Wukari is the headquarters of Wukari local government area of Taraba state, Nigeria. Three commercial banks have their branches located in wukari metropolis. They are Zenith Bank, United Bank for Africa (UBA) and Unity Bank. These banks have a combined staff strength of 108 which is the accessible population for this research. We used questionnaire instrument for the first pilot study observations and recommendations were used to improve the instrument before administering it on respondents. The study hypotheses were tested using multiple regression analysis with the aid of Statistical Package for Social Sciences (SPSS 23.0).

**Results**

A total of 108 questionnaires, each containing 19 categorized questions were designed and administered on respondents, but only 98 representing 91% of those were fully completed and returned.

**Test of Hypotheses**

**Table 1a: Human capital management and organization's customer service delivery (based on questionnaire responses)**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | T | Sig. |
| 1 | (Constant) | .333 | .119 | | 2.800 | .006 |
| | Human Capital Management | .853 | .051 | .865 | 16.880 | .000 |

a. Dependent Variable: Customer service delivery

From the regression result shown in table 1a, F (1, 98) = 284.924 at a 0.00 level of significance while $R^2$ = .748 which is the coefficient of the determination which measures the proportion of the dependent variable that is explained by the regression model. It points that the regression model (Human capital management) explains up to 74.8 % of the dependent variable (Customer service delivery).

**Table 1b: Human capital management and organization's cost reduction (based on questionnaire responses)**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | T | Sig. |
| 1 | (Constant) | 1.206 | .226 | | 5.330 | .000 |
| | Human Capital Management | .459 | .096 | .438 | 4.773 | .000 |

a. Dependent Variable: Cost reduction

From the regression result shown in table 1b, F (1, 98) = 22.777 at a 0.00 level of significance while $R^2$ = .192 which is the coefficient of the determination which measures the proportion of the dependent variable that is explained by the regression model. It points that the regression model (Human capital management) explains just 19.2 % of the dependent variable (Cost reduction).

**Table 1c: Human capital management and organizational profitability (based on questionnaire responses)**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | .798 | .190 | | 4.194 | .000 |
| | Human Capital Management | .621 | .081 | .617 | 7.683 | .000 |

a. Dependent Variable: Organizational profitability

From the regression result shown in table 1c, F (1, 98) = 59.021 at a 0.00 level of significance while $R^2$ = .381 which is the coefficient of the determination which measures the proportion of the dependent variable that is explained by the regression model. It points that the regression model (Human capital management) explains just 38.1 % of the dependent variable (Organizational profitability).

**Table 1d: Human capital management and meeting organization's targets (based on questionnaire responses)**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | T | Sig. |
| 1 | (Constant) | 1.499 | .235 | | 6.379 | .000 |
| | Human Capital Management | .289 | .100 | .288 | 2.900 | .005 |

a. Dependent Variable: Meeting organizational targets

From the regression result shown in table 1d, F (1, 98) = 8.410 at a 0.00 level of significance while $R^2$ = .083 which is the coefficient of the determination which measures the proportion of the dependent variable that is explained by the regression model. It points that the regression model (Human capital management) explains as low as 8.3 % of the dependent variable (Meeting organizational targets).

**Table 2: Decision on hypotheses**

| S/N | Hypotheses | p-value | Decision |
|---|---|---|---|
| 1 | Human capital management has no significant effect on customer service delivery | .000 | Rejected |
| 2 | Human capital management has no significant effect on customer cost reduction | .000 | Rejected |
| 3 | Human capital management has no significant effect on customer profitability | .000 | Rejected |
| 4 | Human capital management has no significant effect on customer on meeting organizational target | .005 | Rejected |

**Source:** SPSS result (2018)

From table 2, in line with the regression results which shows all the p-values as being below 0.05, all the four null hypotheses are rejected and so, alternative hypotheses accepted.

**Discussion of findings**

The generic hypothesis in line with the main objective of this research states that, there is no significant relationship between human capital management and organizational performance. The performance of the organization is measured in terms of customer delivery, cost reduction, profitability and meeting organizational set targets. These specific areas of performance measure formed four specific hypotheses which are tested. Hypothesis one states that, human capital management has no significant effect on customer service delivery. From the regression result based on the result of respondents' views (p=0.000) with the coefficient of determination ($r^2$) of 74.8 %, the alternative hypothesis was accepted which says that, Human capital management has a significant effect on customer service delivery.

Hypothesis two states that, human capital management has no significant effect on cost reduction. From the regression result based on the result of respondents' views (p = 0.000), the null hypothesis was rejected and the alternative hypothesis accepted. However, looking at the $r^2$ (19.2 %), the alternative hypothesis was just partly accepted. It was accepted to the extent of the existence of relationship between human capital management and cost reduction only. As stated by the $r^2$ therefore, the model explains just 19.2 % of cost reduction so; there is a relationship but a weak one.

Hypothesis three also states that, human capital management has no significant effect on the organizational profitability. From the regression result based on the result of respondents' views (p = 0.000), the null hypothesis was rejected and the alternative which states that, human capital management has a significant effect on the organizational profitability accepted. As noted in the case of hypothesis two however, looking at the $r^2$ (38.1 %), which is less than 50 %, the relationship is interpreted as existing but not quite strong.

The fourth hypothesis which states that, human capital management has no significant effect on meeting organizational targets was also rejected based on the regression result based on the result of respondents' views ($p = 0.000$), the alternative hypothesis which states that, human capital management has a significant effect on meeting organizational targets was therefore accepted. But, looking at the $r^2$ (8.3 %), just like in the case of hypothesis one, the alternative hypothesis was accepted just to the extent of the existence of relationship and not that it is significant. The model explains as low as 8.3 % of cost reduction so; there is a relationship but a very weak one. These findings support the views of Seleim, Ashour and Bontis (2007), Bapna, *et al.,* (2011), Farooq and Aslam (2011), Ghannar (2015), and several others who assert that human capital management has a relationship with the performance of an organization. This research however found out that, in terms of banks, while the relationship is quite significant in customer service delivery, it exists but weak in terms of cost reduction, profitability and meeting organizational targets.

**Conclusion and Recommendations**

Based on the above findings, this research concludes that human capital management has a relationship with organizational performance. The management of employees leads to increase quality of service, reduction in operation cost, profitability and meeting up set targets. The research therefore recommends that, banks should take human capital management seriously for this has an effect on their achievement of set goals. This can be achieved through the following:

i. Training and retraining of their employees to better equip them with the dexterities required for effective and efficient performance of their assigned tasks.
ii. Promoting social interactions, bonds and cordial relationships among staff. This will create an avenue for staff to better understand themselves and leads to cordial and harmonious working relationship which is paramount in team successes.
iii. Encouraging and creating avenues for staff where they would exercise and embark on other activities to keep fit and live a healthy life for only a healthy and fit staff is likely to perform well and also, stay long on the job.
iv. Providing welfare packages to their employees to attain their loyalty. A well managed employee is likely to be loyal and work for the enhancement of the organization's performance.
v. Employing good motivational strategies to spur employees increase performance. This would ultimately lead to enhanced organizational effectiveness.

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# Organizational Climate and Innovative Work Behaviour of Academic Staff In Nigeria

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**Abstract**
*This study sought to understand the influence of organizational climate on innovative work behaviour of academic staff in a selected university in Northern Nigeria. Risk orientation, external orientation and achievement orientation were proxies of organizational climate. Three hypotheses were tested in this study: risk orientation, external orientation and achievement were hypothesized as not having a significant influence on innovative work behaviour of academics in Nigeria. The sample size for the study was 195, while only 160 questionnaires were finally used for the data analysis. Results from the regression analysis showed that while external and achievement orientations had a significant positive influence on innovative work behaviour of academics, risk orientation did not show a significant influence on the innovative work behaviour. It was recommended that organizations should focus on developing an external perspective and achievement orientations so as to encourage innovative work behaviour on the part of employees to enable the achievement of organizational objectives.*
**Keywords:** Organizational climate, innovative work behaviour, Nigeria.

## Introduction

The way employee's feel about the work environment can affect their behaviour. An organizations climate somewhat determines how innovative its employees will be. Nusret (2014) observed that a satisfying climate is positively associated with the level and quality of workers performance. Worthy of note in the climate concept is that, different dimensions of behaviour within an organization can be studied and considered under a universal concept (Irene, Samuel & Mary, 2014). Thus, a Dean, Head of Department or a registrar among others in an academic environment can attempt to understand and explain the environment within his/her unit or the organization in totality by utilizing a concept referred to as climate.

Climate can be seen as attitudes and feelings which are components of life in an organization. With a variance of climates in an organization, managers see innovation as a means to survive in a changing and hostile environment (Nejib, 2014). The development of innovative work behaviour depends to a large extent on the organizations climate. Zulfqar, Liaqat and Nazir (2012) opine that creating a climate that encourages the workforce to be at its best is an effective means of improving organizational performance. Organizational climate can therefore, be likened to human personality; as personality differentiates one another, so does climate distinguishes an organization from the other. The Hawthorne studies which led to the Human relations movement outlined human feelings, attitudes, social, psychological and economic needs, interpersonal relationships as factors related to individual motivation in an organization (Lunenberg & Ornstein 1991;

Zulfqar et.al. 2012). How individuals perceive something whether real or not becomes a base by which his/her behaviour at work is shaped. The ability of any University to achieve its goal is a function of its capacity to create a climate that can attract and retain competent and satisfied staff.

However, innovative work behaviour is regarded as underdeveloped in the Nigerian university system perhaps as a result of factors limiting or encouraging the poor state of innovative behaviour (Bawuro, Danjuma & Wajiga, 2018). Some of the notable constraining factors include inadequate infrastructural facilities, lack of policies that facilitate innovative work behaviour, tall organizational structure, ambiguous achievement goals among others, which has ultimately impacted academic staff innovative work behaviour. Studies have also shown that University academic staff view organizational climate as characterized by unchallenging jobs, lack of recognition, lack of material resources, lack of staff development activities (Fajana, 2002; Adenike, 2011). It is in view of this that the general objective of the study is to understand the influence of organizational climate on innovative work behaviour of academic staff of a selected university in Northern Nigeria. Organizational climate was measured based on three parameters validated by (Nystrom et. al., 2002; Nuster, 2014) as risk orientation, external orientation and achievement orientation.

## Literature review and theoretical foundation

### Organizational Climate

When employees within an organization share similar perceptions of the work environment, organizational climate is said to exist. It comprises attitudes, values and practices that are inherent in members of an organization (Adenike, 2011). Gerber (2003) argued that organizational climate illustrates how individuals collectively perceive the organization. It can generally be seen as employees' perception of the work environment, which in turn influences their work related attitude, behaviour and innovative work behaviour (Burton, Lauridsen & Obel, 2004). Hang, Foley and Loi (2009) define organisational climate as "an individual's attitude as it concerns the organization, comprising of its degree of trust, morale, conflict, reward, resistance to change and "scapegoating". Empirically, studies have shown that organizational climate is positively related to favourable organizational outcomes such as financial performance, productivity, turnover rate (Riordan, Vandenberg & Richardson, 2005; Hang et.al. 2009).

Common to all the definitions is the fact that organizational climate comprises how employees perceive their work environment, what they feel and believe to be real therein. When an organization creates a friendly climate towards its employees, they tend to feel satisfied and happy and at the same time when an employee is satisfied and happy, new ideas could generated given the difficulty of innovating in a hostile environment. Many Studies have shown that organizations do not have 'one climate' but encompasses many climates such as, creative climate (Nejib, 2014), the innovation climate (Bare and Frese 2003), the ethical climate (Starratt 1991), and business climate (Pierre, 2013) among others. Godwin, Edwinah and Harcourt (2013) have observed that various management approaches results in different climates and that the prevailing climate influences performance and resultant behaviour.

The social cognitive theory as a social learning theory provides the theoretical lens to understand the organizational climate phenomenon. Social cognitive

theory is a theory that enables individuals to learn by watching what others do and do not do (Bandura, 1986; Leong & Rasli, 2013). In the workplace, social cognitive theory can be viewed from learning on the job by the act of imitation of the behaviour from the action to the results of those actions. Through this application, individuals learn on their own even where there are no external influences telling them they should (Leong & Rasli, 2013). This ability could be demonstrated through self-efficacy or the belief's regarding one's capabilities of successfully completing tasks or goals. Studies suggest that since human behaviour could be determined by the expected outcomes of the behaviour, innovative work behaviour could be also determined by the outcomes expectations such as performance (Yuan & Woodman, 2010).

**Innovative Work Behavior**

Innovative work behavior can be seen as a set of related behaviors that lead to idea generation. De-jong and Hartog (2008) argue that innovative work behavior is not limited to the generation of ideas but also behaviors needed for idea implementation that will improve and enhance personal/business performance. Innovative work behavior can be seen as the extent to which individuals encourage the initiation and introduction of new ideas, processes, products or procedures (Farr & Ford, 1990; Leong & Rasli, 2014). The conceptual explanation of innovative work behavior suggests that it consists of three forms of behavior: generation of new and useful ideas, idea promotion, idea suggestion and subsequent implementation (Woods, Mustafa, Anderson & Sayer, 2017).

Various authors have proposed that individuals have varying potentials to innovate (George & Zhou, 2001; Niu, 2014; Raja & Johns 2010; Woods et.al. 2017). The concept of innovative work behavior is closely related to employee creativity. Creativity is seen as production of new ideas. The difference in the two constructs is unlike creativity, innovative work behavior is expected to result in innovative output. Creativity is a crucial function of innovative work behavior as it begins the innovation process (Woods, et. al., 2017). An innovation process is always determined by an individual as he/she is the source of any new idea. Thus, maintaining a friendly climate facilitates idea generation.

The following research framework, as shown in Figure 1, forms the conceptual framework of the study.

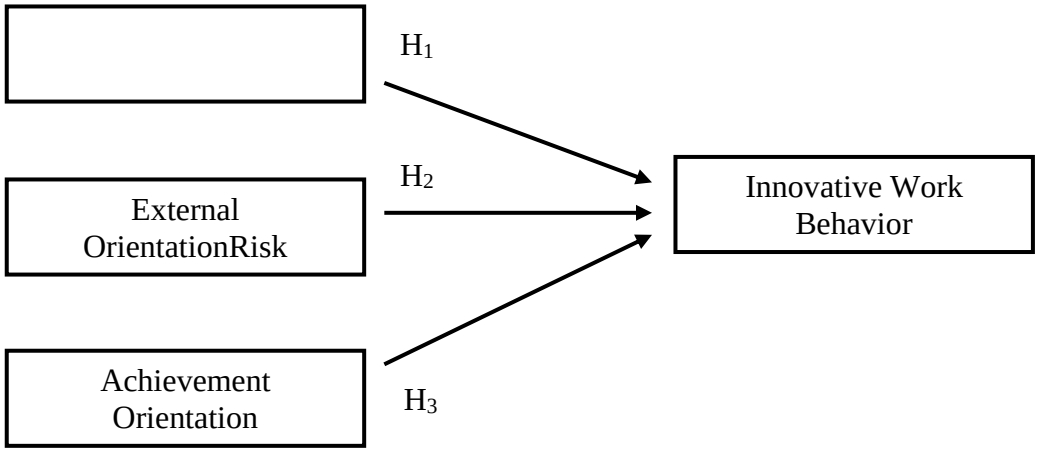


Figure 1: Conceptual Framework of Study

**Organizational Climate and Innovative Work Behaviour**

**Risk Orientation**

An organizations degree of responsiveness in tackling risks is called risk orientation (O'Malley, 2004; Nusret, 2014). Top management sometimes is risk-prone and this nature encourages an organization to move forward by adopting innovative or radical techniques (Nystrom et.al. 2002). Organizations' gain competitive advantage by taking risks and making innovative changes. The higher the level of risk orientation, the higher the organizations chances of being involved in new processes, which encourage innovative work behavior (Tyler & Steensma, 1998; Pansiri, 2005; Parkhe, 1993). For example, an organization with high risk orientation would favor creative work behavior by given employees the laxity to develop new concepts, processes, products or services and indeed to market same in new markets etc (Nusret, 2014). Therefore, when employees perceive that the organization is open to assuming risks in the performance of its duties, to that extent, the organization can be said to be high on risk orientation (Kessler & Chakrabarti, 1998). Based on the submission, the following hypothesis is proposed:

*Hypothesis One: risk orientation does not have a significant effect on the innovative work behaviour of academics in Nigeria.*

**External Orientation**

Slater and Narver (1994) see external orientation as a firm's capacity in following up and interacting in its organizational processes. External orientation implies that an organizations success is linked to effective communication between the organisation and its customers or generally its external stakeholders, (Nystrom et. al., 2002). Naranjo-Valencia, Jimenez-Jimenez and Sanz-Valle (2011) argue that an organization tends to achieve breakthrough innovations if it emphasizes external orientation. Furthermore, linking internal organizational processes and systems to align with the external environment creates and improves the organization synergy, with its attendant impact on organizational performance. Constant and continuous alignment therefore, requires vigilance in surveying an organizational task and general environment (Nusret, 2014). An organizations climate that is oriented externally enhances customer's awareness and better understands its stakeholders needs (Nystrom et.al 2002). Kimberly and Evanisko (1981), found a positive association between organizational climate and external orientations. Based on this evidence, the following hypothesis is proposed:

*Hypothesis Two: external orientation does not have a significant effect on the innovative work behaviour of academics in Nigeria.*

**Achievement Orientation**

An organizations desire to excel can be referred to as achievement orientation (Nystrom et.al. 2002). Mumford (2000) argued that innovative work behavior is associated in people with a higher degree of achievement orientation. Achievement oriented firms tend to be less bureaucratic and more likely to achieve excellence by being goal oriented (Nystrom et. al., 2002). Imanol, Juana and Maria (2007) argue that organizational climate in the six dimensions considered (supportive management, clarity, self-expression, contribution, recognition, and work as a challenge) as a variable significantly influences the five factors of entrepreneurial orientation considered in their study (innovation, risk taking, pro-activeness, competitive aggressiveness, and autonomy). Permarupan, Saufi and Kasim (2013) also argue that the higher the satisfaction with achievement orientation, the higher the employee's organizational commitment and work

passion. Following from the above, the following hypothesis is proposed:

> *Hypothesis Two: achievement orientation does not have a significant effect on the innovative work behaviour of academics in Nigeria.*

**Methodology**

This study is an attempt at evaluating the influence of organizational climate on innovative work behavior of academics in Nigeria. The case university has a population of 380 academic staff. The sample size of 195 was arrived at after employing the Taro Yamane (1967) formula for sample size determination. Therefore, 195 questionnaires were distributed but only 160 were finally used after eliminating 35 that were either wrongly filled or not retrieved. Questionnaires were used to solicit for information on the variables used in the study. The independent variable was measured using the validated scale developed by Nystrom et al. (2002) while innovative work behavior was measured using the validated scale developed by Joroen, Jong and Deanne (2008). The reliability measures for the independent variable proxied as risk orientation, external orientation and achievement orientation was calculated as 0.78, 0.81 and 0.84 respectively while the reliability measure for the dependent variable proxied as innovative work behavior was calculated as 0.86 all above the recommended threshold of 0.7 (Nunnally, 1978). The model developed was analyzed using multiple linear regression using SPSS v23. The model developed is explicitly presented below.

$INW = a + ROb_1 + EOb_1 + AOb_3 + e$

where:

INW = innovative work behavior
a = intercept
RO = risk orientation
EO = external orientation
AO = achievement orientation
$b_i$ = coeficients of RO, EO, AO
e = error term

**Results**

This study was aimed at assessing the effect of organizational climate on innovative work behavior of academics in Nigeria. A careful assessment of the dataset revealed the absence of missing values, which has made it appropriate for use in this analysis. In considering the possibility of multicollinearity as an important assumption appropriate in regression analysis, the variance inflation factor was calculated. The VIF values range from 1.055 to 1.414 for the independent variables used for the study while the Tolerance values also range from 0.948 to 0.707 all within the acceptable threshold as recommended by Tabachnik and Fidell (2007). This indicates that there is absence of multicollinearity, which has made the dataset appropriate for the use of regression analysis. Also the skewness values were as follows: innovative work behavior (-.765), risk orientation (-1.1136), external orientation (-.666) and achievement orientation (-.274) while kurtosis values were found as follows: innovative work behavior (.110), risk orentation (.747), external orientation (-.223) and achievement orientation (-.926). All this indicates lack of non-normality, which is confirmed by assessment of the regression standardized residual histogram.

The descriptive statistics and correlations for the variables used in the study are presented in Table I. An evaluation of the correlations indicates that the dependent variable correlates highly with the independent variables while correlating moderately amongst themselves in line with the recommendation by Tabachnik and Fidell (2007). Innovative work behavior correlates significantly with risk orientation ($r = .206$, $p<.01$), external

orientation (r = .506, p<.001) and achievement orientation (r = .532, p<.01). On the other hand, risk orientation correlates significantly with external orientation (r = .215, p<.01), achievement orientation (r = .181, p<.01) and lastly external orientation correlates significantly with achievement orientation (r = .537, p<.01).

**Table I: Mean, Standard Deviations and Correlation**

| Variable | Mean | Std. Deviation | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|---|
| Risk orientation | 3.28 | 1.204 | 1.000 | | | |
| External orientation | 3.69 | .972 | .215 | 1.000 | | |
| Achievement orientation | 3.99 | 1.028 | .181 | .537 | 1.000 | |
| Innovative work behaviour | 3.62 | 1.039 | .206 | .506 | .532 | 1.000 |

Note: all correlations are significant at p < 0.001
Source: Author Computations (2018)

The major objective of this study was to evaluate the influence of organizational climate on innovative work behaviour of academics in a selected university in Nigeria. Based on the result of the regression analysis, the predictor variables are significant predictors of innovative work behaviour with F(3,156) = 28.384, p < 0.001 explaining 0.357 or 35.7% of the variation in the innovative work behaviour of academics in a selected university in Nigeria. This information is contained in Table II below.

**Table II: Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .597[a] | .357 | .344 | .841 |

a. Predictors: (Constant), achievement orientation, risk orientation, external orientation
Source: Author Computations (2018)

**Tests of hypotheses**

The result of the hypotheses testing is captured on Table III below. Hypothesis one, which states that there is no significant effect of risk orientation on innovative work behavior is not rejected and therefore, accepted (b=0.066, t=1.167, p=0.245) indicating that risk orientation does not have a significant effect on the innovative work behavior of academics in a selected university in Nigeria. Hypothesis two, which states that external orientation does not have a significant effect on innovative work behavior is rejected (b=0.317, t=3.859, p<0.001) indicating that external orientation has a significant positive influence on innovative work behavior of academics in a selected university in Nigeria. Lastly, hypothesis three, which states that achievement orientation does not have a significant effect on innovative work behavior is also rejected (b=0.362, t=4.691, p<0.001) indicating that achievement orientation has a significant positive influence on innovative work behavior of academics in a selected university in Nigeria.

**Table III: Parameter Estimates**

| Parameter | B | Std. Error | t | Sig. | Decision |
|---|---|---|---|---|---|
| Risk orientation ($H_1$) | .066 | .057 | 1.167 | .245 | Accepted |
| External orientation ($H_2$) | .317 | .082 | 3.859 | .000 | Rejected |
| Achievement orientation ($H_3$) | .362 | .077 | 4.691 | .000 | Rejected |

Dependent Variable: Innovative Work Behavior
Source: Author Computation (2018)

**Discussion of findings**

This study was designed to examine the influence of organizational climate on the innovative work behavior of academics in a selected university in Nigeria. The first hypothesis states that risk orientation does not a significant influence on innovative work behavior. The result from the study fails to support the rejection of the hypothesis, and is thus accepted. The stated hypothesis is accepted perhaps because the nature of institution studied. Risk orientation is the degree to which an organization responds to risks. Perhaps because of the low risk associated with the university task environment, the degree of responsiveness of the university studied is relatively low, which ultimately has no significant influence on fostering innovative work behaviour of the academic staff working in the institution.

The result of the regression analysis also fails to support the acceptance of hypothesis two which stated that external orientation does not have a significant effect on innovative work behavior of academics. Hypothesis two is therefore, rejected in favor of the alternative hypothesis that external orientation has a positive significant effect on innovative work behavior of academic staff in Nigeria. This finding agrees with the study by Kimberly and Evanisko (1981), Nystrom et al., (2002) and Naranjo, Jimenez and Sanz (2011) who also reported similar findings. External orientation implies that an organizations success is linked to effective communication between the organization and its stakeholders, an important responsibility taken seriously. Universities have developed a high level of interaction with both its host community on the one hand and other stakeholders such as the government, parents, National Universities Commission, Ministry of Education (both at the National and State level). The opportunities available in these interactions by the university with its external stakeholders have contributed in improving the innovative work behavior of the academic staff working in the institution.

Lastly, the third hypothesis, which stated that achievement orientation does not have a significant effect on innovative work behavior, is also rejected in favor of the alternative hypothesis that achievement orientation has a significant effect on the innovative work behavior of academics in Nigeria. The finding agrees with the research conclusions by Imanol, Juana and Mara (2007), Permarupan, Saufi and Kasim 2013) that achievement orientation influences innovative work behavior. Their attempts at this have influenced the academic staff perception which has ultimately impacted on their innovative work behavior. The drive to achieve and the environment created by the institution to help achieve this has encouraged innovative work behavior of academic staff in the discharge of their duties and responsibilities, which has ultimately impacted on the performance of the organization.

**Conclusion and Recommendations**

This study sought to understand the influence of organizational climate on

innovative work behaviour of academic staff of a selected university in Northern Nigeria. Risk orientation, external orientation and achievement orientation were proxies of organizational climate. Three hypotheses were tested in this study: risk orientation, external orientation and achievement were hypothesized as not having a significant influence on innovative work behaviour of academics in Nigeria. The sample size for the study was 195, while only 160 questionnaires were finally used for the data analysis. Results from the regression analysis showed that while external and achievement orientations had a significant positive influence on innovative work behaviour of academics in Nigeria, risk orientation did not show a significant influence on the innovative work behaviour.

The following recommendations are suggested:
Organizations should focus on developing an external perspective so that employees could be encouraged to develop innovative work behavior which ultimately impacts on the performance of the organization.

Organizations should focus on developing an achievement perspective, which is a fundamental requirement for organizational success. An achievement orientation has the capacity of impacting positively on innovative work behavior, hence the need to develop and implement policies, systems, procedures, rules and practices to engender achievement orientation.

**Limitation and suggestion for future studies**

The study is limited as a result of the cross-sectional nature of the research design. A longitudinal study would best capture the influence of organizational climate on innovative work behavior. Secondly, the study is limited to the academic environment, specifically academic staff, which could likely limit the generalization of the research findings to other sectors. A general study could therefore, be conducted that would expand the scope to ensure generalization of the research findings to other sectors. Thirdly, the predictors are defined using only risk orientation, external orientation and achievement orientation. Other conceptualizations of organizational culture could be used in future studies to best capture the diverse and complex phenomenon that defines organizational culture. Lastly, future studies could focus on understanding why risk orientation as a dimension of organizational climate fails to predict innovative work behavior.

**Implication of study**

The study has contributed and expanded the theoretical underpinning of organizational climate and its influence on innovative work behavior especially as applicable in the Nigerian educational sector. Employing the Nystrom et al. (2002) conceptualization of organizational culture, the study has been able to establish that external and achievement orientations are significant, positive predictors of innovative work behavior, an important theoretical contribution to organizational climate studies. The practical contribution implies that organizations especially in the educational sector should focus on developing the external and achievement orientation as they are found to be the most important conceptualizations of organizational climate with the most influence on innovative work behavior.

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# Synthesis in Behavioral Genetics, and Organizational Behavior: The Madness Malady in Nigerian Organizations

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## Abstract

*This paper examines the Synthesis in Behavioral Genetics, and Organizational Behavior focusing on the behavior madness malady in Nigerian Organizations. We fused the various collections of behavioral genetic theories into central parlance of general genetic behavior in Nigeria work organizations. Attitudinal decay exhibited by Nigerian workers provided a robust explanation for our theoretical and empirical debate and related arguments in support of the plethora of literatures examined. The paper took a position consistent with social cognitive theory as advocated by Bandura (1986; 1997) cited in Karen, (2016). We positioned that Nigerian workforce attitudinal behaviors are as a result of innate hereditability which are genetically enshrined into the lives of all Nigerians as spread through our cultural heritage and norms. This therefore presupposes in our debate that, the rebranding of the Nigerian workforce and all Nigerians for attitudinal change should take pre-eminence over the political, economic and social rebranding campaign of the Nigeria State as a whole. For the former gives birth to the later.*

**Key Words***: Behavioral Genetics, Social Cognition, Organizations, Psychology, Personality*

## Introduction

From the contemporary point of Organizational studies debate, we could have found or encountered various shades of explanations of behavioral traits in human species within the work environment. Amply, by simple human analytical methodology applied to phenomenon, we may as well agree that behavioral genetics in human species are direct indications from hereditary dynasty within and around a particular cultural domain. We could also posit strongly by intuitions and other metaphorical analysis that behavioral genetics can, and are individually driven and induced by certain environmental factors. This of course may be consistent with the pragmatic propositions of Sherman et al. (1997) cited in Remus, Arvey And Bouchard (2006) that, The acknowledgement that genetic as well as environmental influences underlie human behavior is consistent with Darwinian natural selection and hence places human behavior within a broad evolutionary framework. Howbeit, it is noteworthy to say that studies on behavioral genetic have for over the years exerted profound and immense direct influence on the organizational study debate. Both from theoretical and practical point of view, organizations do not seem to be ignorantly divorced from their hereditary genetic behaviors that emanate from its people in the day to day management and operations of the firm. Researchers in the field of behavioral

genetics study variation in behavior as it is affected by genes, which are the units of heredity passed down from parents to offspring. Scientists realize that genes by themselves do not control behavior. Genes enable organisms to respond to and use what is around them in their environments. At the same time, environments influence the actions of genes (Carey, 2003).

The term "environment" often leads to confusion because it has a different meaning in behavioral genetics than the one that ordinarily comes to mind. As an ecological term, environment means the physical world. As a genetic term, environment means all influences other than inherited factors. Here, we could mention a few list of some typical environmental factors that to one degree or another affect behavior: family and friends, home and workplace, and specific experiences from everyday life. These are aspects of our external, social world. While other environmental factors belong to the internal, biological world: nutrients, hormones, viruses, bacteria, toxins, and other products that affect the body during prenatal development and throughout life. All of these environmental variables play host to human behavioral genetics which ultimately affect the organizational behavior either negatively or positively.

In the social world of human environment, nonhumans' astral world and the animal kingdom, there are arrays of cyclical behavioral patterns differing from one species to another and from one place of existence to the other. In this context, each of the species is being influenced by natural genetic factors and or, environmental driven factors which greatly influence organizational settings and its behaviors. In fact Human beings living in communities behave, individuals behave, groups and sub-groups behave, animals also behave, and they do so according to their individual species. All living creatures behave, and in short the non-living things modify their behaviors and the trees and plants do behave. All being propelled characteristics at certain time and in certain order which trigger actions and inactions.

For instance, in twin studies, researchers assess hereditary influence by comparing the resemblance of identical twins and fraternal twins on a trait. The logic underlying this comparison is that, identical twins emerge from one egg that splits, so that their genetic makeup is exactly the same (100% overlap). Fraternal twins result when two eggs are fertilized simultaneously: their genetic overlap is only 50%. Both types of twins usually grow up in the same home, at the same time, exposed to the same parents, relatives, neighbors, peers, teachers, events and so forth. Thus, both kinds of twins normally developed under similar environmental conditions, but identical twins share more genetic kinship. Hence if sets of identical twins exhibit more personality resemblance than sets of fraternal twins, this greater similarity is probably attributable to heredity rather than environment (Weiten and Lloyd, 2000). Whichever the nature of behaviors in humans living in the same environment or working in the same organization, there are usually surprising behaviors that people exhibit that stunned their acquaintances and work colleagues. This study examined the behavioral disposition of people within the interplay of the Nigerian dialectical structures as they applied to, and affect the operations of private and public organizations generally.

**Contending problems**

Nigeria is a multicultural and multi-religious country that has over 520 languages of different ethnic origins, people's groups and sub-groups. These multiethnic origins or groups have different and varied behavioral pattern that

are difficult to reconcile with one another when it comes to the discussion of behavioral genetics. Seers, prophets, and astrologers of ancient times have tried to predict behavior. Writers such as Shakespeare and Jane Austen have tried to describe it. Freud, Jung, and other psychiatrists have sought to explain it. Today's advice columnists assume they understand it, ministers sermonize about it, and some daytime TV talk show hosts provoke their guests into the worst of it. Yet, much of behavior remains a mystery. It's the unusual person (the differently *behaving* person) who has not tried to understand his or her own behavior or the behavior of others. Therefore, it should come as no surprise that many scientists choose to study behavior. The Nigerians' behavioral traits require a much stronger scientific investigation into its origins and the hereditary dynasty as they implicated our national and international identity as a nation.

Worried by the Nigerians' behaviors in all spheres of human activities, one is prompted to ask, where is the genetic origin of the Nigerian people traceable to? The behaviors of Nigerians are highly characterized by so many negative traits. For instance, Nigerians are known for great level of impatience; Nigerians' behaviors while no traffic warder is in control of traffic in particular point will tell you that no one wants to wait for the other. If a Nigerian is booting a computer system, the process of booting is too slow for him. When he drives his car, he feels he should use the maximum speed capacity fixed from the factory by the car manufacturer. On any service line, a Nigerian does not want to obey the queuing discipline and would prefer to cut corners and get served. Everything should be gotten in a hurry. However, one common thing that Nigerians will not do in hurry is that, they will not keep to time or go to office in hurry to be the first to resume duty. This is occasioned by massive attitudes of lateness to work, and it is generally enshrined and known as, ***"The Nigerian time"*** or, ***the "African Time."*** There are preponderances of animalistic behaviors being exhibited in our work organizations be it private or public. The debate in this study is that, are these behaviors genetically hereditary or they are environmentally induced? We took an exploratory survey in this study to debate the "Synthesis in Behavioral Genetics, and Organizational Behavior by linking up the madness malady in Nigerian Organizations.

**Theoretical underpinning and other literatures**

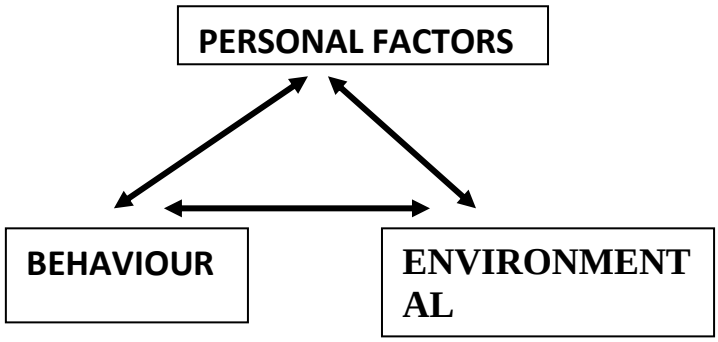
Behaviorism, also known as behavioral psychology, is a theory of learning based on the idea that all behaviors are acquired through conditioning. Conditioning occurs through interaction with the environment. Behaviorists believe that our responses to environmental stimuli shape our actions, (Kendra,2018). The most-often used theories of health behavior are Social Cognitive Theory, The Transtheoretical Model/Stages of Change, the Health Belief Model, and the Theory of Planned Behavior. The most-often mentioned theoretical model that has not been fully applied in research and practice is the Social Ecological Model.

**Social cognitive theory**

Social cognitive theory (SCT), the cognitive formulation of social learning theory that has been best articulated by Bandura, (1986; 1997) cited in Karen, (2016), explains human behavior in terms of a three-way, dynamic, reciprocal model in which personal factors, environmental influences, and behavior continually interact. SCT synthesizes concepts and processes from cognitive, behavioristic, and emotional models of behavior change, so it can be readily applied to counseling

interventions for disease prevention and management. A basic premise of SCT is that people learn not only through their own experiences, but also by observing the actions of others and the results of those actions.(Karen, 2016). The SCT presurposes that it correlates its assumptions with the old entrenched belief which says that, "experience is the best teacher" thereby, anchoring on the need that people must as a matter of reality learn from self and from others to modify or change behaviors. The three-way dynamic and reciprocal model of SCT is presented below:

***Figure 1*: Social Cognitive Theory**




***Source:*** *Bandura, A., (1986). Social Foundations of Thought and Action: A Social Cognitive Theory . Prentice-Hall. P. 24.*

*Cited in Karen G.,(2018) Behavioral & Social Sciences Research.*

Some of the essential theoretical constructs regarding social cognitive theory that are germane to the concept of health behavior change interventions can be classified into: • Observational learning •Reinforcement •Self–control and •Self–efficacy. From the diagrammatical presentation on Figure 1 above, there is a direct relationship between individual personal experiences and the behavior of others. Therefore, both personal factors and the environmental influences are moderating factors that influence the behaviors of individuals and the group within a given society. As (Weiten and Lloyd, 2000) maintain that, social thinking and social influence play significant roles in personal adjustment. As people interact with others, they constantly engage in person perception, the process of forming impressions of others. And because, impression formation is usually such an easy and automatic process, people are unaware that it is taking place. However, the process is usually a complex one. Because you cannot read people's minds, you are dependent on observations of others to determine what they are like. In forming impressions of others, people rely on five (5) key fundamental sources of observational information, which include: appearance, verbal statements, actions,

nonverbal messages, and situational cues; (Weiten and Lloyd, 2000).

- **Appearance:** In the Holy Bible God himself said, *"For the Lord does not see as man sees; for man looks at the outward appearance, but the Lord looks at the heart."* – (1 Samuel 16:7

God doesn't focus on our outward appearance. It is what's on the inside that matters to Him. Scripture tells us that our beauty should not come from outward adornment, such as elaborate hairstyles and the wearing of gold jewelry or fine clothes which call attention to us. Rather, it should be that of our inner self, the unfading beauty of a gentle and quiet spirit, which is of great worth in God's sight. (1 Peter 3:3-4). So often we look at what we can see on the outside – beauty, talents, fame and such, but God sees straight to the heart – motives, intent and character. This also means that, you cannot judge a book by its cover. But people frequently do exactly that. Physical features such as height, weight, skin color, and hair color are some fo the cues used to read other people. Regardless of their accuracy, beliefs about physical features are used to form impressions of others (Bull and Rumsey, 19880 cited in (Weiten and Lloyd, 2000). For example Weiten and Lloyd, (2000) maintain that, Americans learn to associate red hair with "hot; tempers and the wearing of eyeglasses with studiousness.

- **Verbal Statement**: One other areas of forming sensitive opinion about people, is from what they say. For instance, if Grace says she likes the traditional wears of the Tiv, Igede and Idoma people of Benue state, you may incline to think that Grace love Benue people. And probably she may be developing interest in getting married to the Benue people. And if Grace modifies her statement and says, "I like clubbing" , then your new opinion might be, Grace is a loosed girl and may be living a wayward life. Either of the previous and later opinions formed about Grace may be wrong completely and may not reflect the true life style of Grace.
- **Actions**: Because people don't always tell the truth, you must rely on people's behaviors to provide insights about them. In impression formation, people follow the adage that says, ***"Actions speak louder than words".*** For instance, if you know that each time John returns from work, Grace will be the first to welcome him, take his bag, put water for bathing and set food on the table for him while Linda watches movies on the television. You may infer and conclude that Grace is a loving and caring girl and should be more homely than Linda.
- **Nonverbal Messages**: One dynamic and highly sensitive aspect of source of information about others is nonverbal communication: such as, facial expressions, eye contacts, body languages and guestures (Ambady and Rosenthal, 1992 and Ekman, 1992). These nonverbal cues provide information about people's emotional states and dispositions. For instance, a good eye contact and bright smile signals friendliness and openness. Similarly, because people know that verbal behaviors are more easily manipulated than nonverbal behaviors, they often rely on nonverbal cues to determine the truth of what others say or feel about event or situation. (DePaulo, LeMay, and Epstein, 1991).

- **Situations**: Basically, the setting in which behavior occurs, provides very crucial information about how to interpret a person's behavior. For example, if Ode Lucy like cracking jokes at the student's hangout platform no one will keep eye on interpreting her actions, but however, if she burst into laughing in the middle of a very serious lecture on-going, this will raise eyebrows and generate hot debate and speculations about why she behaves this way. From that day Lucy may even loose some of her good friends who probably detested such behavior in the public. The reason is obvious that, people pay particular attention to behavior that is negative or unexpected. (Weiner 1985; cited in Weiten and Lloyd, 2000).

**Snap Judgment versus Systematic Judgment**

Snap judgment about others are those made quickly and on the basis of only a few bits of information and preconceived notions. Thus, they may not be particularly accurate. Nonetheless, people get way with superficial assessment of other very many times and quite often with damaging implications on the image of the assessed person. Fiske (1993) posits that, "people are good enough perceivers". Often, interactions with others are so fleeting or inconsequential that it makes little difference that such judgments are imprecise, inaccurate, illogical, full of exaggerations, and damaging to individual or group image either in an organization or in a social setting.

Often time, things happened during interview panel of investigation and interviewees try to showcase their competency and ability to be hired for a job; alas!, despite all the effort you spend trying to make a good impression, the interview might be over the second the recruiters first lay eyes on you. Before we can finish blinking our eyes, we've already decided whether we want to hire, date, hate, or make friends with a person we're encountering for the first time. These first impressions color the way we interact with other people from that point forward. And all of this happens outside of our awareness, in the unconscious processes of the mind, research shows. (Nicholas 2014). The human tendency to, as the old idiom says, "Do not judge a book by its cover", has become a source of extensive psychological study. The science of snap judgments is more than just figuring out what we can tell by looking at each other. Knowing how people size each other up from day to day has significant implications for identifying and subduing implicit bias, discrimination, and stereotyping. These variable have greatly implicated the Nigerian organizational environments over time which manifested in various types of conflict within the organizational settings. It has equally breed different personalities in our organizations from private sector concern to the public sector. We briefly evaluate some of the personality traits below.

**Theories of Personality**

The study of personality has a broad and varied history in psychology with an abundance of theoretical traditions. The major theories include dispositional (trait) perspective, psychodynamic, humanistic, biological, behaviorist, evolutionary, and social learning perspective.

Personality traits manifest themselves in organizations in form of positive and negative traits**.** This suggest why the Nigerian work environment if fraught with high level unethical practices, as Ugwu (2011) puts it, A disturbing but unavoidable fact of organizational life is that employees sometimes engage in

ethically questionable activities that harm their companies, their co-workers, or the general public. Unethical behaviour in the workplace can take different dimensions ranging from lying, cheating, stealing, sabotage, corruption, to hiding or destruction of official documents. These sharp practices are direct result of individual personality behavior gained over time either from genetic origin or from the environment within which the workers co-habited.

**What is Personality?**

"Personality is the dynamic organization within the individual of those psychophysical systems that determine his characteristics behavior and thought" (Allport, 1961). Personality could also be seen as the characteristics or blend of characteristics that makes a person unique (Weinberg & Gould, 1999). Both definitions emphasize the uniqueness of the individual and consequently adopt an idiographic view. The idiographic view assumes that each person has a unique psychological structure and that some traits are possessed by only one person; and that there are times when it is impossible to compare one person with others. It tends to use case studies for information gathering. The nomothetic view, on the other hand, emphasizes comparability among individuals. This viewpoint sees traits as having the same psychological meaning in everyone. This approach tends to use self-report personality questions, factor analysis, etc. People differ in their positions along a continuum in the same set of traits. (McLeod, 2017). However, we must also in this context consider the influence and interaction of nature (biology, genetics, etc.) and nurture (the environment, upbringing) with respect to personality development.

Trait theories of personality imply personality is biologically based, whereas state theories such as Bandura's (1977) Social Learning Theory emphasize the role of nurture and environmental influence. Sigmund Freud's psychodynamic theory of personality assumes there is an interaction between nature (innate instincts) and nurture (parental influences).

## Freud's Theory

According to this theory, Personality involves several factors: – Instinctual drives – food, sex, aggression – Unconscious processes – Early childhood influences (psychosexual stages) – especially the parents. Personality development depends on the interplay of instinct and environment during the first five years of life. Parental behavior is crucial to normal and abnormal development. Personality and mental health problems in adulthood can usually be traced back to the first five years. (McLeod, 2017).

## Psychosexual Development

People – including children – are basically hedonistic – they are driven to seek pleasure by gratifying the Id’s desires (Freud, 1920). Sources of pleasure are determined by the location of the libido (life-force). As a child moves through different developmental stages, the location of the libido, and hence sources of pleasure, change (Freud, 1905). Cited in (McLeod, 2017). Environmental and parental experiences during childhood influence an individual's personality during adulthood. For example, during the first two years of life, the infant who is neglected (insufficiently fed) or who is over-protected (over-fed) might become an orally-fixated person (Freud, 1905).

## Tripartite Theory of Personality

Freud (1923) saw the personality structured into three parts (i.e., tripartite), the id, ego, and superego (also known as the psyche), all developing at different stages in our lives. These are systems, not parts of the brain, or in any way physical. The id is the primitive and instinctive component of personality. It consists of all the inherited (i.e., biological) components of personality, including the sex (life) instinct – Eros (which contains the libido), and aggressive (death) instinct - Thanatos. It operates on the pleasure principle (Freud, 1920) which is the idea that every wishful impulse should be satisfied immediately, regardless of the consequences.

## The madness malady in Nigerian work organizations

The Nigerian organizational behavior debate and related work environments are characterized by acute behavioral and ethical deviancy occasioned by the norm and syndrome called, "the Nigerian way". The Nigerian way suggests that the system must cut corners. It equally implies that workers must be unfaithful and show high level of unethical practices and deviancy to organizational rules and culture. The madness malady is often exhibited in operational performance of functions by staff who wants to gain personal interest that is incongruous to the organizational goals and objectives. We recently witnessed an official company driver wishing to have an opportunity to deliberately cause damage to an official car in which he is assigned to drive to enable him secure approval to carry the car for repairs where he can have some money to himself. He seldom knows that if eventually the organization refuses to repair but contract the driving job through outsourcing, the end of his employment has come. We have seen some very big government owned hospitals within the states that the top management teams have diverted hospital equipment supplied to the hospitals to their private hospitals and clinics. It is only in Nigeria that individual hospitals and clinics are better equipped than government owned hospitals. It is only the Nigerian Universities that candidates seeking admissions and who are well qualified will not be granted admission because there are usually special list that accommodate even candidates that are not destined to enter universities; while those creative geniuses are roaming the street for lack of university admission. These systemic organizational behavioral patterns continue to destroy our organizations.

On the interpersonal relationship level, workers perpetrate lots of evils against one another by outwitting themselves in order to gain advantage position against the others. Workers in Nigerian organizations have forgotten that the rooms built by God for success is wide enough to accommodate all human successes on the planet earth and there will still be room unoccupied and looking for more successes to occupy them. Workers kill and shed innocent blood to occupy positions of leadership and forgot that "he who kills by sword dies by sword. Some could spend the whole of their years in service going to the herbalists to find means of harming other colleagues instead of investing quality time in building their careers. The madness malady is huge costs incurred in trying to harm a colleague account for double lost in their career path as sometime the use human being for sacrifices or pay outrageous amount to the juju priest, at the end, the life of the perpetrator him/herself will also go; because evil will beget evil. Some learnt this way of life of evil sacrifices from infancy as they were born into the families that practice such things and they transfer

same into the work organizations. This is genetic hereditability.

According to Akikibofori (2013) the workplace deviance observed and recorded shows that abusive supervision contributes to staff misbehaviors. Abusive Supervision is the minions' insights of the degree to which their managers participate in the continual display of intimidating oral and non-oral behaviors. This frequently occurs in circumstances where superiors adopt harsh and intimidating admonishment including their failure to reward staff for excellence (Bruursema, Kessler, Fox & Spector, 2004).

## Conclusion

In this paper, we pragmatically engaged a phenomenological evaluation of the "Synthesis in Behavioral Genetics, and Organizational Behavior: focusing on the madness malady in Nigerian Organizations. Based on our propensity to participate in the theoretical debate surrounding individual and group related work behaviors, we examined a plethora of theoretical literatures on the worrisome issues of Nigerians' behaviors in all spheres of human activities, with the view to providing support for current debate for rebranding of Nigerian attitudinal behaviors in work environment. We strongly argued out proposition in support of the Social cognitive theory (SCT), the cognitive formulation of social learning theory that has been best articulated by Bandura, (1986; 1997) cited in Karen, (2016), explains human behavior in terms of a three-way, dynamic, reciprocal model in which personal factors, environmental influences, and behavior continually interact. We positioned that the Nigerian workforce attitudinal behaviors are as a result of innate hereditability which are genetically enshrined into the lives of all Nigerians as spread through our cultural heritage and norms. Which we strongly debated, holds more explanatory view for unethical and sharp practices and organizational misbehaviors of Nigerians than do the environmental related variables. This is consistent with the findings of (Bruursema, Kessler, Fox, & Spector, 2004), Ugwu (2011) and Akikibofori (2013), that employees sometimes engage in ethically questionable activities that harm their companies, their co-workers, or the general public. This therefore presupposes in our debate that, the rebranding of the Nigerian workforce and the Nigerian for attitudinal change should take pre-eminence over the political, economic and social rebranding campaign of the Nigeria State as a whole. For the former gives birth to the later.

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# Public Relations Practices and Organizational Performance: A Study Of First Bank Nigeria Plc

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***Abstract***
*Over the years many organizations have spent huge amount of shareholders' fund on public relation practice to build organizational image. This study, however, investigated the effect of public relations practices on organizational performance using First bank of Nigeria Plc as a case study. The study used secondary data from First bank annual report from 2007-2016. The data used for the study was first bank expenditures on public relations practices, profit and numbers of depositors over the period under study, to measure the independent and dependent variables respectively. Linear regressions were used to analyze the data through the help of Statistical Package for Social Sciences version 23.0 (SPSS v.23). The regression result of the first hypothesis showed that public relations practices has significant effect on profitability of First bank Nigeria Plc while the second hypothesis also revealed that public relations practices has significant effect on number of depositors (market share) of First Bank of Nigeria Plc. The study thus, concluded that that public relations practices influences organizational performance. The study, therefore, recommended that organizations should adopt and sustain a good public relation strategy and even improve on it, because an improvement on public relation increases profitability. It was also recommended that first bank of Nigeria Plc should sustain and improve on their public relation practices to ensure market share (number of bank depositors) sustainability and growth.*

***Keywords:*** *Bank deposit, profitability, public relation and organizational performance*

## Introduction

The fact that the world is full of interdependent, it is practically impossible for any individual, group, organization or even nation, to survive entirely by itself without depending on each other. Banking sector is not in exception in this case, for a bank to sustain its customers and other stake holder, it has to maintain high level relationship with the public. No meaningful development, success or advancement can be achievable in an organization without the context of cooperation and collaboration. This partly explains why successful individuals and corporate bodies are those who work in harmony with others. Organizations need honest, intelligent and hardworking employees who would influence them to work harder and attain lofty goals and achievements. Organizations must necessarily work in concert with different groups and categories of people, often called 'publics' in order to attain, sustain and preferably improve the bottom line in their operations. This is usually a product of good will and support from the relevant publics. This is where the idea of public relations being a major contributor to organizational success comes in because

without the intangible assets, yet potent, force of good will and support, no organization could have a taste of success in a sustainable basis(Skandari, 2004). Public relation is a planned and continuous efforts to establish and maintain goodwill and understanding between an organization and its stake holders. It is a practices that organizations use to determine the activities to be executed in order to improve or maintain those candidate treasures taken by an individual or an organization to create good image of the organization and keep a good relationship with its environment and all the stake holders.

**Statement of the Problem**

The excess of public relations in organization include reputation building, conflict avoidance, maintenance of stake holders among others to ensure sustainability. Despite the widely acknowledged role of public relations in organizational performance, many chief executives hardly openly appreciate public relations in their organizational pecking order. In the banking sector of Nigeria, like other sectors, public relation has become one of the unavoidable management functions. Many banks in Nigeria have spent huge amount of shareholder's wealth annually on public relation practices over the years to retain their existing customers and increase their market share. Despite all those unwholesome expenditures on public relation practices yet there is high rate of customer switched/loss of customer and declining of profit which has resulted on recent numerous downsizing in the banking sector. The above problem in Nigeria banking sector motivated this study to investigatethe effect of public relation practices on organizational performance.

**Research Hypotheses**

The following two hypotheses were formulated and tested for the study

$H_{O1}$: Public relation expenditure has no significant effect on first bank profitability.

$H_{02}$: Public relation expenditure has no significant effect on market share increment (numbers of depositors)

**Literature Review**

**Concept of Public relations**

The dynamism of customer choice and intense competition in the almost every sectors have made public relations to be a contemporary issue among researchers. Many researchers have made effort to express its scope in an organization. Among them is Nwaeze and Ujah (2014) who poised that public relation is the activities of corporation, union, government or other organizations in building and maintaining sound and productive relationship with special publics such as customers, employees, stakeholders and the general public at large to adapt itself to its environment and integrate itself to the society. It is a practice of managing the spread of information between individuals or organization and the public. Public relation is a strategic communication process that builds mutually beneficial relationships between organizations and their publics (Elliot, 2012).

Beavers-Moss (2001) opined that Public relations is a form of communication that supports the adaptation of company's various advertising components. It involves the management and evaluation of the publics' attitude and identification policies and procedures for harmonization of public and organizational interest. It is a planned and implemented program that

requires actions to earn publics' understanding and approval (Black, 2002). Public relation comprises all planned communication (outwards and inwards) in organization to achieving specific objectives concerning mutual understanding (Jefkins, 2006). Pahwa (2016) argued that public relations include media relation, investor relations, government relations, community relations, internal relations, customer relations and marketing communication. Therefore, management of organization should operate the organizational activities bearing the interest of the organization and their stake holders relationship in mind. Similarly, Wells, Burnett and Moriarty(2003) outlined controlled public relations, uncontrolled public relations and semi- controlled public relations as the three categories of public relations in organizations. That it depends on the amount of control the company has in its communication. They poised that the categories are:

**Controlled Public Relations:** In this organizations control the use and placement of their public relations tools such as Publications e.g. brochures, flyers, newsmagazines, annual reports, exhibitions, photographs, Staged events like anniversary celebrations etc.

**Uncontrolled Public Relations:** The is the independency of media organizations to control the use and placement of organizations' public relations. The likely uncontrollable PR include publicity (Radio, TV & print media), press conferences and media advisory, by-lined articles, talk and interview shows.

**Semi-Controlled Public Relations:** This is public relations activities are controlled and initiated by the organization but other aspects remain uncontrolled. Examples include special and sponsored events, interpersonal communication, electronic communication (web sites, chat rooms, etc). It is important to note that when utilizing the above public relations tools, public relations teams should work closely with the marketing department. Public relations tend to compliment advertising activities. Beavers – Moss, (2001) advertising pushes a bank's desired message to its markets while public relations try to garnish the message with credibility,

**Concept of Profitability**

The term profitability comprises two words, namely, profit and ability. The term profit can be seen as a reward of investment, that simply mean the positive different between revenue generated and the cost of doing the business while ability indicates the power of a business entity to earn profits. Then profitability may be defined as the ability of a given investment to earn a return for the investors. Profitability of bank is described as income or interest earned and after tax profits are computed as an amount of income (both interest & non-interest) after the subtraction of provisions and operating costs (Albertazzi&Gambacorta, 2006). Stefea (2002) opined that profitability is the "ability of a lucrative activity to generate revenues higher than expenses involved in the activities. According Hifza (2011) profitability is one of the most important objectives of financial management since on goal of financial management is to maximize the owners' wealth, and, profitability is very important determinant of performance.

Cojocaru, (2000) Profitability is one of the most synthetic indicators used for expressing the efficiency of the enterprise's whole economic and financial activity. Determinants of bank profitability can be divided in internal and external factors. Internal factors of bank profitability can be defined as those factors that are influenced by the bank's management policy objectives and decisions. Management effects are the

results of differences in bank management policies, decisions, objectives, and actions reflected in differences in bank operating results, including profitability.

European central bank publication of 2010 poised that there are various ways to measure profitability. Among the ways are return on assets (RoA) which is the ratio and net income for the year to the assets in total usually this is the average value throughout the entire year. Return on Equity (RoE) measures internal performance of shareholder's value, it seeks to find out the capacity of a company to generate profit from the investment of the shareholders in the company and it is a very popular measure of performance. RoE seeks to ascertain the actual return gained from what an investor puts in the company.

**Concept of Bank Depositors**

Gockel and Brow (2007) poised that bank deposit is money placed into a banking institution for safe keeping. Kazi (2012) opined that banking sectors' deposit mobilization is a scheme intended to encourage customers to deposit more cash with the bank and this money in turn will be used by the bank to disburse more loans and generate additional revenue for them. The main business for banks is accepting deposits and granting loans. The more the loans the banks disburse the more profit they make. Also, banks do not have a lot of their own money to give as loans. They depend on customer deposits to generate funds for granting loans to other customers. Bank deposits consist of money placed into banking institutions for safekeeping. These deposits are made to deposit accounts such as savings account, checking accounts and money market accounts. The account holder has the right to withdraw deposited funds, as set forth in the terms and conditions governing the account agreement.

**Theoretical Framework**

**Systems theory**

This study was underpinned on system theory highlighted by Grunig and Hunt (1984). Public relation is a management function and a strategic communication process in practice that considers the systems theory which underpins the foundational framework for the practice of public relations. Systems theory focuses primarily on communication and its impact on the organizations and its publics. It deals with how public relation impacts on organizational growth. Cutlip (2006) poised that systems theory is applied in public relations as proponents that help explain what is happening within the internal and external environment and how these environmental changes might affect organizational goals. The systems theory projects public relations practitioners as boundary spanners who straddle the organization and its environment and their role in interpreting the environment to the organization and vice versa (Grunig and Hunt, 1984 in Fawkes, 2007) public relation role according to Fawkes (2007) achieves the highest level of symmetric communication as it aims to attain positive outcomes for all parties. In the same vein, Mehta and Xavier (2009) posits that this is possible if there is two-way flow of information, resources and communication between an organization and its environment to maintain stability and sustain balance for power (Grunig*et al.*, 2002). However, Mehta and Xavier (2009) argue that the process of feedback is important within the communication process and thus from a system perspective, feedback acts as a control center for system growth and or death. Hence, the practice of symmetric communication is tied to feedback between the organizations and its publics. Lattimore (2007) opined that organizations with open systems use the feedback loop to bring back information pertaining relationship with stakeholders. An open

system uses the "two-way communication" approach, meaning that communication is reciprocal (give and take approach). However, an organization with close system does not seek for new information but considers the organizations; isolated from the environment, thereby discouraging exchange of information. Therefore, public relations as part of an open system itself uses the feedback loop to establish partnerships between the organization and its publics. Furthermore, open system is relevant and influential to public relations because it seeks to understand and explain how organizations interact with the external environment and how to manage those interactions and bring change to the environment and the organization, as a result of environment input. Hence organizations seeking to have effective public relations apply an open system approach (Okwuchukwu, 2014). Banking institution with open system communication as strategic public relation tool will gain the interest of the depositor and the stake holders hence the business focuses on absolute trust among the patties.

**Review of empirical Literature**

Smith (2016) conducted a study on the use of public relation strategies on nine commercial banks at the recapitalization era of the banking sector in Nigeria. The study used survey research design by the use of interview method. The population was the staff of banking sector public relation/communications units in Lagos state. The study used the Yamane 1997 formula to scientifically obtain the sample of 400 respondents the study revealed that 1.53% of the respondents agreed that their banks to large extent applied for public relation strategies during the recapitalization exercise while most of the respondents about 75.83% indicates that the extent to which their banks applied public relation strategies was moderate. 22.65% said their bank applied the public relation strategy just too a little extent while none of the respondents indicates the option of 'did not' and can't say. Thus the study found that the majority of the commercial banks applied public relation strategy during the recapitalization exercise moderately. The study used primary data through interview while this study used secondary data. The finding of the did not establish the relationship, effect or impact of public relation to dependent variable because the topic has no dependent variable. The study was conducted in Lagos state alone while this study was conducted on entire first bank Plc using data from their annual report.

Okun (2012) carried out a research on the effect of public relation on bank deposits and financial performance of commercial banks in Kenya. The population of the study were all the 44 commercial banks in Kenya. The study used secondary data from the central bank of Kenya. The study was for the period of 8year 2004-2011. A cross sectional regression model was adapted. The findings showed that commercial banking sector has witnessed a gradual rise in the net loans (net advances). The commercial banking sector has witnessed a gradual rise in customer deposits and total assets.

The study failed to harmonize its objectives with the findings. It could not establish the effect of independent variable on dependent variable. The study was conducted in Kenya while this present study was conducted in Nigeria. Nwanne (2016) undertook a study on substantiating public relation contribution to organizational success in Nigerian's banking sector. The study used systematic random sampling to select ten banks. The researcher found that the public relations along with friends makes vital contributions to organizational success.

The study argued that public relation is a profit center rather than a cost center. That public relation influences profitability of banks. The study selected ten banks while this study investigated the entire first bank

Nwanne (2010) carried out study on reputation management through public relation. contributions in selected Nigerian banks. The study used survey method complemented with interviews. The sample for the study was 600 people drawn from 10 banks at the quota of 60 respondents per bank. The study revealed that all the banks have public relations philosophies which influences them to build and sustain a positive image for their institutions and to be proactive to the needs of their stakeholders. The study also showed that the banks surveyed had public relations departments, designated variously as corporate affairs, public affairs. The selected 60 respondents per bank which will likely be biased because the selected banks have no equal population.

Akins and Adu-oppong (2015) conducted a study the use of public relation as a management tool for tertiary institutions. The study used descriptive survey design or method. The population of the study was senior staff and junior staff of university of education winneba Ghana. The study used stratified random sampling techniques to select a sample of one hundred and fifty (150) respondents. In consonance with the percentage of the different categories of the population, 40 senior members, 30 senior staff and 80 junior staff were selected to constitute the sample size of 150. The primary data used for the study was structured questionnaire which was self- administered to the respondents. The study reveals that the public relation department of university of education winneba is underutilized and it is performing a role that is below the ideal strategic function of public relation bonding a university with its public. The study failed to address the research problem, finding of the study is not in line the objective of the study. The study was conducted in educational institution in winneba and thereby opened a gap for the conduct of this study in banking sector.

Shamsan and Oteino (2015) Studied the effect of strategic public relation on organization performance in Kenya Red Cross Society, using descriptive survey research method. The sample size was forty (40) respondents. Out of 40 questionnaires distributed to the respondents, only 30 were returned back. The study found that crises management help to prevent further damage to organizations image and enhances confidence and plays a critical part in building, maintaining and protecting organization reputations. The main shortcoming of the study is that, it used a sample of a population without scientific proof and procedure.

Ahadid and Qaddomi (2016) made a study on the role of public relation on company image, Social media as a moderating variable. The population was employees of the Applied Science Private University have represented the population of the study. (100) questionnaire was distributed. The outcome showed that there is a noteworthy impact of public relation on company image in addition to an impact of the social media as a moderating variable among public relations and company image.

Oraka (2005) did a work on the use of public relations communication strategies in sourcing loans in Nigeria. The method of study was the survey while the study sample was 500 people. The study showed that only 8.5% of Nigerian private enterprises had qualified public relations practitioners, while 88% did not employ any at all (qualified or unqualified). It also

revealed that 5% of Nigerian private enterprises saw the need to use their public relations managers to assist in packaging their loan requests, while 92% felt that there was no need to involve public relations officers in doing so. Thus there is no significant relationship between public relations and sourcing of loan in Nigeria. The did not use any other analytical tools rather than percentage. The use of percentage makes the question direct and likely to get a compensatory answer.

Tuyishime, Memba and Mbera (2015) investigated the effect of deposit mobilization on financial performance of commercial banks in Rwanda. The population of the study was the bank staffs that are involved in deposit mobilization namely the marketing team and the branch management team in Equity bank Rwanda. The research used a census to study a population of 27 staff. The main source of data was the primary and secondary data. Pearson and Spearman's correlation analysis was used to test the nature of relationship through the help of a computer software SPSS version 20 for analysis.The findings of the study revealed that public relation as a marketing strategies has significant effect on the financial performance of commercial banks in Rwanda. The study showed that public relation practices enhances customer trust and confidence with the bank which attract the more customers to increase deposits of their money in the bank.

The would have used the bank customer as the population of the study than using the bank staffs. The study failed to use secondary data to measure the performance of banks and thus reduce the quality of the study.

**Research Methodology**

The study adopted ex-post factor research design which is the use of past event to determine the effect of independent variable on the dependent variable of the study. The area of the study was Nigeria First Bank of Plc. Covering the period of 10 years 2007 to 2016. The population of any the study is the whole First Bank of Nigeria plc. The study chooses the whole First Bank of Nigeria plc because the study used secondary data through annual report of the bank used for the study covered the total report of the whole First Bank of Nigeria plc. This study used secondary data from First bank annual report which will cover the period of 10 years 2007 to 2016. Secondary data are information or data already collected or kept by other researchers or institutions, usually for different purposes (Blumberg, 2008). The data was collected from the annual report of the First Bank of Nigeria plc. Linear Regression analysis was used to test the research hypotheses. The choice of Linear Regression is guided by the fact that the study involves an independent variable and multiple dependent variables in which the aim is to predict the response of dependent variables from the independent variable. Statistical Package for Social Sciences version 23.0 (SPSS v.23) was used to aid the data analysis. The secondary data that was used is based on the variables of the study, which was intended to meet the objectives of the study.

Table one shows the data for both the independent and dependent variables used for the study.

**Table one: Research Data**

| Year | Public Relations Expenditure ₦'000 | % increase | Profitability ₦'000 | Number of Customers |
|---|---|---|---|---|
| 2007 | 1932 | 0.00 | 19509143 | 3024782 |
| 2008 | 2373 | 0.024 | 51524991 | 5472939 |
| 2009 | 2845 | 0.019 | 20,366 | 6363238 |
| 2010 | 3300 | 0.032 | 38,300 | 6928373 |
| 2011 | 3874 | 0.020 | 51321 | 7492839 |
| 2012 | 4120 | 0.016 | 91,803 | 8164572 |
| 2013 | 4655 | 0.028 | 93,513 | 9127384 |
| 2014 | 5500 | 0.017 | 95678 | 1002874 |
| 2015 | 6500 | 0.021 | 99,772 | 1992664 |
| 2016 | 8000 | 0.031 | 123,274 | 1255468 |

**Source**: FBN Annual Reports

**Data Analysis**

**Model Specification**

The regression Models developed for this study to capture the inter-relationship between the independent variable (Public Relations) and the dependent variables (Profitability and Number of Depositors) are as below.

Regression Equation: $Y = a+b_1x+e$

Conceptualization Using Study Variables:

| | N | Range | Minimum | Maximum | Mean | Std. Deviation | Variance | Skewness | | Kurtosis | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Statistic | Statistic | Statistic | Statistic | Statistic | Statistic | Statistic | Statistic | Std.Error | Statistic | Std. Error |
| Public Relations Expenses | 10 | 347183.00 | 1932.00 | 435373.00 | 236888.5000 | 102082.02524 | 10420739878.056 | .838 | .596 | 1.767 | 1.432 |
| Profitability Value | 10 | 535760.00 | 12342.00 | 581180.00 | 204440.6000 | 166911.29929 | 27859381830.489 | 1.298 | .596 | 2.021 | 1.432 |
| Number of Depositors | 10 | 629554.00 | 24236.00 | 655550.00 | 113064.2000 | 192092.29415 | 36899449470.400 | 3.134 | .596 | 9.628 | 1.432 |
| Valid N (listwise) | 10 | | | | | | | | | | |

Model for Objective 1: $PrT = a+b_1PR+e$

Model for Objective 2: $NoD = a+b_1PR+e$

Where; PrT = Profitability

**Table 2:** Descriptive Statistics and Test of Normality

PR = Public Relations

NoD = Number of Depositors

e = Error limit

**Source:** SPSS Results, 2018.

**Descriptive Statistics and Test of Normality**

This study has two models with public relations as the independent variable and profitability and number of depositors as the dependent variables.

Table two below gives the results of the descriptive statistics/analysis of the variables employed for the purpose of this study.

**Table two: Descriptive Statistics**

Five (5) important statistics would be discussed from the table above: range, minimum statistic, maximum statistic, mean and standard deviation. The range describes the difference between the minimum and maximum statistic.

For Public relations, a minimum of 193,200, have been given by FBN Plc as public relations expenses in Nigeria while the maximum amount of public relations provided is 435,373, which gives a range of 347,183. The mean public relations expense is 236,888.50 while the standard deviation is 102,082.02524. This implies that the average amount spent on public relations from 2007 to 2016 is 236,888.50 with a deviation of 102,082.0252.

The minimum profitability recorded by FBN Plc is 13,060 and a maximum amount of 581,180, with a range of 568,120. The average amount for profitability from 2007 to 2016 is 204,440 with a deviation of 166,911.2993. The sum of 22,097 was recorded as number of depositor and a maximum amount of 655,550, with a range of 633,453. The average amount for number of depositors from 2007 to 2016 is 113,064.2 with a deviation of 192,092.2941.

**Assessment of Regression Assumptions**

The Normal P-P Plots shows whether the dependent variables satisfy the assumption of normality. When the points follow the straight line, then it would be reasonable to assume the DV follows a normal distribution. The profitability and number of depositors reasonably shown to check the normality as pictured in the chart on Appendix A shows that the data is not normally distributed. In the regression model, the correlation between the independent variables and dependent variable is not high and falls within acceptable limits of less than 10. In addition, to assess multicollinearity the Tolerance should not be less than 0.10 and Variance Inflation Factor (VIF) in the regression model must not be more than ten (10). When such arise, that means there is a multicollinearity problem. Going by table three below, the VIF table for Models 1 and 2 are all less than ten (10), which means they all fall within acceptable limits.

**Table 3: Tolerance and VIF Statistic**

| **Model** | | **T** | **Sig.** | **Collinearity Statistics** | |
|---|---|---|---|---|---|
| | | | | **Tolerance** | **VIF** |
| 1. | (Constant) | 1.732 | .122 | | |
| | Public Relations | .366 | .042 | 1.000 | 1.000 |
| 2. | (Constant) | 1.355 | .212 | | |
| | Public Relations | .724 | .034 | 1.000 | 1.000 |

Dependent Variables: Profitability and Number of Depositors

***Source**: SPSS Results, 2018.*

**Simple Linear Regression Analysis Results**

**Model One**

In Model One with public relations as the independent variable, the regression model is not a significant predictor of profitability (1,8) = 0.134, p = 0.034. This is shown in table four below.

**Table 4: ANOVA**

| **Model** | | **Sum of Squares** | **Df** | **Mean Square** | **F** | **Sig.** |
|---|---|---|---|---|---|---|
| 1 | Regression | 4120429239.351 | 1 | 4120429239.351 | .134 | .042[b] |
| | Residual | 246614007235.049 | 8 | 30826750904.381 | | |
| | Total | 250734436474.400 | 9 | | | |
| a. Dependent Variable: Profitability | | | | | | |
| b. Predictors: (Constant), Public Relations Value | | | | | | |

**Source**: SPSS Results, 2018.

**Table 5: Model Summary[b]**

| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** | **Durbin-Watson** |
|---|---|---|---|---|---|
| 1 | .128[a] | .016 | .107 | 175575.4849 | 1.474 |
| a. Predictors: (Constant), Public Relations Expenses | | | | | |
| b. Dependent Variable: Profitability | | | | | |

**Source**: SPSS Results, 2018.

The model summary on table five above shows the predictive power or ability of the regression model as confirmed by the F-value, which explains the variation in the dependent. This is measured using the $r^2$ statistics showing a 1.6% variation in the profitability while the adjusted $r^2$ is .107, which shows 10.7% of variance in the profitability of FBN Plc, which means the prediction power of the model, is very low.

**Model Two**

In Model Two with public relations as the independent variable, the regression model is a significant predictor of number of depositors' time with F (1,8) = 0.524, p = 0.490. This is shown in table below.

**Table 6: ANOVA**

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 20413954544.400 | 1 | 20413954544.400 | .524 | .034[b] |
| | Residual | 311681090689.200 | 8 | 38960136336.150 | | |
| | Total | 332095045233.600 | 9 | | | |

a. Dependent Variable: Number of Depositors

b. Predictors: (Constant), Public Relations Expenses

**Source**: SPSS Results, 2018.

**Table 7: Model Summary[b]**

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .248[a] | .061 | .056 | 197383.22202 | 2.383 |

a. Predictors: (Constant), Public Relations Expenses

b. Dependent Variable: Number of Depositors

**Source**: SPSS Results, 2018.

The model summary on table seven above shows the predictive power or ability of the regression model as confirmed by the F-value, which explains the variation in the dependent and independent variable. This is measured using the $r^2$ statistics showing a 6.1% variation in the DV (number of customers) while the adjusted $r^2$ is .56, which shows 5.6% of variance in the number of depositors of FBN Plc, which means the prediction power of the model, is very low.

**Testing of Hypotheses**

Test of hypothesis is achieved through evaluating the t-statistic with its significant value. The tables below summarize the regression result of the model.

**Table 8: Testing of Hypothesis One**

**$H_{01}$:** There is no significant relationship between public relations expenditure on first bank profitability

| Model | | Unstandardized Coefficients | | T | Sig. | Remarks |
|---|---|---|---|---|---|---|
| | | B | Std. Error | | | |
| | Public Relations Expenses ($H_{01}$) | .126 | .573 | .366 | .042 | Rejected |

- Dependent Variables: Profitability

**Source**: SPSS Results, 2018.

On the first hypothesis, the regression analysis in table under eight above indicates the results with value of B = 0.126, t = 0.366, p = 0.042. This analysis results support the rejection of null hypothesis and uphold the alternative hypothesis since the probability value (p-value) is less than 0.05 (p = 0.042 < 0.05). Therefore, the alternative hypothesis which states that there is significant relationship between public relations expenditure on first bank profitability is accepted. In the other way, the result implies that, public relation is a significant predictor of bank profitability.

**Table 9: Testing of Hypothesis Two**

**$H_{02}$:** There is no significant relationship between public relations expenditure on number of depositors.

| Model | | Unstandardized Coefficients | | T | Sig. | Remarks |
|---|---|---|---|---|---|---|
| | | B | Std. Error | | | |
| | Public Relations Expenses ($H_{02}$) | .054 | .645 | .724 | .034 | Rejected |

- Dependent Variables: Number of Depositors

**Source**: SPSS Results, 2018.

On the second hypothesis, the linear regression analysis in table above gives results value with B = 0.054, t = 0.724, p = 034. Thus, because the probability value (p-value) is less than 0.05 (p = 0.034 > 0.05) which is the minimum level of null hypothesis acceptance, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that, there is significant relationship between public relations expenditure and bank's number of depositors

(market share). That is to say, public relation is a significant predictor of bank number of depositors (market share).

**Discussion of Findings**

This study is designed to determine the effect of public relations on organizational performance of First bank of Nigeria Plc. The study is of the view that, public relations has no relationship with organizational performance. To statistically verify the above, Linear Regression with the aid of SPSS was used to analyzed and test the two hypotheses of the study. On the first hypothesis, the researcher found that there is significant relationship between public relations expenditure and First Bank of Nigeria Plc profitability. Going by the regression model, the variables in hypothesis one are therefore operationalized by substituting in the equation as follows showing its implications; model expressed as **PrT = a+b$_1$PR+e** which if substituted with the regression results equals to **PrT =**

**254093.507 + 0.126PR.** The implication of this model is that if public relations increase by 1 percent, profitability will also be increased by 0.126 million holding all other variables constant. This finding is in consonance with the findings of Nwanne (2016) who opined that public relation has contribution to organizational success in Nigerian's banking sector with specific emphasis on profit center rather than a cost canter. For the hypothesis two, the researcher found that there is significant relationship between public relations expenditure and number of depositors (market share). Going by the regression model, the variables in hypothesis two are therefore operationalized by substituting in the equation as follows showing its implications; model expressed as **NoD = a+b$_1$PR+e** which if substituted with the regression results will be the same thing as **NoD = 223583.218 + 0.054PR.** The implication of this model is that if public relations increases by 1 percent, number of depositors will also increase by 0.054 million holding all other variables constant. This finding is in line with the previous finding by Tuyishime, Memba and Mbera (2015) who revealed that the brand name of the bank if recognized in the public, means that there is a trust and confidence to the bank can attract the customers to increase deposits of their money in the bank.

**Conclusion**

The study concluded that, public relations has significant effect on First Bank of Nigeria Plc profitability and increase of deposits (market share). The conclusion is based on the hypotheses result. On the first hypothesis, the regression analysis in the table indicates the results with value of B = 0.126, t = 0.366, p = 0.042. This analysis results support the rejection of null hypothesis and uphold the alternative hypothesis since the probability value (p-value) is less than 0.05 (p = 0.042 < 0.05). Therefore, the alternative hypothesis which states that there is significant relationship between public relations expenditure on first bank profitability was accepted. On the second hypothesis, the linear regression analysis in the table gives results value with B = 0.054, t = 0.724, p = 034. Thus, because the probability value (p-value) is less than 0.05 (p = 0.034 > 0.05) which is the minimum level of null hypothesis acceptance, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that, public relations expenditure has significant effect on first bank Nigeria plc number of depositors. That is to say, public relations are a significant predictor of bank profitability and number of depositors (market share).

**Recommendations**

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

i. First bank Nigeria Plc should sustain the public relation strategy and even improve more on it hence an improvement of public relation increases their profitability.

ii. It was also recommended that First bank of Nigeria Plc should sustain the practice of good relationship with the public to ensure market share (number of bank depositors) enhancement hence an increase on public relation practice increases' market share.

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# Supply Chain Management Strategies and Marketing Performance of Selected Cement Products: A case of Dangote Cement Company PLC

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**Abstract**
*This study investigated the effect of Supply Chain Management (SCM) and Marketing Performance of Nigerian Cement Industry, a case of Dangote Cement Plc, Gboko (2013 - 2017). The specific objectives of the study were to examine the effect of supply chain management on profitability, market share and sales volume performance of the company. The study employed Cross- sectional design while needed data was sourced from primary sources with the aid of questionnaire instrument. Respondents were all the 27 heads and management staff of the company which constituted the study population. The study's hypotheses were tested using Pearson Product Moment Correlation Co-efficinet statistical tool through SPSS: 20. Result of the analysis revealed that supply chain management have positive effect on profitability, market share and sales volume performance of the company. With the revelation from the empirical and statistical analysis, the study concluded that SCM has effect of different dimensions of performance in the company. The study recommended (among others) that since it has been shown that supply chain management practices are very significant in enhancing organization performance. Manufacturing companies and other organizations should embrace the concept in order to reap the benefits that go with its adoption.*

## INTRODUCTION

The increasing challenges in today's business world has compelled business organizations to be creative and innovative as the development has ushered in dynamic and changes in the environment in which businesses including industries operate. In this regard, businesses in the present dispensation no longer compete against each other on the basis of quality as traditionally practiced in the 80`s (Faweet, 2017). To remain relevant in today's business world, businesses must put in place a good number of relevant strategies including an effective linking of their operation with their supply chain partners; suppliers, distributors, wholesalers, retailers and end customers (Petrovic-Lazarevic, 2017). Creating business relationships with customers, suppliers and other strategic partners anchored on trust and long term commitment has become an important competitive strategy for businesses to be competitive in today's world (Petrovic-Lazarevic, 2017). Supply chain and its management has become an important strategic wining competitions in the business world. Businesses at all level and in almost all economies of the world are currently witnessing tremendous and increasing changes in all dimensions including material sourcing, customer satisfaction, inventory management and overall profitability and an effective supply chain management is a sure success key in this regard.

Supply chain is an important element in businesses in general and manufacturing

industries. in particular. It involves the coordination of production, inventory, location, and transportation among the participants in a supply chain to achieve the best mix of responsiveness and efficiency for the market being served. The goal of supply chain management is to increase sales of goods and services to the final, end-users (customers) while at the same time reducing both inventory and operating expenses (Abernathy, 2014). As a strategic function, some of the most important and fundamental decisions that business managers can make concern the creation and management of their supplier base.

Some researchers among them Fawcett, (2017) and Petrovic-Lazarevic, (2017) have argued that an organization is only as good as its sources of supply. Effective supply chain management practices are important to building and sustaining competitions in products and services firms. The performance of the supply chain has been confirmed to be influenced by managing and integrating key element of information into their supply chain (Flynn, Huo & Zhao, 2016).

It is against the above background that this study investigated the effects of supply chain management on marketing performance in the Nigerian Cement Industry with focus on Dangote Cement Plc, Gboko.

**Statement of the Problem**

Studies on the effect of Supply chain management on the performance of cement manufacturing companies have always focused on large firms in developed markets and economies (Mentzer & Min, 2016) as well as in the Middle East and North Africa (Kaipia, 2008), Though few of them are conducted in Nigeria (Hassan, B. Si. (2015), none is conducted in the study area. Besides, similar studies may not have the same framework, similar Supply chain management practices and performance variables. Based on the inconsistencies and controversies from findings of previous similar studies, this study attempted to close these identified gaps. The study addressed the core research question of the effect of supply chain management on the performance of cement companies in Nigeria with problem on Dangote Cement PLC, Gboko covering a study period of five years from 2012 to 2015, a period of increased competition in the cement companies in Nigeria

**Objective of the study**

The main objective of the study is to investigate the effects of supply chain management on marketing performance in the Nigerian Cement Industry with focus on Dangote Cement Plc, Gboko. Specifically the objectives of the Study include the following:

1. To examine the effect of supply chain management on Market share performance in the Dangote Cement Plc, Gboko.
2. To assess the effect of supply chain management on sales volume of Dangote Cement Plc, Gboko.
3. To analyse effects of supply chain management on the profitability of Dangote Cement Plc Gboko.

**Literature review**

This section presents a review of works that relate and are relevant to this study. The review of related literature for this study is presented under conceptual framework; empirical review and theoretical review while a summary of the reviewed literature rounds up the section.

## Conceptual Clarification

### Supply Chain Management

The concept of Supply chains refers to industries and business activities that need to design, make, deliver, and use of a product or service. All businesses depend on their supply chains to provide them with what they need to survive and thrive. Every business fits into one or more supply chains and has a role to play in each of them (Acar, Kadipasaoglu & Schipperjin, 2010). The pace of change and uncertainty in today's markets has made it increasingly important for companies to be aware of the supply chains they participate in and to understand the roles that they play. Those industries that learn how to build and participate in strong supply chains will have a substantial competitive advantage in their markets. Basically, supply chain management acknowledges all of traditional logistics and also includes activities such as marketing, new product development, finance, and customer service (Baiman & Rajan, 2012

### Basic pattern to the practice of supply chain management

There is a basic pattern to the practice of supply chain management (Cao & Zhang, 2011) as each supply chain has its own unique set of market demand and operating challenges and yet the issues remain essentially the same in every case. Industries in any supply chain must make decisions individually and collectively regarding their actions in five areas:

i. **Production**: What products do the market wants? How much of which products should be produced and by when? This activity includes the creation of master production schedules that take into account plant capacities, workload balancing, quality control, and equipment maintenance.

ii. **Inventory:** What inventory should be stocked at each stage in a supply chain? How much inventory should be held as raw materials, semi-finished, or finished goods? The primary purpose of inventory is to act as a buffer against uncertainty in the supply chain. However, holding inventory can be expensive, so what are the optimal inventory levels and recorder points?

iii. **Location:** Where should facilities for production and inventory storage be located? Where are the most cost efficient locations for production and for storage of inventory? Should existing facilities be used or new ones built? Once these decisions are made they determine the possible paths available for product to flow through for delivery to the final consumer.

iv. **Transportation:** How should inventory be moved from one supply chain location to another? Air freight and truck delivery are generally fast and reliable but they are expensive. Shipping by sea or rail is much less expensive but usually involves longer transit times and more uncertainty. This uncertainty must be compensated for by -stocking higher levels of inventory. When is it better to use which mode of transportation?

v. **Information:** How much data should be collected and how much information should be shared. Timely and accurate information holds the promise of better coordination and better decision making. With good information, people can make effective decisions about what to produce and how much, about where to locate inventory how best to transport it.

The sum of these decisions will define the capabilities and effectiveness of an industry's supply chain. The things an industry can do and the ways that it can compete in its markets are all very much dependent on the effectiveness of its supply chain.

**Importance of Supply Chain Management**

Supply chain management has been confirmed to play a very important role in an industry activities and essential element to operational efficiency which can be applied to customer satisfaction and industry's success Cao and Zhang, (2011). It is the backbone of an industry which manages the critical issues of the business industry such as rapid growth of multinational corporations, global expansion and environmental concerns which indirectly affect the corporate strategy. Other benefits or importance of SCM includes;

i. Reduces inventory costs
ii. Provides better medium for information sharing between partners
iii. Improves customer satisfaction as well as service
iv. Maintains better trust between partners
v. Improves process integration
vi. Increase cash flow
vii. Improves quality and gives higher profit margin.

Supply chain management offers various tools and techniques that help industry to diagnose the problems and also provide solutions of these disruptions around the business environment. It plays an important role in moving goods more quickly to their destinations. The most important thing in today's business is managing competition among partners and in order to win this competition, SCM makes its future so bright and because of emerging trends in organization SCM becomes discipline in the world today.

**Functions of Supply Chain Management**

Supply chain management performs a good number of functions including the following (Kristal, Huang & Roth, 2010):

**Defining business boundaries and relationships:** This is referred to as the core of all SCM initiatives. The most important of these boundaries relates to the outsourcing. In addition to general concept of what to manufacture and process in-house, these boundaries also refer to the roles played by supplier and buyers in each other's business decision and operational activities.

**Managing demand and supply:** Demand management is managing the demand for goods and services along the supply chain. The basic demand is the one for the ultimate product or service from the end user. To meet this demand of end user, different links in the supply chain need to supply some goods or service to the following link in the chain. In turn to meet their supply commitment they need inputs from the previous link.

**Logistics:** This is referred to all the processes involved in storing, moving,

transporting or in any other way handling material. Role of logistics in activities before start of material and after completion of manufacture up to transportation to the immediate customer has been recognized in the past also. But the logistics cost and effectiveness is also affected by, and in turn affects all other activities along the supply chain.

**Purchasing:** This has the closest links with the supply side of the supply chain. It plays a key role in the total SCM functions. At strategic level, purchasing plays a decisive role in decisions on and implementation of business boundaries. It acts as a link between the vendors and the industry to get involvement and help of vendors in matters like purchased material specification, matching of lot sizes and transportation packing.

**Selling system interface:** Selling is the closest link with the demand side of the supply chain. It is directly responsible to help customer know, select, buy, pay for, and take away industry's product. These products may be sold to the customers directly or through a distribution network. Sales play an important part in decision on design of the distribution and is directly involved in its day-to-day operations.

**Manufacturing system interface**: Manufacturing represents the core of internal operations of an industry. No SCM policies can operate in isolation from the manufacturing activities. Manufacturing supports SCM in many ways like, reducing manufacturing lead times and supplying material closely matched to customer lot size and time requirement.

**Product design interface:** Product design has significant impact on efficiency and effectiveness of both supply and demand side of supply chain. In addition the basic quality of the finished product sold to the end user can be improved substantially by better collaboration among channel partners.

**Participants in Supply Chain Management**

In its simplest form, a supply chain management is composed of an industry and the suppliers and customers of that industry (Mentzer, Myers & Stank, 2017). This is the basic group of participants that creates a simple supply chain. Extended supply chains contain three additional types of participants. First, there is the supplier's supplier or the ultimate supplier at the beginning of an extended supply chain. Then there is the customer's customer or ultimate customer at the end of an extended supply chain. Finally, there is a whole category of industries who are service providers to other industries in the supply chain. These are industries who supply services in logistics, finance, marketing and information technology (Lambert, 2006).

**(i). producers or manufacturers:** These are organizations that make a product. This includes industries that are producers of raw materials and industries that are producers of finished goods. Producers of raw materials are organizations that mine for materials, drill for oil and gas, and cut timber. It also includes organizations that farm the land, raise animals, or catch seafood. Producers of finished goods on the other hand use the raw materials and sub-assemblies made by other producers to create their products.

**(ii). Distributors:** These are industries that take in inventory in bulk from producers and deliver a bundle of related product lines to customers. Distributors are also known as wholesalers.

**(iii). Retailers**: Retailers stock inventory and sell in smaller quantities to the general public. This organization also closely

tracks the preferences and demands of the customers that it sells to. It advertises to its customers and often uses some combination of price, product selection, service, and convenience as the primary draw to attract customers for the products it sells.

**(iv). Customers or consumers:** Customers or consumers are any organization that purchases and uses a product. A customer organization may purchase a product in order to incorporate it into another product that they in turn sell to other customers.

**(v). service providers:** These are organizations that provide services to producers, distributors, retailers, and customers. Service providers have developed special expertise and skills that focus on a particular activity needed by a supply chain. Because of this, they are able to perform these services more effectively and at a better price than producers, distributors, retailers, or consumers could do on their own.

**Dimensions of Supply Chain Management**

The development of SCM concept is a consequence of a long-standing and on-going development, taking place in the management of material flows and the transformation process itself (let us call it operations further on in the paper). The development in this field aims to leverage strategic positioning over competitors mainly through improved operational efficiency. We believe that supply chain can be seen as a given structure of collaborating companies working together in satisfying customer demand, and SCM is a conscious development and guidance of these relationships in order to gain competitive advantage for the collaborating chain members over other industry players (Beamon, 2016).

When collecting the most important dimensions of a successful SCM, inevitably the first is the increasing strategic role and, in parallel, the increasing strategic orientation of operations (Bellmunt & Torres, 2013). The final goal is to increase the competitiveness of companies and make operations to be able to contribute to the execution of firms' strategies (Hvolby, Trienekens & Steger-Jensen, 2007). This can be accomplished through various programs and techniques, which appear within the company (e.g. ERP, new organizational forms) and along the supply chain both on the supplier side (e.g. vendor-managed inventories) and on the distribution side (e.g. efficient customer response, quick response, e-commerce or DRP). Although these programs and techniques can be very different they all recognize that operational efficiency is directly affected by uncertainties originated from (1) the uncertain demand that materials management faces and (2) the material flows that take place in the chain when satisfying this demand.

Uncertainties stemming from the demand side are strongly connected with the traditional anticipatory business practice and can be reduced by response based operation (Cirtita & Glaser-Segura, 2012). Response based business operation builds on accurate and timely deployment of concrete consumer demand data instead of traditional sales forecasts. The deployment process mainly can be supported by closer coordination and integration within the firm and between collaborating companies. Among the different coordination means (Lee, Lee & Schniederjans, (2011), we think that the development of the planning and the strongly connected with it the development of information sharing processes has outstanding importance.

The second type of uncertainties originates from the materials processes, from the uncertainty of lead times. Reducing this

increases the accuracy and the reliability of value creating business processes and consequently raises both their effectiveness and efficiency. Improving the performance of business processes (shorter lead time) and their accuracy (more reliable lead time) necessitate a systematic approach focusing more on how to develop and connect business processes. Better performing business processes lead to a better fit between the actual demand and the amount of products inventoried and streamed along the logistics pipeline. The process view is one of the basic characteristics of today's operations management (Lambert and Cooper, 2000).

Finally a fourth important element of successful SCM is the type of relations between collaborating partners (Li, 2012). This determines the way companies cooperate with each other within a given chain. The changes taking place during the last two decade in partner relationships show a continuous advance between collaborating firms, with an increase in building long term relationships. The increased dedication to build long term partner relationships goes together with the increasing level of relation specific investments (Bensaou, 1999).

**Principles of Supply Chain Management**

Since supply chain management has become top management's new religion, it need a doctrine and principle. Oliva and Watson, (2011) outlined seven principles that bring a host of competitive advantages. The principles include;

(i). **Segment customer based on service needs:** Companies traditionally have grouped customers by industry, product, or trade channel and then provided the same level of groups customers within a segment. Effective SCM, by contrast, services to those particular segments.

(ii**) Customize the SCM network:** In designing their supply chain management network, companies need to focus intensely on the service requirements and profitability of the customer segments identified. The conventional approach of creating a 'monolithic' SCM network runs counter to successful SCM.

(iii). **Listen to signals of market demand and plan accordingly**: Sales and operations planning must span the entire chain to detect early warning signals of changing demand in ordering patterns, customer promotions, etc. this demands intensive approach leads to more consistent forecasts and optimal resource allocation.

(iv**). Differentiate product closer to the customer:** Companies today no longer can afford to stockpile inventory to compensate for possible forecasting errors. Instead, they need to postpone product differentiation in the manufacturing process closer to actual consumer demand.

(v**). strategically manage the sources of supply:** By working closely with their key suppliers to reduce the overall costs of owing materials and services. SCM leaders enhance margins both for themselves and their suppliers. Beating multiple suppliers over the head for the lowest price out, Anderson advises. 'Gain sharing' is in.

(vi**). Develop a supply chain wide technology strategy:** As one of the cornerstones of successful SCM, information technology must support multiple levels of decision making. It should also afford a clear view of the flow of products, services, and information.

(vii). **Adopt channel spanning performance measures:** Excellent supply chain measurement systems do more than just monitor internal functions. They adopt measures that apply to every link in the supply. Importantly, these measurement systems embrace both service and

financial metrics, such as each account's true profitability.

**Supply Chain Management Process**

As today's business environment has become challenging, Supply chain management is increasingly being recognized as the integration of key business processes across the supply chain (Petrovic-Lazarevic, (2017). Implementation is carried through by three primary elements; the supply chain network structure, the supply chain processes, and the management components. In terms of supply chain network structure, it is important to integrate decisions related to purchasing, warehousing, and distribution, as well as define goals and strategies how to achieve it. On the order hand, it is important to design a set of standard processes which will assure rational behavior of the individuals or companies that are part of the supply chain. Last but not the least, it is necessary to define control mechanisms to be able to audit performance of supply chain according to plan, by coordinating activities and processes in order to build links between supply chain members and making the right decisions (Prajogo & Olhager, 2012).

The Global Supply Chain Forum (GSCF) identified eight key processes that make up the core supply chain management.

i. Customer relationship management
ii. Customer service management
iii. Demand management
iv. Order fulfillment
v. Manufacturing flow management
vi. Supplier relationship management
vii. Product development and communication
viii. Returns management.

The eight key business processes run along the supply chain and cut across the firms and functional silos within each firm.

**Performance**

Performance is a concept that is subject to open and wide variability of meanings as it is somewhat an imprecise word when it functions as a place holder in research (Folan, Braume & Jegede, 2007). The lack of consensus on the definition of the concept creates confusion and clearly limits the potential for a clear generalisability and comparability of research in this area (Franco-Santos, et.al 2007). To accurately assess how well a business is performing, Mazzarol, (2014) opines that one needs to develop some quantifiable measures by identifying those aspects of the business processes that need improvement and those that are working well. This can then be used to evaluate the company's productivity over a set period of time.

Porter (2008) defines performance as the above-average rate of return sustained over a period of years. Firm performance could mean the success level of the firm in the market within which it operates. It could also be described as the ability of the firm in creating commendable profit. Zamora, Benito & Gellego, (2013) sum it as a measure of how well a mechanism/process achieves its purpose. He adds that a firm's performance is an important dependent variable in business research. Naelati, Tubastuvi and SobrotulImti, (2014) view the concept as the ability of an object to produce results on a dimension that has been determined beforehand in relation to a set standard or target and often relates to action and processes that lead to some outcome and the result of the action is also generally included in the examination. It is clear from the foregoing that Performance can be conceptualized as a process or the manner by which the businesses executes their functions and crucial elements to improve the standard of their businesses.

Firm performance is a focal phenomenon in business studies. It is also a complex and multidimensional phenomenon which can be characterized as the firm's ability to create acceptable outcomes and actions and which has been established to directly depend on efficient marketing practices (Naelati, and SobrotulImti, 2014). Every serious business must ensure that its practices evolve to continue enhancing its performance. The performance of a firm can be viewed from several different perspectives, and various aspects can jointly be considered to define firm performance. Studies relating to manufacturing firms constantly emphasize a positive relationship between businesses practices, management activities and performance, as it is often articulated that best business practices produce superlative business performance (Abdulsaleh & Worthington, 2013). This entails re-examining the operations of a number of practices and determining which of them are most successful. This will help to set standards against which similar businesses are measured to ensure that the plans for progress are directed towards achieving similar and even superior goals (Kolsum, 2014).

**Supply Chain Management Practices and Organization Performance**

A good number of researchers have confirmed that supply chain management SCM practices impact positively on overall organizational performance and its competitive advantage. Such practices are expected to enhance an organization's competitive advantage with the aid of price/cost, quality, delivery dependability, time to market, and product innovation. Prior studies including those of Tan, Lyman and Wisner, (2016) have indicated that the various components of SCM practices (such as strategic supplier partnership) have an impact on various aspects of competitive advantage (such as price/cost). In their submission, (Lavastre, Ageron & Alain, 2014) disclose that strategic supplier partnership can improve supplier performance, reduce time to market and increase the level of customer responsiveness and satisfaction (okurka & Lummus, 2000),). Information sharing leads to high levels of supply chain integration by enabling organizations to make dependable delivery and introduce products to the market quickly. Information sharing and information quality contribute positively to customer satisfaction and partnership quality (Kamau, 2011).

In another submission, Van, (1999) confirm that firms with high levels of SCM practices will have high levels of competitive advantage. Having a competitive advantage generally suggests that an organization can have one or more of the following capabilities when compared to its competitors: lower prices, higher quality, higher dependability, and shorter delivery time. These capabilities (Alvarado & Kotzab, 2011) will in turn, enhance the organization's overall performance.

**Empirical Review**

Hassan, (2015) investigated supply chain innovation and performance of manufacturing companies in Nigeria, The aim of this study is to examine the impact of supply chain innovation on supply chain performance of manufacturing companies. The study was based on cross-sectional survey of 286 manufacturing companies in Nigeria. Cluster and stratified random sampling were employed and self-administered to the selected companies. Data was analyzed using structural equation modeling (Amos). The paper found that as challenges within and outside the industry is changing supply chain; companies do not have to wait and react but be proactive and innovate. The study yielded important results that extend the theoretical and practical boundaries of

supply chain innovation. It demonstrates the importance of integrating technology, collaboration, innovation capability, and top management support to reduce supply chain cost, improve customer responsiveness, and market performance. Results suggest that supply chain innovation has significant relationship with supply chain performance. Theoretically, the study is the first to conceptualize technologies, collaborative processes, top management support, and innovation capability as indicators of supply chain innovation. Practically, the study provides guidelines for managers on manufacturing companies on strategies to pursue innovation in the supply chain. Limitations and suggestions for further studies were subsequently provided.

Kenneth, Dwayne and Anthony, (2008) researched on Supply Chain Management Impact of logistics performance on organizational performance. The paper's aim is to theorize and assess a logistics performance model incorporating logistics performance as the focal construct with supply chain management strategy as antecedent and organizational performance, both marketing and financial, as consequences. Design/methodology/approach – Data from a national sample of 142 plant and operations managers are analyzed using a structural equation modelling methodology. Findings indicated that logistics performance is positively impacted by supply chain management strategy and that both logistics performance and supply chain management strategy positively impact marketing performance, which in turn positively impacts financial performance.

Mwale (2014) examined Supply chain management practices and organizational performance of large manufacturing firms in Nairobi, Kenya This study was carried out to determine the effect of supply chain management practices on organizational performance among large manufacturing firms in Kenya. The study had two objectives, to establish supply chain management practices adopted by large manufacturing firms in Kenya, and to determine the effect of supply chain management practices on organizational performance of large manufacturing firms in Kenya. The research design involved a cross sectional survey of 46 large manufacturing companies in Nairobi, Kenya. Data was collected using a questionnaire that was administered through "drop and pick" method. Mean and standard deviation were used to analyze objective one whereas regression analysis was used to analyze the effect of supply chain management practices and organizational performance among large manufacturing firms in Kenya. The findings are presented in tables. It is clear that there is a significant relationship between supply chain management practices and organizational performance explained by the seven independent variables strategic supplier partnership, customer relationship, level of information sharing, quality of information, extent of outsourcing, lean practices and postponement. The study only focused on the large manufacturing companies in Nairobi. Therefore, the researcher recommends further research on other firms that are not located in Nairobi and are not in the manufacturing industry. The researcher has also recommended that future research to expand on the domain of SCM practices by considering additional dimensions and also seek to utilize multiple respondents to enhance research findings.

Adebayor (2012) examines the effect of supply chain management in Nigeria and its impact on marketing performance. The study was more elaborate by identifying more supply chain management on marketing performance compared to the

work done by Somuyiwa, Mcilit, & Adebayo (2012). In his study, concepts such as strategic supplier partnership, customer relationship management, information sharing, quality of information sharing and postponement were examined. The data gathered were analysed using correlation and multiple regressions. The results revealed that supply chain management have positive effect on marketing performance.

Sonja, Amrik & Imam (2007) in their research which examined the relationship that exist between profitability of SCM and firm's performance in Australia manufacturing industry. Five major SCM practices were identified: supplier and customer relationship management, internal operations, information sharing, information technology and training. T-test and correlation technique were used to analyse the data, and the firms with low and high level of performance and more specifically, information technology, information sharing and training contribute significantly to the operational performance and measurement in Australia manufacturing industries.

Balasubramanian (2005) investigated Supply chain performance measurement – the process of qualifying the efficiency and effectiveness of the supply chain. The aim of this study is to create a supply chain measurement framework for manufacturing industry, define what data should be measured and verify the measurement framework in the case company's supply chain. The research approach is hermeneutic and the research was a qualitative, constructive single case study research. The case company operates in the steel industry and provides prefabricated products for customers. The case supply chain was defined to be one supply chain in a plant where prefabricated products are produced.

**Theoretical Frame Work**

Different theories have been employed to help bring clarity to the study of effect of supply chain management on marketing performance on the Nigerian cement industry however; the Resource Based View theory is considered more relevant and is therefore adopted for the study.

**Resource-Based View Theory**

The Resource-Based View theory describes a firm as a unique bundle of tangible and intangible resources (assets, capabilities, competencies, organizational processes, firm attributes, information and knowledge and so forth) that are controlled by the firm. These resources enable a firm to implement strategies designed to improve its efficiency and effectiveness. The resource-based view suggests that valuable firm resources are usually scarce, imperfectly imitable and lacking in direct substitutes (Akkermans, Bogerd & Van Doremalen, 2014). A firm's resource must have four attributes: 1) it must be valuable; 2) it must be rare among a firm's current and prospective competition; 3) it must be imperfectly imitable; and 4) it cannot be substituted for strategically equivalent resource. The RBV theory submits that a firm's strategy should depend on its resources- if a firm is good at something, the firm should try to use. In the views of the RBV theory, a firm's performance is affected by firm-specific resources and capabilities. The implication here is that resources are allocated heterogeneously (unevenly) within an industry. In this regard, organizations tare expected to be aware of their strengths and weaknesses so as to develop strategies on how to be competitive in the market making effective use of their resources bundle and capabilities.

Obviously, the resources of all firms are not "perfectly mobile across their industry in this regard, Resources in the RBV are a firm's " assets, capabilities,

organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness. The resources of the firm also constitute inputs into the production process. Valuable resources of the firm coupled with their strategic utilization help to seize opportunities or neutralize threats in an organization's environment in any given business situation.

Emphasis on the RBV is on resources and internal capabilities of a firm as its sources of competitive advantage, essentially viewing the firm as a bundle of resources. Because each firm has its own origin, formation, management, history and has grown over time, acquired assets, skills, and experiences along the way, and cultivated its own distinctive organizational culture, no two companies are alike. When available resources are objectively and rationally combined in the right proportion and at the right time, they are expected to impact on the organizations performance and can effectively compete in the market. When this in place, such firms stay ahead of their competitors The goal of a resource-based approach is therefore to implement a strategy that is based on the firm's heterogeneous resources and that is not being implemented by competitors as it provide an objective and competitive advantage owing to its advantage.

The Resource-Based theory is considered very relevant to this study because it deals with competitive advantages related to the firm's possession of heterogeneous resources which encompasses financial, physical, technological, organizational, and reputational capabilities. Similarly, the theory addresses the central issue of how superior performance can be attained relative to others firms in the same market and posits that superior performance result from acquiring and exploiting unique resources of the firm.

**Research Design**

In line with the above submission, this study made use of Cross- sectional design and employed the survey method in obtaining the needed data. The survey method is considered more appropriate to realize the goal of the research exercise. The choice of the survey method is consistent with Hair, Money, and Samuel & Pages' (2007) submission that such a method is usually interested in the assessment of the characteristics of the population of study. Beside, the survey research design also helps to evaluate the implications and interrelationship of the dependent and independent variables of the study (Emaikwu, 2011). The study focused on Supply chain management on marketing performance Nigerian Manufacturing Industry, a case of Dangote Cement Plc, Gboko from 2013 to 2017, a period that coincides with intense competition in the industry and economy. Dangote cement emanated from Benue Cement Company which was a product of the industrialization moves of the Federal Government of Nigeria in the years following Nigeria's independence.

The population of this study comprises of the top management staff of Dangote cement company which totaled 27. This class of staff was the target population since they are in a better position to comment on issues involved in the subject matter. The data used in this study was collected from relevant and appropriate secondary and primary sources. The instruments to be utilized for the collection of primary data was a well structured easy to understand questionnaire to be partitioned in appropriate sections.

Secondary data needed for this study was sourced from available records and documents. Questionnaire instrument was used to collect needed primary data for this study. The questionnaire as a primary instrument was used to elicit information from knowledgeable staff about the problem under study. The questionnaire was divided into sections while the response format was the Likert scale ranging from strongly agrees to strongly disagree.

The study utilized statistical tools such as tables, simple percentage and frequencies, likert scale for analysis. Furthermore the Pearson product moment correlation coefficient was adopted to test the study null hypotheses with the aid of statistical package for social sciences (SPSS) versions 20.0. The decision rule holds that, when the Pearson product moment correlation coefficient (r) is positive, it means that as one variable increase in value, the other also increases in value. A negative co-efficient implies that as one variable increase the other decrease. The closer the correlation value to + 1 the stronger the relationship.

**Decision Rule**

The study establishes the following criteria for the acceptance and rejection of the null hypotheses. Reject the null hypothesis accept the alternative if the P value of the correlation result is less than 0.05 otherwise the Null hypothesis. This is summarily put below.

P value < 0.05 .....Reject the null hypotheses

P value > 0.05 .....Accept the null hypothes

**4.0 Data presentation and analysis**

A total number of 27 copies of research questionnaires were administered to all the 27 sampled respondents in the study area however, only 25 of them representing 93% were returned and found usable as can be seen from table 1.

**Table 1 Summary of Questionnaire Administered**

| **Research Questionnaire** | **Frequency** | **Percentage (%)** |
|---|---|---|
| Questionnaire Distributed | 27 | 100% |
| Questionnaire Returned | 25 | 93% |
| Questionnaire not Returned | 2 | 7% |
| **Total** | **27** | **100** |

**Source:** ***Field Survey; 2018.***

**Table 2: Bio-Data of Respondents**

| S/N | Items | Frequency | Percentage % | Cumulative% |
|---|---|---|---|---|
| **1** | **Gender:** | | | |
| | Male | 11 | 44 | 44 |
| | Female | 14 | 56 | 100.0 |
| | **Total** | **25** | **100** | **100** |
| **2** | **Age:** | **Frequency** | **%** | **Cumulative%** |
| | 18-27years | 11 | 44 | 44 |
| | 28-37years | 6 | 24 | 68 |
| | 38-47yrs | 4 | 16 | 84 |
| | 48 years and above | 4 | 16 | 100.0 |
| | **Total** | **25** | **100** | **100** |
| **3** | **Marital Status:** | **Frequency** | **%** | **Cumulative%** |
| | Married | 16 | 64 | 64 |
| | Single | 9 | 36 | 100.0 |
| | **Total** | **25** | **100** | **100** |
| **4** | **Educational Qualification:** | **Frequency** | **%** | **Cumulative%** |
| | FSLC | 0 | 0 | 0 |
| | WAEC/NECO | 12 | 44 | 44 |
| | OND/NCE | 7 | 28 | 72 |
| | Degree/HND | 4 | 16 | 88 |
| | Postgraduate | 3 | 12 | 100.0 |
| | Others | 0 | 0 | 100.0 |
| | **Total** | **25** | **100** | **100** |
| **5** | **Working Experience:** | **Frequency** | **%** | **Cumulative%** |
| | 1- 5 years | 9 | 36 | 36 |
| | 6-10 years | 12 | 48 | 84 |
| | 11years and above | 4 | 16 | 100.0 |
| | **Total** | **25** | **100** | **100** |

**SOURCE:** Field Survey, (2018)

As can be seen from table 2 above, of the 25 research questionnaires returned usable by respondents, 11 of the respondents were male. They represented 44% of the total responses while 14 of the remaining respondents representing 56% were female. The implication of the above finding is that both sexes work in the company with the female respondents constituting a higher population.

On the ages of respondents, it was discovered that 11 of the respondents which transcend to 44% are from the 18-27 years age bracket. 6 other respondents representing 24% were from the 28 – 37 years age bracket. Respondents in the 38 – 47 and those from 48 – 57 years and above brackets were 4 each with an equivalent percentage of 16%. The above implies that respondents were of diverse ages, contributing their quotas to the success of the company.

Next was marital status of respondents where result showed that 16 respondents were married. They represented 64% of the total respondents. The remaining 9 respondents which equal 36% were not married. From the above result, it is clear that married respondents constitute the highest population of the total respondents.

On the qualification of respondents, 12 respondents (44%), 7 other respondents (28%), 4 respondents (16%) and 3 respondents (12%) had O'level, ND/HND,

Degree/HND and postgraduate certificates respectively. It clear from the said findings that respondents have different types of academic qualifications.

Respondent's years of working experience showed that 9 of them or 36% belonged to the year 1 to 5 years working experience, 12 of the respondents had between 6 to 10 years experience the constitute 48% while 4 of the had a working experience of between 11 years and above. By that discovery, it is clear that the respondents had different years of working experience and are all qualified to supply information needed to carry out this study.

**Test of the study Hypotheses**

In this study, any value less than .05, the correlation is considered to be significant (meaning that the researcher is 95% confident that the effect from SCM on any of the performance variables is not due to chance). The values of the Pearson Correlation range from -1 to +1 with negative numbers representing a negative correlation (as one variable increases, the other variable decreases) and positive numbers representing a positive correlation (as one variable increases, the other also increases). The closer the value is to -l or +1, the stronger the association is between the variables.

**$H_{o1}$:** **SCM** has no significant effect on the profitability of Dangote cement company PLC, Gboko.

**Table 3: Correlations between Marketing Research and Profitability of the company**

| | | PROF | MKTR |
|---|---|---|---|
| PROF | Pearson Correlation | 1 | .974** |
| | Sig. (2-tailed) | | .000 |
| | N | 25 | 25 |
| MKTR | Pearson Correlation | .974** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 25 | 25 |

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

**Source:** ***Researcher's (2018) Data analysis output from SPSS version 20***

Table 3 above shows a significant value of .000 (which is less than .05), we can say that supply chain management has significant effect on marketing performance in the Nigerian Cement Industry. Since the Pearson Correlation value is .974 it means the value is significant, we are therefore compelled to reject the null hypothesis and instead, accept the alternative one that SCM has significant relationship effect on the marketing performance of Dangote cement PLC, Gboko.

**$H_{02}$:** There is no significant effect on sales volume from supply chain management in Dangote cement Company PLC, Gboko.

**Table 4: Correlation between SCM and sales volume of Dangote cement PLC Gboko.**

| | | MKTR | SALES |
|---|---|---|---|
| SCM | Pearson Correlation | 1 | .987** |
| | Sig. (2-tailed) | | .000 |
| | N | 25 | 25 |
| SALES | Pearson Correlation | .987** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 25 | 25 |

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

**Source:** ***Researcher's (2018) Data analysis output from SPSS version 20***

Table 4 above shows a significant value of .000 (which is less than .05), this implies that there is a significant effect on sales volume from SCM in Dangote Cement PLC, Gboko. Since the Pearson Correlation value is .987 and it is significant, we therefore have no option than to reject the null hypothesis and instead, accept the alternative one that supply chain management has a significant effect on sales volume of Dangote Cement PLC, Gboko.

**$H_{03}$:** SCM has no significant effect on market share of Dangote cement PLC, Gboko.

**Table 5: Correlation between SCM and market share in Dangote Cement PLC, Gboko.**

| | | MKTR | MKTS |
|---|---|---|---|
| SCM | Pearson Correlation | 1 | .991** |
| | Sig. (2-tailed) | | .000 |
| | N | 25 | 25 |
| MKTS | Pearson Correlation | .991** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 25 | 25 |

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

**Source:** ***Researcher's (2018) Data analysis output from SPSS version 20***

As can be seen from table 5 above, there is a significant value of .000 (which is less than *.05),* the implication of the value is that there is a significant effect from SCM on market share of Dangote Cement PLC, Gboko. Since the Pearson Correlation value is .991 and it is significant, we have no option than to reject the null hypothesis and accept the alternative one that SCM has effect on market share of Dangote cement PLC, Gboko.

**Discussion of Findings**

The outcome from the analysis of the hypothesis one revealed that Supply Chain Management has a positive effect on the Marketing Performance of Dangote Cement Plc, Gboko. This also implies that when an objective Supply Chain is in place at the right time and is properly managed, it will help the company to use fewer resources to produce in order to enhance its output. This results to the company incurring low cost on production which in return increases its profitability. The findings in consistent with the study done

Sonja, Amrik & Imam (2007) who examined the effect of supply chain management on the profitability performance of an Australia manufacturing industry. The study concluded that SCM boost the profitability of industries, brings supplier and customer relationship, boost internal relationship, inventory management, focus their joint efforts on end customer etc.

The result of hypothesis number two has also confirmed that the SCM employed by the cement company has significant effect on sales volume. The above findings are in line with the findings of Adebayor (2012) examines the effect of supply chain management in Nigeria and its impact on marketing performance. The results revealed that supply chain management have positive effect on marketing performance. Findings of the study are also in phase with similar findings by Mwale (2014) whose findings from a similar study concluded that Supply chain management practices have positive effect on performance of large manufacturing firms in Nairobi, Kenya. Result from hypothesis number three also revealed that there is a positive correlation between marketing research and market share. This agrees with the result of Tan, Lyman and Wisner (2016) who investigated Supply chain management as a strategic perspective and confirm that the practice has positive effect on organizations performance. The study is also in line with Tatice, (2017) whose study on a theoretical Model Proposal in Supply Chain Management for Indian manufacturing SMEs found that effective supply chain management leads to improved performance in organizations.

**Conclusion and Recommendations**

This study investigated the effects of supply chain management on marketing performance in the Nigerian Cement Industry with focus on Dangote Cement Plc, Gboko. Specifically, the Study specifically investigated effect of supply chain management on profitability, sales volume and market share. Relevant data was collected from management staffs of the company (who were respondents to the study). The collected data was statistically and empirically analysed using regression statistical tool with the aid of statistical package for social science (SPSS) versions 20.0. Result of the analysis revealed that Supply chain management has a positive effect on all the dimensions of performance studied. The study therefore concluded that a positive effect exist between supply chain management and the performance of Dangote cement company at least within the period studied. The result therefore supports the positive effect from supply chain management on organizational performance within the manufacturing sector. The result supports the propositions that organizational performance depends directly on supply chain performance. The theoretical proposition is that success at the supply chain level will result in success at the organizational level.

Arising from the findings of this study, the following recommendations have become inevitable.

i. Since this study has confirmed that supply chain management practices are very significant in enhancing organization performance. Manufacturing companies and other organizations are advised and encouraged to embrace the concept in order to reap the benefits of adopting these practices.

ii. Successful adoption of a supply chain management strategy requires a supply chain focus and efforts by managers to

strengthen linkages with both suppliers and customers. Similarly, manufacturing organizations should establish partnerships with suppliers and incorporate them into their product development process from the early phases by applying appropriate and current integrated logistics support concepts.

iii. Manufacturing managers should now consider the implications for the overall supply chain practices when making decisions related to their organization's manufacturing, purchasing, selling, and logistics processes. Practices like outsourcing, lean practices and postponement which have proven to have tremendous results in other organizations like Toyota for example.

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# Financing Sources Accessibility for the Development of Small Scale Enterprises in Nigeria

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**Abstract**

*This study sought to investigate financing sources accessibility for the development of Small Scale Enterprises (SSEs). Wukari Local Government Area of Taraba State served as the study area. A population of 171 small scale enterprises operating in the area were sampled for the study and questionnaire used to collect data from six clusters of small scale enterprises purposively selected in the area. Out of 171 questionnaires distributed to respondents and returned, only 153 were properly completed. The researchers used Pearson's Product Moment Correlation Coefficient aided by Statistical Package for Social Sciences (SPSS) version 23.0 to test the formulated hypotheses. The following findings were made: personal funds from savings and financial contributions from family members although very limited, are more accessible than funds from external financial sources. This is because the small scale enterprises find it difficult to access funds from external financing sources to develop their businesses for lack of collateral security and high rate of interest on loan. It is recommended that the government should design sustained policy framework which would smoothen accessibility of financial support for small scale enterprise owners to develop their businesses. A special monitoring committee should be set up to follow-up and evaluate the performance of the financial support initiatives for small scale enterprises so as to ensure that the funds set aside in support of the small scale enterprises get to their owners and are properly utilized by them. The government should as well organize workshop/seminars to create awareness on the sources of funding available for small scale enterprise owners and educate them on how to access these financial supports.Thesmall scale enterprise owners should cooperate with the government to ensure that all policy guidelines are strictly followed by them in accessing financial support from the government.*

**Keywords:** Internal financing, External financing, Accessibility, Funding initiative

## Introduction

Economic development of nation especially third world countries is anchored on the performance of Small Scale Enterprises (SSEs).This is why people view them as agents of economic transformation (Sanusi, 2003), sources of modernization and technological development (PECC, 2003), essential components and imperativeingredient in the alleviation of poverty Wolfenson (2001).Toweh and Akpokiniovo (2014) captured their importance when they assert that "the secret behind the success of a self-reliant society does not lie in any particular political philosophy but in the people's attitude to enterprise…."It is because of their numerous contributions to the economic wellbeing of nations that issues affecting this class of business are treated with caution.Financing means asking any financial institution (bank, credit union, finance company) or another person to lend you money that you promise to repay at some point in future (https://study.com/academy/lesson/what-is-financing-defination-types-quiz.html). It is the act of providing funds for business

activities, making purchases or investing.In other words, financing is the act of providing funds for business activities, making purchases or investing. The use of financing is vital in any economic system, as it allows companies to purchase products out of their immediate reach(https://www.investopedia.com/terms/f/financing.asp) and undertake other necessary activities geared toward the realization of their object.

Since individual do not have enough capacity to fund their enterprise, the Nigeria government came up with initiatives to financially support small and medium scale business.Evbuomwan, Ikpi, Okoruwa, and Akinyosoye (2013) identified the following as both the old and new government funding initiatives for SSEs in Nigeria;The Nigerian Industrial Development Bank (NIDB):established in 1964,Small-Scale Industries Credit Scheme (SSICS) introduced in 1971,The CBN, in 1970,The Nigerian Agricultural and Co-operative Bank (NACB): established in 1972,The Nigerian Bank for Commerce and Industry (NBCI): established 1973, The Agricultural Credit Guarantee Scheme Fund (ACGSF): established in 1977,The National Economic Reconstruction Fund (NERFUND)set up by Decree No. 25 of 1988.

Others are:People's Bank of Nigeria (PBN) established in 1988, Community Banks (CBs) now Microfinance Bank (MFB) established in 1990, The Small and Medium-Scale Enterprises (SMEs) as apex unit loan Scheme, established in 1990, Nigerian Export-Import Bank (NEXIM) established by Decree 38 of 1991, The Nigerian Agricultural, Cooperative, and Rural Development Bank (NACRDB), now Bank of Agriculture (BOA):set up in 2000,The Bank of Industry (BOI set up in 2000 and Small and Medium Enterprises Equity Investment Scheme (SMEEIS)established in 1999. These initiatives were meant to provide soft loans to SMEs for the fact that finance is a critical factor for the wellbeing of every business,Abiara and Arosanyin (2016) affirm the above importance.

**Statement of the Problem**

One of the major constraints of small scale enterprises has been identified as poor financing (Obi 2015). It is said that generating an entrepreneurial idea is one thing but accessing the necessary finance to translate such ideas into reality is another thing.Many sources of funding abound for small scale business but accessing these funds seems to be difficult for them. This may have made many of them live under tight liquidity constraints. Apart from personal savings, contributions by family members, there arenumerous government soft loan initiatives for small scale businesses. Unfortunately however, many of the small scale enterprise owners seemingly experience difficulty in accessing the government soft loan making them depend heavily on personal savings and sometimes, little borrowing from friends and relatives which gives them freedom but limited in volume.

It is against the expectation that on the presentation of viable feasible study, approved loans are disbursed through pre-selected banks but this does not apply. These businesses find it very difficult to attract loan from banks because the owners cannot provide the collateral security that the banks require or maybe they lack awareness on how to go about it.The growth and development of small scale enterprises over the years perhaps may have been constrained by financial challenges arising from inaccessibility of

funds. It is reasoned thatgiven this condition, it will be difficult for this class of business to grow; achieve sustained provision of goods and services, job creation, poverty reduction and wealth creation to improve the life of the larger society which they are known for. It is on the above stated problems that this study was designed.

**Research Hypotheses**

In line with the research questions, the following null hypotheses were formulated for the study.

$Ho_1$: Internal financing sources are not accessible for the development of

small scale enterprises.

$Ho_2$: External financing sources are not accessible for the development of

small scale enterprises.

$Ho_3$: Internal financing sources are not more accessible than external financing sources for the development of small scale enterprises.

**Significance of the Study**

Findings from this study will guide the government and financial institutions to know the reasons why small scale enterprise owners find it difficult to access financial support. This will make them redirect and reposition their policy frame work on small scale enterprises funding. For the small scale business owners, the outcome of this study will make them aware of the role they should play to access loans with ease. Finally, to scholars and researchers, this study will serve as reference guide or source of relevant information when carrying out a study related to this subject area.

**Conceptual Framework**

**The Concept of Small Scale Enterprises (SSEs)**

Many scholars have presented the meaning of small scale enterprises in diverse ways, may be based on the level of economic development of their nations. According to Toweh and Akpokiniovo (2014), Masoyi, Yahaya, Zachariah and Manjong (2013) small scale enterprises are a relative heterogeneous concept. The Committee for Economic Development in the United States of America cited in Obi (2015) defines SSEs as business whose management is independent, whose capital is supplied and ownership is held by an individual or small group, whose area of operations is mainly local and whose size within the industry is relatively. Small scale enterprise is a business organization with small size and capital investment limit in relation to medium and large enterprises (Carson, Cromie, McGowan and Hill, 1995).

The Federal Ministry of Industries (2001) defined small scale enterprise as an enterprise whose total cost including working capital but excluding cost of land does not fall below One Million Naira and does not exceed Forty Million Naira and having number of employees between 11-35 workers. The Central Bank of Nigeria (2003) viewed small scale enterprise as a business enterprise with a labour size of 11-100 workers and capital investment limit of N5 million to N50 million including working capital but excluding cost of land. Chukwuemeke (2004) defines small scale enterprise as one whose total asset in capital, equipment, plant and working capital are less than N250,000 and employing fewer than 50 full time workers. Olayinka and Adebisi (2013) opined that section 37 (2) of Company Allied Matter Decree of 1990 defines small scale business as one with an annual turnover of not more than 2million Naira

and net asset of not more than over 1million Naira. Moses (2010) defines small scale business as an owner-owned venture managed and operated by the owner personally or through the assistance of few personnel who are informally engaged.

**Types of Small Scale Enterprises (SSEs)**

Kamaldeen & Katagun (2017) identified the following three types of SSEs based on their various groupings in the economy. This grouping based on their activities attracts the attention of this study. These include trading and commerce enterprises, service enterprises and small manufacturing enterprises.

**Trading and Commerce Enterprises:**Trading and commerce involves buying goods from one person and selling the same goods to another person at a higher price.

**Service Enterprises:**Service enterprises provide the services that are needed by members of the larger community. Examples of service enterprises include: barber shops, shoe shiners, shoe repair shops, hair dressing salons, dentist shops, a dancing theatre, a nursery and primary school, a HIV counseling centre, an automobile car service workshop, and a photographer shop etc.

**Small Manufacturing Enterprises:** Small manufacturing enterprises engage in basic manufacturing activities that do not involve complex technologies or huge capital outlays. Examples of small manufacturing enterprises include: sachet water manufacturing enterprises, Rice processing mills, bread baking enterprises, laundry soap making enterprises, nylon blowing enterprises, exercise book making enterprises etc.

**Financing Sources of Small Scale Enterprises (SSEs) in Nigeria**

Ogujiuba, Ohuche and Adenuga (2004) is of the view that depending on the relative availability and opportunity cost; the take-off and efficient performance of any industrial enterprise, will require the provision of funds for its capitalization, working capital and rehabilitation needs as well as for the creation of new investments. Thus Odueyungbo (2006) identified two major sources of finance for small scale business owners as follows: internal and external sources.

**Internal Sources of Finance:** These are funds generated by the small scale business owners for the purpose of the business directly. Sources of such funds include:

i) Personal savings or resources
ii) Ploughed back profit which is the amount set aside by the small scale business owners from the past profit for the purpose of expanding the business.
iii) Provisions made for bad or doubtful debts, depreciation and tax which are used for the business pending their true determination
iv) Periodic contributions made by the promoters in form of savings.
vi) Sale of business property or right.
vii) Family and friends contributions.

**External Sources of Finance:** External finance is based on merit according to the evaluation of financial institutions and involves the procurement of interest bearing instruments (Abiara and Arosanyin, 2016). The following sources of external finance were identified by Odueyungbo (2006). Soft loans from commercial banks and financial institutions, debentures, trade credit, leasing, hire purchase, factoring.

i) Commercial banks and Financial Institutions: Commercial banks and other financial institutions provide funds either long, medium and short-term funds to business people to promote their operations through overdraft, loans, letters of credit, and accounts receivable.
ii) Debentures: These are creditors to the business who are paid fixed rate of interest for making their money available for the essence of the business whether or not the business makes profit.
iii) Trade Credit: Trade credit exists where either through formal or informal agreement where a seller sell products to a buyer on credit by allowing him a period of time before payment is made. The time between buying and payment is referred to as the credit period.

iv) Leasing: This is an agreement whereby the small scale business owners rents needed equipment(s) from another company called the lessor and pay a charge for the service.
vi) Hire Purchase: This is an agreement between the small scale business owners and another firm whereby an initial deposit on needed equipment is made and the equipment is released to the entrepreneur on the understanding that the balance payment will be made by installment. This arrangement enables the business to use facilities it could not pay out-right for.

vii) Factoring: This is an arrangement whereby a seller sells goods on credit to a buyer and a third party called the factor assist the seller by offsetting outstanding debt of the buyer. For this effort, the factor receives a percentage of debt owed by the buyer. It is the responsibility of the factor to collect the debt from the buyer.

**Theoretical Framework**

**The Pecking Order Theory**

The study adopted the pecking order theory as its theoretical underpinning. The pecking order theory was first advanced by Donaldson in 1961 and it was modified by Myers and Maljuf in 1984. Myers and Maljuf (1984) state that companies prioritize their sources of financing from internal financing to external financing and considering the costof finance involved and preference to raise equityas a financing means of last resort. According to them, internal funds are used first and when that is depleted debt (external financing) is issued. Abrie and Doussy (2006) explains the above theory saying that "firms finance their needs in a hierarchical order first by using internal generated funds, secondly borrowing in form of debt (external financing) and thirdly by generating funds through equity".

**Review of Empirical Literature**

Ekot (2010) adopted the survey design to examine the problems confronting small business ownership and management in Uyo metropolis. With the help of personal interview and structured questionnaire administered to 100 randomly selected small business owners in the study area, data were collected and analysed using simple percentage. The study observed that paucity of funds and interest by the young and educated people to take to small businesses and poor government and institutional support are some of the problems facing small businesses in Uyo metropolis. Among the recommendations made is that government should step up support to small businesses and create greater awareness for more people to take to small businesses in Akwa Ibom State.

Mba and Emeti (2014) examined Issues, Challenges and Prospects of Small and Medium Scale Enterprises (SMEs) in Port-Harcourt City, Nigeria**.** The study investigated the extent to which poor financing, inadequate social infrastructures, lack of managerial skills and multiple taxes constitute major challenges in the performance of SMEs between October 2012 and November 2013. The study adopted a descriptive research design using 120 randomly selected registered operators of SMEs in Port-Harcourt City. Data collected were analyzed using descriptive statistics while formulated hypotheses were tested using z-test. Results from data analysis indicate that poor financing, inadequate social infrastructures, among others were major challenges confronting SMEs in Port-Harcourt City. The study recommended the followings: provision of soft loans to SMEs operators, government guaranteeing of long-term loans to SMEs operators, establishment of SMEs funding agency, public/private sector partnership in infrastructural provision, capacity building for SMEs operators and provision of tax incentives for SMEs operators.

Bosede, Ogunleye and Arogundade (2016) conducted a study on Small and Medium Scale Enterprises (SMEs) Financing and Economic Growth in Osun State. The study analyzed specific financing options available to SMEs in Nigeria and contribution to economic growth. The study used secondary sources of data which were generated from the publications of Central Bank of Nigeria (CBN) statistical Bulletin and World Development Indicators (WDI) which was analyzed using Ordinary Least Square (OLS) estimation technique employed to determine the effect of SMEs financing on economic growth in Nigeria. The data collected was from 1981-2012 and the data for relevant variables comprises of growth rate of real gross domestic product, growth rate of commercial bank loans to small and medium scale enterprises, unemployment rate and interest rate. The results indicate that there is an insignificant direct relationship between SMEs financing and Economic growth in Nigeria, this can be adduced to policy inconsistencies in SMEs financing. The study reveals that lack of access to effective source of financing is one of the major quagmire hindering SMEs contributions to economic growth. The paper recommended that strenuous effort should be made by the government by easing access to SMEs finance via subsidized interest rate in order enhance economic growth and development.

Gulani and Usman (2012) evaluated the challenges of Small and Medium Scale Enterprises (SMEs) face in financing new or existing businesses in Gombe State. The study adopted purposive and simple random sampling techniques. Information was elicited from a sample of Sixty five (65) respondents which was analyzed using chi-square statistics. The result of the analysis revealed that, there is no significant difference in the difficulties SMEs face when accessing finance from various sources, there is a significant difference in the level of awareness of MFIs by SMEs. The research however, recommended that government policy of initiating various intervention funds for entrepreneurial development should be encouraged; SMEs in the state should be sensitized on the activities of Micro Finance Institutions (MFIs).

Atanda (2010) studied the finance functions of small firms entrepreneurs in Nigeria: a case study of “aso -oke” cottage textile industry. Descriptive and inferential statistical methods were adopted. It was observed that the ratios were geometrically decreasing since 1996, the rate decrease drastically from 25% in 1995 to 0.3% in 2008.He found that personal savings of the

entrepreneurs was the most important source of initial and working capital to small scale enterprises with a total response of 82.28% while only 2.3% sourced funds from the banks.

**Methodology**

This study adopted exploratory and survey design. The study was carried out in Wukari local government area of Taraba State. It covered the following groups of business operating in the area: trading and commerce enterprises, service enterprises and small manufacturing enterprises, which served as the target population. According to the Department of Finance and Supplies, Wukari Local Government Council (2018), the population of registered small scale enterprises or businesses is 300. The sampling technique used in this study is the probability sampling. The simple random sampling was used to allow for generalization to take place. Since the population is finite (known),Taro Yamane formula was used to determine the sample size. The Taro Yamane statistical formula is shown below. The data were generated through the use of questionnaire. The questionnaire was designed using the five point Likert scale format as: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D), and Strongly Disagree (SD). Out of 171 questionnaires distributed to respondents and returned, only 153 were properly completed and153 was used for data analysis. The research instrument was face validated and a test-retest was carried out to ensure the consistence of the measuring instrument. Pearson's Product Moment Correlation Coefficient was used for data analysis and aided by Statistical Package for Social Sciences (SPSS) version 23.0 to test the formulated hypotheses.

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

Since: n = Sample size
N = Total population size
1 = Constant
e = the assume error margin or tolerable error (Egozuikpe, 2008)
Since: n = ?
N= 300
e= 5% or 0.05
Substituting the above values into the formula,

$$n = \frac{300}{1 + 300(0.05)^2}$$

$$n = \frac{300}{1 + 300(0.0025)}$$

$$n = \frac{300}{1 + 0.75}$$

$$n = \frac{300}{1.75}$$

$$n = 171$$

From the result above, the sample size was determined as 171. The Bowley's proportional formula was used to determine the proportion of elements to be selected from each cluster, since these small scale enterprises were found to be clustered in six major areas.
The Bowley's formula is below:

$$nh = \frac{nh\ (n)}{N}$$

Where:
nh = Elements for each cluster
n = Total sample size
nh = Number of elements to be selected
N= Population size (Onyeaghala, 2017)
The proportion for each cluster was determined as thus:

General Hospital/Adibyewi Roads $nh = \frac{171 \times 33}{300} = \frac{5643}{300} = 19$

Takum Junction/New Site $nh = \frac{171 \times 42}{300} = \frac{7182}{300} = 24$

Ibi /EFCC Roads $nh = \frac{171 \times 70}{300} = \frac{11970}{300} = 40$

Old Bantaje Road t/Rice Mill $nh = \frac{171 \times 99}{300} = \frac{16929}{300} = 56$

Rafinkada $nh = \frac{171 \times 35}{300} = \frac{5985}{300} = 20$

Timber Shade/Yam market $nh = \frac{171 \times 21}{300} = \frac{3591}{300} = 12$

Total = 171

This gave the sample size as 171

**Data Presentation and Analysis**

**Table 1:** Are internal financing sources accessible for the development of small scale enterprises?

| Responses | Frequency | Percent |
|---|---|---|
| Strongly agree | 102 | 66.7 |
| Agree | 37 | 24.2 |
| Undecided | 5 | 3.3 |
| Disagree | 3 | 1.9 |
| Strongly disagree | 6 | 3.9 |
| Total | 153 | 100.0 |

**Source:** Field Survey, 2018

Table1shows that 102 respondents representing 66.7% strongly agreed that internal financing sources are accessible for the development of small scale enterprises,37 respondents representing 24.2% agreed, 5 respondents representing 3.3% were undecided, 3 respondents representing 1.9% disagreed while 6 respondents representing 3.9% strongly disagreed.

**Table 2:** Are external financing sources accessible for the development of small scale enterprises?

| Responses | Frequency | Percent |
|---|---|---|
| Strongly agree | 15 | 9.8 |
| Agree | 18 | 11.8 |
| Undecided | 21 | 13.7 |
| Disagree | 45 | 29.4 |
| Strongly disagree | 54 | 35.3 |
| Total | 153 | 100.0 |

**Source:** Field Survey, 2018

Table 2 shows that 15 respondents representing 9.8% strongly agreed that external financing sources are accessible for the development of small scale enterprises, 18 respondents representing 11.8% agreed, 21 respondents representing 13.7% were undecided, 45 respondents representing 29.4% disagreed while 54 respondents representing 35.3% strongly disagreed.

**Table 3:** Are internal financing sources more accessible than external financing sources for the development of small scale enterprises.

| Responses | Frequency | Percent |
|---|---|---|
| Strongly agree | 75 | 49.0 |
| Agree | 42 | 27.5 |
| Undecided | 17 | 11.1 |
| Disagree | 10 | 6.5 |
| Strongly disagree | 9 | 5.9 |
| Total | 153 | 100.0 |

**Source:** Field Survey, 2018

Table 3shows that 75 respondents representing 49.0% strongly agreed that internal financing sources are more accessible than external financing sources for the development of small scale enterprises, 42 respondents representing 27.5% agreed, 17 respondents representing 11.1% were undecided, 10 respondents representing 6.5% disagreed while 9 respondents representing 5.9% strongly disagreed.

**Test of Hypotheses**

**$H_{01}$:** Internal financing sources are not accessible for the development of small scale enterprises (SSE).

**Table 4: Correlations**

| | | Accessibility | Internal Financing Sources of SSEs |
|---|---|---|---|
| Accessibility | Pearson Correlation | 1 | .560** |
| | Sig. (2-tailed) | | .032 |
| | N | 153 | 153 |

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

**Source: SPSS Result, 2018.**

On the first hypothesis, the correlation analysis in table under 4 above shows a moderately positive significance value (r-value) of 0.560** and probability value (p-value) of 0.032. This analysis results fails to support the acceptance of null hypothesis since the p-value is less than 0.05 (p = 0.032 < 0.05) significance value (r-value) and therefore support the acceptance of alternative hypothesis. This implies that internal financing sources are accessible for the development of small scale enterprises (SSEs).

**$H_{02}$:** External financing sources are not accessible for the development of small scale enterprises.

**Table 5: Correlations**

| | | Accessibility | External Financing Sources of SSEs |
|---|---|---|---|
| Accessibility | Pearson Correlation | 1 | .492** |
| | Sig. (2-tailed) | | .723 |
| | N | 153 | 153 |

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

**Source: SPSS Result, 2018.**

For second hypothesis, the correlation analysis in the table under 5 above gives a positive value (r-value) of 0.492** and a probability value (p-value) of 0.723. Thus, because the p-value is greater than 0.05 (p = 0.723 > 0.05) r-value which is the minimum level of null hypothesis acceptance, the null hypothesis is accepted and the alternative hypothesis is rejected. This signifies that, external financing sources are not accessible for the development of small scale enterprises.

**$H_{03}$:** Internal financing sources are not more accessible than external financing sources for the development of small scale enterprises.

**Table 6: Correlations**

| | | Financial Sources of SSEs | Accessibility |
|---|---|---|---|
| Financial Sources of SSE | Pearson Correlation | 1 | -.837** |
| | Sig. (2-tailed) | | .000 |
| | N | 153 | 153 |

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

**Source: SPSS Result, 2018.**

For third hypothesis, the correlation analysis in the table under 6 above gives a negative significance value (r-value) of -0.837** and a probability value (p-value) of 0.000. Since the p-value is less than 0.05 (p = 0.000 < 0.05) r-value which is the minimum level of null hypothesis acceptance, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that, internal financing sources are more accessible than external financing sources for the development of small scale enterprises.

**Discussion of Findings**

This study is designed to identify the accessibility of funding sources for the development of small scale enterprises. Using Pearson Product Moment Correlation with the aid of SPSS to test hypothesis one, the extent of the relationship between the independent and dependent variables was found to be positive (at 0.560) probability value, which connote that, the internal financing sources are accessible for the development of small scale enterprises (SSE). This finding is in confirmation to the study of Atanda (2010), who found that personal savings of the entrepreneurs was the most important source of initial and working capital to small scale enterprises.

For test of hypothesis two, the study discovered that external financing sources are not accessible for the development of small scale enterprises. A weak but positive relationship (at 0.492) probability value was found to exist between external financing sources accessibility. This finding supports the view of Bosede, Ogunleye and Arogundade (2016) who found that lack of access to effective sources of financing; with special reference to external sources has been one of the major quagmire hindering SMEs contributions to economic growth.

For the test of hypothesis three, the extent of the relationship between the two variables was found to be negative (at -0.837) probability value which indicates that, the internal financing sources are more accessible than external financing sources for the development of small scale enterprises. This finding is in confirmation to the study of Gulani and Usman (2012) and Abrie and Doussy (2006) whose study revealed that, SMEs face difficulties when accessing finance from various sources and firms finance their needs in a hierarchical order first by using internal generated funds, secondly borrowing in form of debt (external financing).

**Table 7: Correlation Results**

| | | Accessibility of Financial Sources | Internal Financing Sources | External Financing Sources | Accessibility of Financial Sources |
|---|---|---|---|---|---|
| Accessibility of Financial Sources | Pearson Correlation | 1 | .560** | .878** | -.837** |
| | Sig. (2-tailed) | | .032 | .723 | .000 |
| | N | 153 | 153 | 153 | 153 |
| Internal Financing Sources | Pearson Correlation | .560** | 1 | .234* | .387* |
| | Sig. (2-tailed) | .032 | | .000 | .000 |
| | N | 153 | 153 | 153 | 153 |
| External Financing Sources | Pearson Correlation | .492** | .234* | 1 | .502** |
| | Sig. (2-tailed) | .723 | .044 | | .000 |
| | N | 153 | 153 | 153 | 153 |
| Most Accessible Financing Sources | Pearson Correlation | -837** | .387* | .502** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .001 | |
| | N | 153 | 153 | 153 | 153 |

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

*. Correlation is significant at the 0.05 level (2-tailed).

**Summary of Findings**

Result of the correlation analysis showed that one out of the three hypotheses was accepted which indicates that external financing sources are not accessible for the development of small scale enterprisesand two null hypotheses were rejected, indicating that internal financing source is accessible for the development of small scale enterprises and the internal financing sources more accessible than the and external financing sources to small scale enterprise owners.

**Conclusion and Recommendations**

Quite a number of important conclusions were drawn from the findings of the study which have policy implication for small scale enterprises. There were three dimensions of the independent variable measured in this study. They were: accessibility of internal financing sources, accessibility of external financing sources and the level of accessibility of internal financing and external financing sources. The dependent variable of this study is the development of small scale enterprises. Since there is a positive and significant p-value in the correlation analysis between internal financing sources and accessibility for the development of small scale enterprises, it implies that internal financing sources are accessible for the development of small scale enterprises.

For the fact that there is a negative correlation between external financing sources and accessibility for the development of small scale enterprises, it means that external financing sources are not accessible for the development of small scale enterprises. Following that the extent of the relationship between the two measured variables (internal and external financing sources) was found to be negative (at -0.837) probability value, it indicates that, the internal financing sources are more accessible than external financing sources which all the same was found not to be accessible in test of hypothesis two ($H_{02}$) for the development of small scale enterprises.

The following recommendations were made on the basis of the findings from this study: The government should design sustained policy framework that would enhance accessibility of financial support for small scale enterprise owners to develop their businesses. A special monitoring committee should be set up to follow-up and evaluate the performance of the financial support initiatives for small scale enterprises so as to ensure that the funds earmarked for funding small scale enterprises get to their owners and are properly utilized by them. The government should as well organize workshops and seminars to create awareness on the sources of funding available for small scale enterprises and educate their owners on how to access these financial supports. Thesmall scale enterprise owners should cooperate with the government to ensure that all policy guidelines are strictly followed by them in accessing financial support from the government.

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# Workforce Discrimination and Employee's Job Performance in the Banking Sector: A Study Of Selected Commercial Banks

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***Abstract***
*The study examines workforce discrimination and its effect on employees' job performance in the banking sector. Three commercial banks in Wukari metropolis were selected with 108 samples. Data was generated through a well-designed questionnaire and the variables were statistically analyzed using regression technique and facilitated with Statistical Package Social Sciences (SPSS) version 23.0.Finding revealed that gender, ethnic, age and religious discrimination affect employees' performance. The study recommended that; managers should ensure equal opportunity of promotion and career success for all categories of employees irrespective of their gender, age, ethnic group or religious affiliation.*

**Keywords:** Workforce, Discrimination, Job Performance, Banking

## Background

Organizations are established basically to achieve goals of maximizing profit as well as better the live of the people in the society. These goals can be fully achieved with the optimal utilization of available resources like competent men, materials, machines and money. Also having quality management who are skilled, educated and experience that detest workforce discrimination of all sort would go a long way to determine organizational success. It is worthy to note that employee, which is a resource for any organization plays an important role of harnessing all other resources. But where there is discrimination, human capital is diminished and this affects workers performance. Discrimination here is in terms of hiring, promotion, job assignment, termination and compensation of employees (Dwomoh & Owusu, 2012).

According to the Australian Human Rights Commission (2014), workforce discrimination is the treatment of certain workers in a less favorable manner than another group because of their background or certain personal characteristics. Hasan and Ali (2014); and Fatima and Omar (2014), state the different dimensions of workforce discrimination to include; gender discrimination, religion discrimination and ethnic discrimination. Workforce discrimination could be direct or indirect. Discrimination is said to be direct when an employer treats an employee in a less favorable way than someone else. It could be that a female employee receiving less pay as compared to his male counterpart. According to Butt and O'Neil (2004), it could be preventing one from going to training courses, taking unfair disciplinary action against one, or excluding one from company's social events. Indirect discrimination on the other hand happens when a working condition or rule disadvantages one group of people as compared to another.

Hemphill and Haines (1997) identified six main types of discrimination which are; disabilities discrimination, sexual harassment, ethnic discrimination, race discrimination, sexual orientation

discrimination and gender discrimination. SEEDA (2006) reported that racial or ethnic discrimination in the workplace has a huge impact both at individual and organizational levels. Discrimination results in and reinforces inequalities and could result in poor morale of employee, high turnover, poor commitment and subsequently result in negative impact on the organizational performance. The freedom of employee to develop their capabilities and to choose and pursue their reward professional and personal aspirations is restricted, skills and competence cannot be developed, rewards to work are denied and a sense of humiliation, frustration and powerlessness takes over (Olsen, 2004).The overall environment of the firm may become one in which workers are mistrustful, apprehensive and dissatisfied. The effect Workforce discrimination poses over on employees can be significant or less, it mostly depends on workers attitude and reactions towards it. Under an obvious situation, it can probably hurt the development as well as productivity to the whole company. This research work examined the effect that workforce discrimination has on workers of Zenith bank, Unity bank and UBA in Wukari metropolis, Taraba State Nigeria, with emphasis on the performance of their workers.

**Research Hypotheses**

The proposed research work at hand will be guided by the following hypotheses stated in their null form ($H_O$)

**$H_{01}$**: there is no significant relationship between gender discrimination and quality of output ofcommercialBanks in Wukari?

**$H_{02}$**: There is no significant relationship between age discrimination and quality of output of commercial Banks in Wukari?

**$H_{03}$**: There is no significant relationship between ethnic discrimination and quality of output of commercial Banks in Wukari.

**$H_{O4}$**: There is no significant relationship between religious discrimination and employee efficiency in commercial Banks in Wukari.

**Conceptual Framework**

Discrimination has been defined as the exclusion of some groups from the sharing of power, income and satisfaction (Hall et al., 1998; Lawler and Bae, 1998), or the unequal treatment of some groups (Ataov, 2002). Discrimination has been often interpreted in a very broad manner and clearly described as an outcome driven by a wide range of different, sometimes overlapping, processes (Basu and Eser, 2003). Discrimination takes many forms. They include: gender discrimination, age discrimination, religious discrimination, ethnic discrimination, among others. Gender according to fayomi(2005),represents male and female in social context, and different in attitude and roles.Any unequal treatment carried out against employees by virtue of their sex is gender discrimination. Gender stereotypes lie at the heart of many of our perceptions of the workforce and the people that operate within it (Heilman & Welle, 2005). Descriptive and prescriptive stereotyping exerts significant impact on men‘s and women‘s organizational experiences. The impact of stereotyping processes links up onto two types of discrimination, formal and informal (Stangor, 2001). Formal discrimination refers to the biased allocation of organizational resources such as promotions, pay, and job responsibilities, while informal discrimination centers on the interactions that occur between employees and the quality of relationships that they form (Mannix & Dovidio, 2002). Age discrimination happens when one is treated quite different from another

employee because of age. Organization that tend to discriminate one employee from another because of age believe that employees who are old are less willing to learn new methods and are less flexible as compare to younger employees. They believe that younger employees are more flexible, dedicated hard working and usually pay attention to details. Discrimination can occur at every stage of employment, from recruitment to education and remuneration, occupational segregation, and at times of layoffs (Hart, 2007).

According to Goleman, (1998) religious discrimination involves maltreatment as a relation to the religious background of the employee. While religion discrimination is more than resisting explosive or problematic behavior, it is putting your momentary needs on hold, to pursue your larger and more important goals (Garner, 2009) i.e. it is the ability to regulate distressing effects like anxiety and anger, and to inhibit emotional impulsivity (Goleman,1995). It covers the ability to regulate emotions in both ourselves and others. For example, an emotionally intelligent politician might raise his own anger and use it to deliver a powerful speech to stimulate righteous anger in others (Amjad, 2009).

According to Isaiah, ojiabo and Alagah (2017), ethnic discrimination occurs when one employee is treated differently from another due to the fact that he/she belongs to a particular ethnic or having a different skin color or nationality.Gibereubie, Osibanjo, Adeniji and Oludayo (2014) also noted that a recruitment policy devoid of ethnic discrimination enhances employee performance in an organization. Solving the problem of ethnic discrimination in the workplace involves three things: understanding the problem, educating the public on ethnic discrimination, and finding ways to address and overcome the issue.

**Theoretical framework**

The research adopted the social identity theory by Henri Tajfel and John Turner in 1979. Tajfel and Turner, (1985) social identity theory, maintains that individuals categorize themselves and others into distinct groups based on shared salient characteristics, such as personal demography. Perceived discrimination is an individual's perception that he or she is treated differently or unfairly because of his or her group membership (Mirage, 1994; Sanchez and Brock, 1996). Furthermore, when individuals feel they are mistreated because of their group membership, they often feel alienated and angry, which can result in negative work-related behaviors.

Social identity theory is a useful framework for defining perceived discrimination, but it is important to recognize that an individual's identification with a particular group is not limited to demography and does not occur in isolation. Additional aspects of group membership and the environmental context (that is, the organization) must be considered as well. Intergroup theory (Alderfer, Alderfer, Tucker, and Tucker, 1980) and embedded intergroup theory (Thomas and Alderfer, 1989) take into account these considerations. Intergroup theory suggests that two types of groups exist in organizations: identity groups and organizational groups. For example, one's identity group may include individuals with similar demographic characteristics, such as race, gender, or age, whereas one's organizational group may include individuals who share similar tasks, hierarchical status, or function. According to this perspective, individuals are constantly trying to balance the competing demands and expectations based on membership in their identity and organizational groups. Intergroup theory, and more specifically embedded intergroup theory, suggests that it is

important to consider a constellation of organizational relationships, such as individuals and their relationship with their coworkers, their supervisors, and the organization itself, in assessing the impact of perceived discrimination

**Empirical review**

In examining workplace discrimination and employee performance in Nigerian food beverage, Isaiah, Ojiabo,and Alagah (2017) found that there is a significant relationship between workplace discrimination and employee performance. Kumasi, Kwaku, (2013) found that discrimination exists in the police service. Discrimination on the grounds of ethnicity recorded the highest percentage followed by gender and sexual harassment as well as sexual Orientation respectively. Omotaya, Adewale, and Osibanjo (2014) revealed that managerial roles based on gender discrimination against women in government universities in Lagos State have affected employee job performance negatively.

**Methodology**

This study is a little exploratory and more descriptive in nature. Data was collected through the use of administered questionnaire on employees of the selected commercial banks in Wukari metropolis (Zenith Bank, Unity Bank and United Bank of Africa [UBA]). 108 employees comprising (managers, unit heads and customer interface staff) make up the population of these three commercial banks. Descriptive statistical tools such as tables, frequencies, percentages were used through multiple regression techniques.

**Data presentation and analysis**

A total of 108 questionnaires, each containing 22 questions were designed and issued out to respondents who are divided into 3 categories of staff based on their level in the organization. At the end of the questionnaire process which took place from 8th June, 2018 to 2nd July, 2018, only 94 representing 87% of the questionnaires were dully filled and returned to the researcher and so, the presentation and analysis of questionnaire responses was based on these 94 copies dully returned. The null hypothesis is rejected if the p-value is less than the critical value (0.05).

**Respondents' views about workforce discrimination in their organization**

For the question of whether their organization discriminates in terms of gender, 24 respondents strongly agreed, 48 also agreed, 11 stood undecided while the remaining 11 disagreed. For the question of whether their organization discriminates in terms of AGE, 16 respondents strongly agreed, 27 also agreed, 7 were undecided while the remaining 42 and 2 disagreed a strongly disagreed respectively. For the question of whether their organization discriminates in terms ethnicity, 24 and 51 respondents strongly agreed and agreed respectively, 8 stood undecided while 11 disagreed. For the question of whether there exists religious discrimination, 17 strongly agreed, 39 agreed 6 stood undecided while 29 and 3 disagreed and strongly disagreed respectively.

**Respondents' views about employee relationships and discrimination in the work place**

For the question of whether there is equal opportunity for career growth and development for women in the organization, 23 respondents strongly agreed, 49 also agreed, 10 stood undecided, 9 disagreed while the remaining 3 strongly disagreed. For the question of whether employees enjoy working with the opposite sex, 26 and 40 respondents strongly agreed and agreed respectively, 12 stood undecided, 15 disagreed while the remaining 1 strongly disagreed. For the question of whether

dissimilarity to gender leads to poor ineffectiveness, 24 strongly agreed, 48 agreed 11 stood undecided while 8 disagreed and 3 strongly disagreed. For the question of whether Age differences affects the group formation in workforce, 26 and 42 respondents strongly agreed and agreed respectively, 11 stood undecided while 10 disagreed and 2 strongly disagreed. For the question of whether age difference affects group effectiveness, 30 respondents strongly agreed, 52 also agreed, 9 were undecided, while 3 disagreed. For the question of whether, one feels motivated to work with employees of the same age, 31 strongly agreed, 56 also agreed, while 7 strongly disagreed.

For the question of whether working with colleagues from different ethnic groups influence decision making ability, 36 respondents strongly agreed, 48 agreed, 8 were undecided while 1 disagreed. For the question of whether language difference among employees affects group formation and cohesion, 27 respondents strongly agreed, 45 also agreed, 9 stood undecided, while, the remaining 9 and 3 disagreed and strongly disagreed respectively. For the question of whether, people with different ethnicity are well cooperated in workforce, 34 respondents strongly agreed, 35 also agreed, 11 stood undecided while 13 and 1 disagreed and strongly disagreed respectively. For the question of whether educational background affects the ability of performance and task responsibility, 25 respondents strongly agreed, 45 agreed, 9 were undecided while 8 and 3 disagreed and strongly disagreed respectively. For the question of whether differences in educational background brings conflict among employees, 34 respondents strongly agreed, 49 also agreed, 9 stood undecided, while, the remaining 2 disagreed. For the question of whether having employees with the same educational background leads to high effectiveness in workplace, 26 respondents strongly agreed, 47 also agreed, 9 stood undecided, while, the remaining 9 and 3 disagreed and strongly disagreed respectively.

**Test of hypotheses**

Employee discrimination and Job performance (quality of output, job effectiveness, employee efficiency)

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -.255 | .373 | | -.685 | .495 |
| | Gender discrimination | .246 | .098 | .214 | 2.498 | .014 |
| | Age discrimination | .199 | .074 | .232 | 2.703 | .008 |
| | Ethnic discrimination | .391 | .098 | .335 | 3.975 | .000 |
| | Religious discrimination | .267 | .078 | .303 | 3.431 | .001 |

a. Dependent Variable: Job performance (quality of output, job effectiveness, employee efficiency)

From the regression result shown in table 4, F (4, 94) = 13.733 at 0.014, 0.008, 0.000 and 0.001 levels of significance while $R^2$ = 0.382 which is the coefficient of the determination

which measures the proportion of the dependent variable that is explained by the regression model. It points that the regression model (gender discrimination, age discrimination, ethnic discrimination and religious discrimination) explains just 38.2% of the dependent variable (Job performance (quality of output, job effectiveness, employee efficiency)).

**Test of hypotheses**

| S/N | Hypotheses | p-value | Decision |
|---|---|---|---|
| 1 | There is no significant relationship between gender discrimination and job performance | 0.014 | Rejected |
| 2 | There is no significant relationship between age discrimination and job performance | 0.008 | Rejected |
| 3 | There is no significant relationship between ethnic discrimination and job performance | 0.000 | Rejected |
| 4 | There is no significant relationship between religious discrimination and job performance | 0.001 | Rejected |

**Source:** SPSS result (2018)

Based on the decision rule earlier on stated, all the null hypotheses are rejected because the p-values are below 0.05. The alternative hypotheses are therefore accepted.

**Discussion of findings**

Hypothesis one states that there is no significant relationship between gender discrimination and job performance. The performance measures here are quality of output, job effectiveness and employee efficiency. From the regression result based on the result of respondents' views (p=0.014), the alternative hypothesis was accepted which says that there is a significant relationship between gender discrimination and job performance. This finding supports the view by Isaiah, Ojiabo and Alagah (2017), Kwaku, (2013), Osibanjo (2014), others who assert that gender discrimination exists, in the work place they researched on and also established a relationship between it and employee job performance.

Hypothesis two states that, there is no significant relationship between age discrimination and job performance. Base on the regression result (p= 0.008) which fully supports the alternative view, the null hypothesis was rejected and alternative hypothesis accepted which says that there is a significant relationship between age discrimination and job performance. This finding is also in line with the findings of Isaiah, Ojiabo and Alagah (2017), Kwaku, (2013) that, work force discrimination has an effect on employees' job performance.

Hypothesis three states that, there is no significant relationship between ethnic discrimination and job performance. Here also, based on the result of regression analyses, which is less than 0.05 (0.000), the null hypothesis was rejected and the alternative which states that, there is a significant relationship between ethnic discrimination and job performance was accepted. The test of hypotheses therefore reveals that, ethnic discrimination has a significant effect on performance of banks

as measured in terms of quality of output, job effectiveness, employee efficiency.

Hypothesis four states that there is no significant relationship between religious discrimination and job performance. The performance measures here also, are quality of output, job effectiveness and employee efficiency. From the regression result based on the result of respondents' views (p=0.001), the alternative hypothesis was accepted which says that, there is a significant relationship between religious discrimination and job performance. This finding supports the view by Akpakip, (2017), Isaiah, Ojiabo and Alagah (2017), Kwaku, (2013), who assert that gender discrimination exists, in the work place they researched on and also established a relationship between it and employee job performance

**Conclusion and recommendation**

Employees that are discriminated are bound to suffer work related stress which affects the quality of their work and performance of the organization. When this occur such categories which are discriminated upon exhibits behaviors which could negatively affect the entire operations and performance of the organization. Employer efficiency is affected when there is discrimination in the organization an efficient and effective employees possess the capability to maximize their productivity with minimum effort or expenses. The accumulation of different employee efficiency results in total efficiency of the organization. Hence discrimination in the organization has more negative impact on the employees performance and in the long run negatively affect the performance of the entire organization**.** From the result of research survey and analysis of the data collected in the course ofthe study the following recommendations are made:

1. The study recommended that management of commercial banks should ensure equal opportunity of promotion and career success for all categories of employees irrespective of their gender, age, ethnic group or religious affiliation.

2. Organizational culture should encourage employees irrespective of their ethnic groups to participate in decision making as this will help reduce discrimination in the work place

3. Management of commercial banks should enact workforce policy that will reduce discrimination in terms of age and such policy should be reviewed frequently to ensure that its effectiveness is maintained.

4. Management of commercial banks should be religiously tolerant and avoid any form of discrimination in terms of religion in other to enhance quality of output, job effectiveness and employees efficiency in the work place

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# Evaluation of Financial Planning and Performance of Small and Medium Scale Enterprises

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**Abstract**

*The study examined the relationship between financial planning on performance of small and medium scale enterprises. The study reviewed relevant literature and data were drawn using descriptive and inferential statistics. The population of the study consists of 100 employees of ten (10) small and medium scale enterprises in Benue state. Findings indicate that working capital which is the integral part of financial planning has a significant relationship with performance of small and medium scale businesses. Also the need to consistently carryout financial reporting was discovered to be important but has*

*no significant relationship with the performance of SMEs. The study concludes that working capital is the life blood and nerve center of a business firms and such it is an integral part of the financial management. Therefore, recommended among others that SMEs should take proper management of working capital to forecast their future wellbeing, and ensure that capitals are available for conducting day-to-day operation of an organization and a such, it is life blood and the nerve center of the business firm.*

**Keywords:** Financial planning, Small and medium scale enterprises.

## Introduction

Performance of Small and Medium Scale Enterprises entails reviewing the overall business performance and determining how the business can better reach its goals (Kilonzo & Ouma, 2015). This requires alignment of strategic and operational objectives and the business set of activities in order to manage performance to aggregate available information, to ensure that managers are more informed about the company's position and are able to make better decision (Bowen, 2010). However, as observed by Kilonzo et al, (2015), there is evidence that many Small and Medium Scale Enterprises are not very good at managing their working capital despite their high investments in current assets in proportion to their total assets and this has been a major cause of their high failure rates as compared to large businesses. According to him, majority of the Small-Scale Enterprises operate without credit control department implying that both the enterprises and the information required to make sound judgments concerning terms of sales may not be available. They also lack proper debt collection procedures; hence, they tend to experiences increased risks of late payment and default by debtors who tend to increase where there is an exclusive concern for growth, in this case, Small and Medium Scale Business may not be too willing to extend credit to customers who have poor credit risk. In order to maintain investors' confidence

and provide insight to top management, there is an increased demand for organizations to provide prospective insights on business trends and drivers of performance. Financial planning a key component of managing and driving business performance, continues to be of limited value and mired with conservation for many organizations. Extended financial planning and forecasting cycle times that delay decision making, financial drives and metrics that don't align with strategies and the ownership of planning projections that often gets attached to finance adds to the frustration with many planning and forecasting functions (Brigham, 1992).

According to Wanjohi (2009) starting and operating a small business involves a possibility of success as well as failure; because of their small size, a simple management mistakes is likely to lead to sure death of a small enterprise hence no opportunity to learn from its past mistakes. This may be attributed to lack of planning; improper financial and poor management has been cited as the main causes of failure of small enterprises (Longeneeken 2006). Though it is clear that Small and Medium Scale Enterprises play a crucial role in economic development, the rate in which newly established SMEs collapsing is wanting. It is against this realization that the current study aims to evaluate the effect of financial planning and performance of Small and Medium Scale Business

## Literature Review

### Theoretical Underpinning (The Pecking Order Theory)

The pecking order theory as propagated by Anthony and Pauline (2016) states that firms finance their needs in a hierarchical order, first by using internally available funds, followed by debt and finally external equity. This practice is more common in small firm practices and indicates the negative relationship between profitability and external borrowing by small firms. According to Harding (2004) this hypothesis implies that there tends to be a negative relationship between profitability and external borrowing by small firms in order words, assuming a zero growth, firms with high profitability would generate higher levels of internal liquidity, reducing the need for borrowing. Older firms, it may then be hypothesized, would make less use of external finance and instead would replay on retained funds. Azende (2011) asserts that, from the borrower's perspective, if faced with a cost of lending that is above the true risk adjusted cost, the borrower will have incentives to seek out alternative sources of funding. Bank lending theory suggests that, where information asymmetry and moral hazard are prevalent, firms are likely to fund themselves firstly from retained earnings and then from bank debt rather than issuing equity. This is referred to as the pecking order theory/hypothesis. The theory further suggests that the mix of debt and equity should be the cumulative result of hierarchical financing decisions over time. Evidence around the world indicates that small scale enterprises provide an effective means of stimulating indigenous entrepreneurship, enhancing greater employment opportunities per unit of capital invested and aiding the development of local technology (World Bank, 1995). Through their wide dispersal, they provide an effective means of mitigating rural-urban migration and resources utilization.

### The concept of financial planning

Financial planning is a very important component of corporate finance because it directly affects the liquidity, profitability and growth of a business and is important to the financial health of businesses of all sizes as the amount invested in working

capital are often high in proportion to the total assets employed. This all depends on proper financial planning, receivable management and inventory management, (Atrill, 2006). It involves the planning and controlling of current assets and liabilities in a manner that eliminate the risk of inability to meet short-term obligations and avoid excessive investments in these assets (Lamberson, 1995). This management of short-term assets is as important as the management of long-term financial assets, since it directly contributes to the maximization of a business profitability, liquidity and total performance.

Kakuru (2010) argues that every organization must establish funds management policies or guidelines to ensure that it has optimal funds balance at any time when it requires it. This can be achieved by implementing the following funds management policies. The organization must ensure that it speeds up funds inflows through efficient credit policy. For example, timely preparation and delivering of customers invoices, making customers to pay their outstanding by allowing funds discounts. This will enable the firm to keep in a liquid position and carry on its operations efficiently, (World Bank Report, 2011). Financial planning is important because it is difficult to predict cash flows accurately, particularly the inflow, and there is no perfect coincidence between inflow and outflows of cash. During some periods, cash outs will exceed inflows, because payment of taxes, dividends or seasonal inventory build-up. At other times, cash inflows will be more than cash payment because there may be large sales and debtors may be realized in large sums promptly (Pandey, 2008).

**Performance of Small and Medium Scale Enterprises**

The performance and effectiveness of small and medium scale enterprises as an instrument of economic growth and development in Nigeria has long been under scrutiny. This intense scrutiny has been against the backdrop of the low performance and inefficiency that characterized small and medium scale enterprises particularly in assessing its role on economic growth and development. Despite government institutional and policies support to enhancing the capacity of small and medium scale enterprises, small and medium scale enterprises have fallen short of expectations. This has generated serious concern and skepticism on whether SMEs can bring about economic growth and national developments in Nigeria. The concern is even more disturbing when company SMEs in Nigeria with other countries particularly where SMEs have become harbinger of economic reconstruction and transformation (Ihua, 2009). In Nigeria, small and medium scale enterprises have performed at very abysmal level. This low performance has further exacerbated poverty, hunger unemployment and low standard of living of people in a country whose economics is ailing.

The current problems of hunger, poverty and unemployment have undermined the capacity of the economy and small and medium scale enterprises are seen as mechanism for intervention to addressing these long-term problems of the economy. Unfortunately, SMES have not been able to propel economic growth and development which are quintessence of mitigating the effects of poverty, hunger, unemployment and low standard of living in the economy. The challenge of addressing the problem of hunger, poverty and unemployment is even more

worrisome when considering the actualization of the millennium development goals. The core issues identified by the millennium development goal such as hunger, poverty, literacy, maternal and mortality rate would not be achieved unless the problems of SMEs are clearly tackled.

The challenges and the problems of small and medium scale enterprises are tied to some economic variables and the challenges that generally characterized the nation economy. Some of the challenges and problems include: lack of finance, high level of unemployment, high poverty incidence, and low industrialization capacity, inconsistent government policies, inadequate infrastructure and insecurity of the business climate among others. Nevertheless, the internal characteristics of small and medium scale enterprises too have also interacted with some economic variables to undermine the capacity of the economy. Issue of low level of entrepreneurial skills, poor management practices, inadequate equity, capital and lack of information among other problems. In spite of these problems and challenges, the current economic reform process ongoing in Nigeria aimed at reducing poverty, unemployment and strengthening of basic institutions and also sector of the economy target at improving and enhancing the capacity of small and medium scale enterprises is beginning to show a renew optimism on small and medium scale enterprises as instrument of economic growth and development.

**Problems of Small and Medium Scale Business**

In spite of all the efforts and supports of governments and multilateral institutions such as World Bank, Small and Medium Scale Enterprises have not been able to make the desire impact on the Nigeria economy. This therefore, underscores the fact that there exist fundamental issues confronting small and medium scale enterprises that have not been adequately addressed. From personal interview of some small-scale entrepreneur in Benue State, and observation of their business activities, it is evident that small and medium scale enterprises are bedeviled by financial, management and technical problems. It ranges from lack of sufficient start-up capital to inadequate working capital. These are in addition to poor record keeping culture by these small and medium scale enterprises. Other problems that have constrained the role of small and medium scale enterprises and make the realization of the benefits of their existence farfetched include: -

a) Inadequate initial capital outlay: Most small and medium scale enterprises today are faced with the problem of sourcing funds to float their business. This entrepreneur has to confront in the quest of setting up the business. This is why you find most business operating at a very low scale, scanty shop that is little goods and services in stock. The staffs are very much under paid and other running cost in a very low scale.

b) Poor management style: proper management style is needed by an entrepreneur to survive. This is because of inadequate measures put in place in the running of his business like, proper internal control, staff control; workers' wages, fraud control etc. will lead to the collapse of many small-scale businesses in Nigeria which could have lasted long.

c) Poor profit and break-even level: A poor level is the worst nightmare a business can ever face. The business stands a risk of making a big loss when the little profit is ploughed back into the business, for operational running and other cost, and then finally play his bills rent and private bills. On the other hand, if a huge profit is made the excess will be used to run the company and still have poor profit generally will lead to the closure of a small business if not proper handled. This is the entrepreneur must maintain a proper profit margin.

d) Poor economic condition of the economy: The Nigeria economy is the biggest threat to the success of any business. The Nigeria economy is not only besieged by inflations and financial distress, but also corruption advance fee fraud (419) money laundering and other financial crimes. This makes it difficult for any small and medium scale business to survive. This has a claim reaction from the producers of goods and services (Multinationals) who either import the raw materials needed or produces their product at a very high cost due to high cost of raw materials in the cost of producing their product or high excise duty in the case of importing raw materials.

All these no doubt will make the multinational to sell at a very high cost to the small and medium scale businessman who are the direct dealers and in turn have to sell at a high cost to the consumer in other to break-even or stay out of business. The low foreign exchange and devaluation of the naira is also another factor that is given the entrepreneur sleepless night in the survival of his business. The low purchasing power of the naira no doubt will make the small and medium scale business to spend much money in stocking his business and making his goods available for his customers to by. Consequently the present government is doing little or nothing to alleviate these problems, but rather cause more to the already existing one. The latest increase in fuel prices and the controversial fuel tax that almost tore the nation's economy is a very recent example. This is closely followed by poor budget implementation and poor revenue derivation from ports and boarders, thus making it fearful for businessmen to survive.

Oduor (2003) carried out a study on the effect of financial planning strategies on the financial performance of the local commercial banks in Kenya analyzing the manner in which financial strategies have impacted the high financial performance of the local commercial banks in Kenya. He carryout a survey study on the commercial banks in Kenya where he wanted to identify which strategies were the bank applying that were bringing about the high financial performance they were achieving. He collected data from the commercial banks which showed that the bank had indeed applied financial planning techniques and strategies in its operations that led to the high financial performance of the bank. Kalimalwendo (2005) carried out a study on the weak application of financial planning and budgeting in the development of the cooperative sector analyzing how financial planning was not

been applied. He wanted to investigate as to the reasons why financial planning was not been applied in the cooperative sector in East Africa. He carried out his study in Tanzania and Kenya where he wanted to know why the cooperative societies were not keen on applying financial planning in managing its financial resources. He observed that many cooperative societies in East Africa were mismanaging its finances to the extent that some were either dissolved or shut down altogether. He collected data from the cooperative societies very in Kenya and Tanzania which showed that they applied very little financial planning in managing its finances and as a result deduced that a weak application of financial planning resulted in poor management of the cooperative finances and poor financial performance of the cooperative sector.

Mohammed (2008) carried out a study to determine the importance of financial planning in micro-finance firms. The study was addressing the need for such firms to apply financial planning in the management of this resource to enhance efficiency and minimize costs in the micro-finance firms in Kenya. He carried out his study on micro-finance firms among them been Kenya women finance trust which is one of the fastest growing micro-finance firms specializing on providing finances to women intending to start or expand their business ventures. He wanted to identify which financial planning technique the firms were applying in managing and allocating its financial resources so as to enhance efficiency, expand and minimize its costs. He collected data from the micro-finance firms which showed that firms which had adopted financial planning techniques in managing and allocating resources achieved high efficiency, growth and minimized their costs. The firms which had applied little or no financial planning techniques had lower efficiency and slower financial growth.

Okafor (2012) analyzed the financial management practices of small firms in Nigeria impacted on their profitability, growth and survival. Accounting system, financial management information, working capital management and budgeting practices have been evaluated. It has been found that accounting system and financial management information alone dominate the risk perception of fund providers. Hence, the study advised to employ the services of qualified accountants in order to upgrade their financial management practices and enhancing their overall performance. Fatoki (2012) has conducted a study on financial management practices of new micro-enterprise in South Africa. He focused on financial planning and control, financial analysis, accounting information, management accounting, investment appraisal and working capital management. From the study it has been concluded that financial management practices of micro-enterprises are very weak in the areas of financial planning, analysis control and investment decisions. Hence the study suggested that training should be given in the areas of financial management, e-accounting and the evaluation of investment decision.

**Empirical Review**

Oduor (2003) carried out a study on the effect of financial planning strategies on the financial performance of the local commercial banks in Kenya analyzing the manner in which financial strategies have impacted the high financial performance of the local commercial banks in Kenya. He carryout a survey study on the commercial banks in Kenya where he wanted to identify which strategies were the bank applying that were bringing about the high financial performance they were achieving. He collected data from the

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## Methodology

The study focused on Evaluation of financial planning and performance of small & medium scale enterprises. The research adopted both is descriptive and quantitative statistical tools *The population of the study consists of 100 employees of ten (10) small and medium scale enterprises in Benue state* was used as the instrument for primary data collection. To ensure the validity of the instrument, it was subjected to expert jury opinion. The jury consisted of members of the academia and practitioners with adequate knowledge in the subject area. The internal consistency of the measurement items was determined by subjecting them to the Cronbach's Alpha test.

## Analysis and Results

Table 1 reveals the correlation analysis of financial planning and performance of small/medium scale enterprises. The data have been used to test the hypotheses formulated in the study.

Table 1: Relationship between Financial Planning and Performance of Small/Medium Scale Enterprises (Correlations Analysis)

| | | Performance of SMEs | Working capital | Cash collection | Financial reporting |
|---|---|---|---|---|---|
| Performance of SMEs | Pearson Correlation | 1 | .910** | .245* | .080 |
| | Sig. (2-tailed) | | .000 | .029 | .480 |
| | Sum of Squares and Cross-products | 80.988 | 74.050 | 20.100 | 4.863 |
| | Covariance | 1.025 | .937 | .254 | .062 |
| | N | 80 | 80 | 80 | 80 |

Source: SPSS result, 2018

## Discussion and Recommendations

For the first hypotheses, the correlation table analysis above gives a positive R-value of $0.910^{**}$ and p-value of 0.000. This result did not back the acceptance of the null hypothesis because the p-value is less than 0.05 ($p = 0.000 < 0.05$). This

indicates that there is strongly significant relationship between working capital and the performance of SMEs. The second hypotheses, the correlation table analysis above gives a weak positive R-value of $0.245^{**}$ and p-value of 0.029. This result has backed the acceptance of the null hypothesis because the p-value is greater than 0.05 ($p = 0.000 < 0.05$). This indicates that there is no significant relationship between cash collection and the performance of SMEs.

The third hypotheses, the correlation table analysis above gives a weak positive R-value of $0.080^{**}$ and p-value of 0.480. This result has backed the acceptance of the null hypothesis because the p-value is greater than 0.05 ($p = 0.000 < 0.05$). This indicates that there is no significant relationship between financial reporting and the performance of SMEs. The study also found that cash collection has significant relationship on the performance of SMEs in Benue state. This finding is in tandem with the works of Oduor (2003); Fatoki (2012) and Okafor (2012). The general objective of this study is to investigate financial planning on the performance of SMEs. Based on the findings of the study, it was concluded that working capital has a significant impact on the performance of SMEs in Benue state. This evidence that the effect working capital provide reasonable assurance regarding financial resource of the business. Evidentially and conclusively, the study has revealed that there is strongly significant relationship between working capital and the performance of SMEs; there is no significant relationship between cash collection and the performance of SMEs and there is no significant relationship between financial reporting and the performance of SMEs. The following recommendation went applied will be beneficial to any organization

i. SMEs should take proper management of working capital to forecast their future wellbeing, it is a capital available for conducting day-to-day operation of an organization and as such, it is life blood and the nerve center of the business firm.
ii. SMEs should choose an aggressive working capital management policy which will help them in operation of day-to-day activities in other to achieved their target objective effective and efficiently.
iii. SMEs should keep an optimal balance among each of the working capital component as business success heavily depends on the ability of the financial and payables of the organization.

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# Strategic Options for Enhancing Friendly Business Environment: A Focus on Multinational Oil Firms in Rivers State

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***ABSTRACT***

*This paper examined the hostile business environment in Rivers State with a view to explore strategic options for engendering a friendly business environment for firms to thrive. It focused on multinational oil firms of Shell and NLNG in Rivers State. Basically two major approaches were used as methodological framework. These include: Desk review of theoretical and empirical literatures and an ethnographical analysis of the study area. Under the desk review, plethora of theoretical and empirical literatures were collated, reviewed and evaluated in line with the stated objectives of this study with the view to harnessing concrete evidence and opinions of previous studies on the subject matter. This approach is usually based on the secondary data or information generated from the existing literatures. The ethnographical approach is based on the direct observations of explanatory variables of the entire study in accordance with the researcher's depth and breadth of knowledge and his understanding of the study location having lived in the region for many years. This helped in evaluating the ethnographic, cultural, ecological and other environmental factors that impact on the study. The paper found that the realization of a friendly business environment is dependent on routine environmental impact assessment programs by firms, implementation of government environmental policies and strategies, youth engagement, regular town hall meetings and infrastructural support to host communities. It is therefore recommended that firms should carry out environmental impact assessment programs, engage the youths, government and communities should adopt joint venture initiatives, development of memorandum of understanding (MOU) on areas of interest and conduct town hall meetings. These strategies will close the relationship strain and foster good relationship for a sustainable friendly business environment.*

**Key Words: Strategic Options, Enhancing, Friendly, Business and Environment**

## Introduction

Business intentions generally are to make profit and multinational firms are no exceptions. A multinational firm is a business that operates in many different countries at the same time, while having a centralized head office where global management is coordinated. Just like other businesses, they are primarily established to make profits. However, recent events showed that profit making is no longer the defining paradigm of business organisation as espoused by Ogunro, (2014). Whereas the original believe as proposed by Famham and Pilmot, (1998) and Olins, (1999) was that business should be a profit making venture and nothing more, today, Rainey, (2008), Chukwuemeka and Aghara, (2010) and Adekoya and Okogbule (2013) are of the opinion that businesses should step forward and go beyond the economic intentions of their missions (profit maximisation) and contribute to the development of the environment where they operate. The reason according to them is because no business activities outgrows its business

environment or thrives under a crisis prone environment.

Business experience over the years on oil exploitation in Rivers State show that there seems to be claims and counter claims as to the degree of uncertainties, fears, mistrust and conflict of interest which has made the external environment of business operations hostile and turbulent. Whereas firms claim they have provided water, electricity, health and educational facilities in line with the dictates of social responsibility, host communities are laying claims on damage to ecology, pollution of water and environment, unemployment, poverty and insecurity orchestrated by firms' activities. In appreciating firms' interventions, Alfred (2006) and Cingula, (2008) argued that firms' social responsibility, an obligation of business to contribute to the good of society in a meaningful way is critical to the development of society. In a more narrow sense according to them, a firm is socially responsible when it includes voluntary actions that contribute to improving the quality of life of a people.

According to Shilt, (2004), the idea that business has a responsibility other than providing goods and services is relatively a new concept and philosophy among indigenous firms, but to the multinational organizations, it is a familiar idea. Being "socially responsible" as he argued implies playing more than just an economic role in the society. The strength of all these claims and counter claims done by both parties have consequences like youth restiveness, vandalism and hostilities which affect business operations. Vandalism and destruction of firms' operational equipment/pipelines results in crisis, hostilities and unwarranted destructions of life and properties. With youth restiveness and vandalism, business activities that would lead to the attainment of the basic profit intent of the multinational firms are lost. This is because under this situation, the environment becomes hostile, unfriendly and incapable of giving both the communities and the firms the necessary things that are required for smooth operations and for the betterment of the parties involved. It is equally difficult for firms to operate in a hostile environment where their social impact upon citizens and the society will not be felt. The problem is that there is mistrust and conflict of interest and devising ways of balancing profit motive with host community's needs, with the aim of creating a friendly business environment becomes vital.

Rivers people are predominantly subsistent agriculturalists and survive on the resources of land, water and surrounding forests as farmers, fishermen and hunters respectively. As their survival depends on their environment, there is the need for development which could result to community expansion and the involvement of multinational companies like Shell Petroleum Development Company (SPDC) and Nigeria Liquefied Natural Gas(NLNG) which are the major leading oil and gas companies in Rivers State becomes critical. However, the business environment where these companies operates has not been friendly probably due to environmental challenges like pollution, land degradation and poor infrastructures on one hand and the hostile reactions of host communities on the other.

Drawing from the above is the need to explore or possibly develop strategic options for building or establishing a framework for a friendly business environment that is capable of enhancing peace and sustainable development of communities and the operations of multinational firms.

The environment that multinationals operates in Rivers State is characterized with hostilities, predicated on the operations of the multinational firms and the reactions of the host communities. Business environment for the benefit of this paper could be looked at in terms of endogenous or natural environment i.e. (land, water, forest, biodiversity, and fishes), Socio-cultural i.e. (culture, norms and values) and Socio-economic (policies, royalties, lifestyles, laws, restiveness, unemployment, poverty) framework. These natural environment have been devastated so much to the extent that land, water produces nothing while the communities remained volatile and enmeshed in crisis thereby disrupting economic activities. The norms and value systems of communities are reduced, communal conflicts increased, youths restiveness is high, destruction of oil pipelines, flow stations and other facilities of firms on the increase, business activities low, loss of jobs and relocation of firms relatively high (Gabriel 2006).

Business as part of man's activities thrives in a friendly and sustainable environment. Friendly and sustainable business environment thrives when formulated policies are implemented and infrastructures that will have direct impact on the lives of communities are put in place by firms, government and even community self-efforts. Rivers business environment in recent years has been coloured with fear, uncertainty, hostilities and crisis leading to business collapse. These factors like uncertainty, fear and hostilities over the years have had negative impact on the operations of multinational organizations SPDC and NLNG on one hand and the host communities on the other hand. These seem to have created a relationship strain between the oil firms and host communities. The growing rate of hostilities, fear and uncertainty have reduced business activities in Rivers State. These challenges faced by multinationals firms like Shell Petroleum Development Company (SPDC) and Nigeria Liquefied Natural Gas (NLNG) in their business environment has reduced profitability and the social needs of host communities, thus created fear, disparity, mistrust and conflict, and need to be resolved so as to possibly foster a friendly business environment.

Against the backdrop of these challenges and strained relationship between firms and host communities; the society suffers, profits decline as operations are interfered with while facilities are destroyed. These state of mistrust, fears, hostilities and conflict of interest and profit decline becomes a problem and creating a friendly environment become the challenge of this study. Therefore, this paper will explore strategic options that will be adopted to make the hitherto hostile environment to become friendly, so that the communities would be satisfied, operations of firms would go on and profit would be made.

**Objectives**

The major objective of this study focused on the strategic options for creating a friendly business environment for multinational oil firms in Rivers State: a focus on Shell Petroleum Development Company (SPDC) and Nigerian Liquefied Natural Gas (NLNG). Accordingly, the specific objectives are:

i. To examine whether youth engagement by MNCs can reduce poverty and foster peace in the environment.
ii. To determine whether building a local refinery as a joint venture initiative by MNCs and HCs can reduce hostilities.
iii. To determine whether carrying out environmental impact assessment by Multinational Companies (MNCs) in consultation with Host Communities

(HCs) can reduce the incidence of land degradation.

iv. To determine whether regular town hall-meetings can remove mistrust and fears by host communities.

**Study value**

This study is important because in the first place, it is intended to examine the strategic options for creating a more friendly business environment for firms operating in Rivers State (SPDC and NLNG). It will enable multinationals to see reasons why their contributions to host communities are important. It will enable government, policy makers in companies develop measures and laws put in place to regulate their activities and that of the communities. Compliance to terms and conditions of operations, would foster unity and progress among parties. For a friendly business environment, there should be an integrated framework by both parties for a symbiotic relationship like a joint venture. It will help to increase the level of performance of companies, reduce clashes and restiveness by youth of host communities. Hopefully as part of the relevance of the study, more ways through which the SPDC and NLNG can assist significantly to the development of not only Rivers State communities but other States and communities of operations, so as to reduce the disruptions on the economic activities of their company's operations in their host community as could under normal circumstance be recommended. It will serve as a research material for scholars in the field of human resource management and industrial relations, who may want to expand the study, change the scope or build on the exploratory methodology adopted by this study for further research.

**The Concept of Business Environment**

In organizations, people are continuously engaged in one form of activity or the other so as to meet their day to day demands. Business exists in a particular area or environment to provide satisfaction to people. Obiwuru, Oluwalaiye and Okwu (2011), defined business as an economic activity which is related with continuous and regular production and distribution of goods and services for satisfying human wants. They argued that everyone needs food, clothing, shelter and other household requirements to be satisfied on daily basis and such requirements must pass through a process chain of distribution. To Bello (2011), business is as the regular production or purchase and sales of goods undertaken with the aim of making profit and acquiring wealth through the satisfaction of human wants. While Rainey (2008), sees business as an activity conducted with the objective of making profits for the owners, Uffot (2009), looks at business as an activity directed towards producing and acquiring wealth through buying and selling of goods.

Inasmuch as their assertions are tied to profit, wealth and exchange of goods and services, there seems to be an oversight on the aspect of the environment and the society where these businesses operate. Businesses are supposed to impact the environment as well as the society in the framework of their operations all things being equal. To this end, a business means an investment in the production of goods and services by people, aimed at satisfying human wants, while giving back to the environment where it operates.

Greenwood (2004) have argued that since business organizations relies on society for its existence, it is only normal and logical that the environment be nurtured to ensure its continuity. Continuity of business according to him is dependent on the synergy that exists between host communities, government and the organisation in the framework of sustainable business environment. It is on

this premise that he suggests the orientation of the modern business firms and their management to reflect the increasingly important interdependence between organisations, host communities and the environment.

Bello (2011) submit that an environment is the sum total of all the conditions influencing the growth and development of an organism. He noted that these factors or conditions could be physical, biological, social and cultural. Sustainable business environment in which entrepreneurship and private investment is encouraged within the ambience of sound government policies, firms and community support is essential for the promotion of rapid and sustainable development. Business environment entails social, political, cultural, economic and technological factors or conditions that are capable of affecting the life, growth and development of business firms or ventures. Business environment is faced with challenges of social consideration which include protecting the health and safety of the general population, preventing harm to the natural environment, developing and deploying ethical standards and practices, meeting cultural and social norms, balancing interest of the business with the interest of the society and being proactive entity (Rainey, 2008). He argued that many business have packed up, staggered, and collapsed as a result of unfavourable conditions of the environment. He concluded that a business environment is simply understood as the combination of all environmental conditions and influences that are capable of affecting or influencing business activities.

Obiwuru, et al (2011) defined business environment as the aggregation of the pattern of all the external and internal conditions and influences that affect the existence, growth and development of the business. According to them, every environment has opportunities and threats that are associated with external and internal environment of a business. While strengths and weaknesses are associated with internal environment of the business; uncertainty, hostilities, technology, government policies, land degradation and environmental pollution are some of the external environmental challenges facing firms in Rivers State and needs to be addressed to ensure a friendly business environment.

No doubt, every intelligent and business objective must have concerns for the welfare of society which restrains individual and corporate behaviour from ultimate destructive tendencies. No matter how immediate, profitable such concerns would appear, it must lead in the direction of positive contribution to human and environmental betterment. It is on this premise that Donald (2005), Amaeshi, Adi, Ogbechie and Olufemi (2006) and Ewurum (2016) argued that developing a friendly business environment in Nigeria should have the following:

1. Firms' collaboration with government in addressing issues of natural or external environmental challenges such as land degradation, water and air pollution that affect the people through payment of compensation would reduce tension and hostilities.
2. A memorandum of understanding by both parties of what should be done which must not be reneged on or breached.
3. Agreement of a quarterly, biannually or annual town hall meeting of both parties involved to appraise events, trends and operations of businesses in the areas.
4. Firms, Government and Host communities should support in addressing the socio-cultural and

socio-economic challenges to improve life expectancy".

One would argue that the suggested strategies above if implemented would result to a friendly business environment that is less hostile and more productive. The works of Obiwuru et al (2011) and Gabriel (2006) further suggested more measures that could be adopted to create a more friendly business environment as:

1. Scholarship and manpower training that would enable youths acquire more skills. Such scholarship and training skills would even be utilized by the firms through employment. So as to reduce poverty rate and communities would be satisfied.
2. The Avoidance or utilization of force through military apparatus of government to quell crisis. This has never produced good result. Therefore, firms should adopt a more pragmatic conflict resolution mechanism like conciliation or collective bargaining to resolve issues of agitations, hostilities and crisis to foster a friendly business environment that would benefit both parties.
3. Government as regulators of business operations should put policies in place to checkmate the excesses of firms with a view to curtailing their overbearing influence on host communities. Such policy would stipulate what both parties should do in addressing ecological, cultural and economic problems.
4. The adoption of new technologies for pipe laying, oil drilling and gas flaring by firms should be entrenched. The above factors are likely to foster a friendly business environment if properly adopted and implemented by all stakeholders".

Looking at the external environment, Ogunro (2014) maintains that it include all aspect of geographical and ecological nature such as weather, climate, water, land, atmosphere, soil etc. the socio-economic environment which are policies of firms, communities and those formulated by government, and socio-cultural which are norms, values and beliefs of communities and firms, influences the overall activities and development of man and society. He further maintained that businesses thrives when all the above factor are considered in the light of synergy and cooperation between firms and host communities thereby creating a good friendly business environment.

Friendly business environment would be hinged on improved commitment by firms, government and communities to behave ethically in all respect and contribute to economic development of the society at large (Bello2011). Thus adopting a holistic approach that encourages synergy by all stakeholders would remove, mistrust, hostilities and conflict of interest. The most important thing from the foregoing is that organizations, government should have formal and informal ways in which contributions to societal developments are made to improve governance, social, ethical, labour and environmental conditions of places of operations while remaining sensitive to prevailing religious, ecological and cultural contexts underpinning multinationals and their host communities (Cingula 2008).

Similarly, friendly business environment could be such that stimulate development, having all the resources for business success when uncertainty, fear and hostilities are removed. Although, activities over the years showed a growing rate of hostile business environment with ecological challenges. These has actually caused mistrust as communities no longer

believe in firms. Following these development of mistrust, conflict of interest and crisis, Ibaba (2005),concluded that such hostilities and crisis would continue unabated until measures are put in place to address the issues of hostilities, uncertainty and fear and recommends that firms should strive to balance business motives with that of community needs to create a friendly business environment.

Stressing on the need for improved ecology; forest and other agrarian land for agricultural produce which have been devastated by oil spills, resulting to loss of species and biodiversity. Blowfield and Frynas (2005), Visser (2007) and Rainey (2008), suggests that business organizations or multinational firms should as a matter of synergy undertake corporate social responsibility to their areas of operations as a response to governance and community challenges. They argued that firms' response is seen as a way left to plug the governance gaps by weak, corrupt or under resourced governments that failed to adequately provide various social services like housing, roads, electricity, health-care and education which are the expectations of host communities. Their assertions tallied with the works of Obi (2002), Ibaba (2005) and Ogunro (2014), as they maintained that synergizing with host communities on infrastructural development through social responsiveness would create a friendly business environment for multinational firms to thrive. Carrol (2000), opines that many social responsibility initiatives by firms have also been a response to growing concerns and pressures from environmental groups and other non-governmental organizations with respect to the development of the concept of companies having various groups of stakeholders rather than just shareholders.

Maintaining a good socio-cultural environment Gabriel(2006),argued that payment of royalties to government should also be made to host communities to reduce youth restiveness and crisis. The non-payment or recognition of communities over the years have created tensions and uncertainty and reduced the operations of firms because of fear and hostilities. In line with his argument, Amaeshi et al (2006) and Cingula (2008), maintains that such practice of not recognizing host communities have created uncertainty in the business environment where firms operates, and they posits that the ability of organizations to improve the quality of life of people, their environment of operations to a reasonable extent will make them remain in business. They suggested that companies could adopt memorandum of understanding with communities to keep track records of what can be done, engage in training of youths as well as utilize their services as outcome of training, improve on modern technological ways of business operations especially on facilities and royalty to respective families to reduce the tendencies of hostilities all the time.

**Contextual Framework**

Chukwuemeka and Aghara (2010) in their examination of restiveness and hostilities in the Niger Delta observed frequent business disruption resulting from dissatisfaction of host communities on land degradation, unemployment and poverty. The study did not correlate its findings with the programmes of the Niger Delta Development Commission and the Ministry of Niger Delta to determine level of implementation of policies. Contextually, the NDDC was established in 2000 with the mandate of developing the oil rich region focusing on the endogenous problems. It tried in solving some of the challenges faced by host communities in areas of education, health, roads and training. However, hostilities,

fear, land degradation, pollution, unemployment still persist. In 2008, Federal Government announced the formation of Niger Delta Ministry to train, educate youths, curb hostilities and reduce poverty by coordinating the activities of government agencies, international partners and stakeholders with the believe that if there is sustained peace in the region, it would be possible for the ministry of Niger Delta and its development partners to fix the problems in the region.

The establishment of a separate ministry to handle the development of the region is an attempt to find answers to the myriad of problems ranging from environmental degradation, poverty and unemployment facing the people. Many policies, interventions, allocation of funds etc. did not address or translate to solving the problems of the region as agitations, hostilities, poverty, unemployment, land degradation, pollution still persist. It is also on record that there were other interventionist agencies which had been in place before the Niger Delta ministry; Niger Delta Development Board of 1960, presidential Task Force on 1.5% derivation by Shagari regime in 1979 and 1983, the Oil Mineral Areas Producing Development Commission (OMPADEC) of 1992 and NDDC. Their interventions, allocations of huge funds did not totally address the challenges of the region. The ministry of Niger Delta became necessary following a noticeable gap between the programmes of interventionist agencies and the expectations of the peopleof the region. Therefore, the ministry is expected to bridge the gap and serve as a coordinating vehicle in driving development of the Niger Delta region by addressing issues of spill clean-up, amnesty programmes, youth engagement, training, environmental impact assessment, poverty and oil and gas flaring.

**Empirical Review**

The study by Gabriel (2006), examined environmental costs and business responsibilities resulting from oil exploitation in developing countries. As a case study, it adopted a qualitative analysis of concepts, empirical and theoretical frameworks and found that the implications of the current practice and policies of multinational oil companies with respect to environmental impact assessment and strategies of oil exploitation is high as there is an increased management of pollution and waste. The study noted that it is becoming increasingly apparent to oil companies that pollution prevention pays. It recommended that oil companies should routinely incorporate environmental impact assessments policies into their corporate business strategy to reduce the tendencies of hostilities by host communities.

Another study by Tomaz, Janez, and Barbara (2009), examined environmental strategies and their motives and results in Slovenian business practice. As a survey, it used the chi-square quantitative method to analyse its data and found that Slovenian manufacturing companies implement friendly environmental strategies primarily as a reflection of the commitment of their top management, followed by public concern, regulatory forces and expected competitive advantage. The study also revealed a positive but very weak relationship between environmental strategies and company performance in Slovenia. However, it recommends the integration of environmental issues into business processes with high level implementation of corporate environmental strategies by government and business owners.

The study on youth restiveness and socio-economic development of businesses in Nigeria by Chukwuemeka and Aghara (2010) examined the restiveness in Niger

Delta, the challenges it posed to foreign investment and frequency in business disruption extreme. It adopted non-parametric statistical and content analysis in the study. The results showed dissatisfaction of the people of Niger Delta especially the youths on the level of attention given to the development of their region and the damages to their ecology by oil spillage. These according to them were the causes of the alarming youth restiveness. They therefore recommended an immediate review of the current sharing formula by government which should address poverty, unemployment, neglect and infrastructural development while oil companies operating in the region should pay a greater percentage of their royalty directly to host communities to institute peace.

Adekoya and Okogbule (2013) examined business environment and the relationship between Shell Petroleum Development Company of Nigeria and their host communities in the promotion of community development in Rivers State using a quantitative approach. The population was 67,518 residents of the selected host communities in Rivers State with a sample size of 3,376, drawn through purposive and random sampling technique. The instrument used for data collection was questionnaire which recorded a reliability index of 0.83 while Mean analysis was used to answer the research questions. The findings revealed that; SPDC's exploration/exploitation activities have negative effects on host communities even though there were efforts to provide scholarship, building and maintenance of health centres, renovation of schools, constructions of roads and bridges, markets and water, the relationship and the business environment has not been cordial. They recommended that the Federal Government and SPDC should promote capacity building, ensure full participation of the host communities in need identification and evolve strategies that would enthrone peace and harmony in the communities where SPDC operates.

Oromareghake, Arisi and Igho (2013), conducted a study on youth restiveness and insecurity of businesses in the Niger Delta: a focus on businesses in Delta State. The study examined youth restiveness and insecurity with regards to societies' rights (economic, political and environmental rights), its effects on businesses and the Nigeria's economy. The data used for the study were obtained from the secondary sources and were analysed using quantitative method (Spearman's Ranked Order Correlation Coefficient) to ascertain the level of existence and effect of restiveness and insecurity on the environment. The study found a negative impact on the Niger Delta states economy. To this end, it recommended a frantic effort by government and all concerned stakeholders to tackle issues of youth related crisis and insecurity through empowerment, job creation and placement cum engagement of the vibrant youths to sustain peace and friendly business environment.

The study conducted by Sarpong (2013) examined the role of strategy in enhancing a competitive business environment in Ghana. It adopted non-parametric qualitative and content analysis in the study. It found that the competitive business strategies adopted by companies in Ghanaian business environment were effective due to environmental impact assessment, social responsibilities and communities' partnership. The impact of competitive business strategies on the performance of these multinational companies are increasing sales volumes, profit efficiency, increased productivity, market share, sustainable growth and enhanced customer services. The study recommended that companies should sustain its competitive business advantage

to face the wave of market reforms and restructuring by applying new information technology, upgrade the skill of staff and sustain its social responsibilities with communities where it operates.

The study conducted by Ogunro (2014) on Nigeria's Business Environment: Issues, Challenges and Prospects, adopted a qualitative approach using conceptual, empirical and theoretical framework for analysis. The study found that the Nigeria's business environment is characterized by uncertainty, policy instability, conflict of interest, mistrust and lack of necessary infrastructure which have resulted to crisis, relocation and winding up of many companies. He therefore recommended that integrating the ideas of friendly business environment in firms' areas of operations by working in synergy with host communities, government putting good policies and firms exercising their social responsibilities would allow businesses to thrive, transform people within and outside the organization.

**Theoretical Framework**

The theoretical framework employed for this study is the conflict theory. This theory was developed by Karl Marx (1933) as sited by Asobie (2004). The theory is anchored on the assumptions that society is in a state of perpetual conflict due to competition for limited resources in the environment. It holds that the social order is maintained by domination and power, rather than consensus and conformity to business ethics. According to this theory, those with wealth and power try to hold onto it by any means possible, chiefly by suppressing the poor and powerless within the environment. This theory was adopted because of its emphasis in explaining the wide range of social phenomena in the environment, including revolutions and wars, wealth and poverty, discriminations, marginalization and domestic violence. It also describes most of the fundamental development in human history, such as democracy and civil rights, to capitalistic attempts to control and dominate the masses rather than to a desire for social change and order (Asobie 2004). Firms and Government in Rivers State have not only used the powers, wealth to coerce and dominate but have also created crisis by not integrating friendly environmental issues into their business processes or implementing corporate environmental policies by government and made the host communities and business environment hostile.

The theory also revolves around the concepts of social inequality to the division of resources within the framework of the environment and focuses on the conflicts that exist between classes (firms, government and host communities). The theory further exposes the uneven distribution of proceeds from the environment to the very powerful (bourgeoisie) within the conflict theory which was predicted through ideological coercion where the bourgeoisie would force acceptance of the current conditions by the proletariat. Therefore, the believe is that as the working class and poor communities were subjected to worsening conditions, a collective consciousness would bring the inequality to light and potentially result in revolt. If conditions were subsequently adjusted to address the concerns of the proletariat, the conflict circle would eventually repeat. Drawing from the assumptions, one could argue that it emphasizes the interdependence and interrelatedness of the circle. In other words, multinationals firms like SPDC and NLNG operating in our local communities must see themselves as part and parcel of

the community and strive to support community's infrastructural development initiatives, government policies must be seen to address environmental challenges impinging on the communities to foster unity and peace. No doubt when the oppressed revolts, businesses would collapse or fail with a lot of consequences (Chukwuemeka and Aghara, 2010). The choice of this theory is based on the human, social and economic change approaches it conveys on how organizations should interact with their host communities to foster peace and friendly business environment.

**Methodology**

In this paper, two major approaches were used as methodological framework in addressing the issues raised. They are: Desk review of theoretical and empirical literatures and an ethnographical analysis of the study area. Under the desk review, peer reviewed journals of theoretical and empirical literatures were collated, reviewed and evaluated in line with the stated objectives of this study with the view to harnessing concrete evidence and opinions of previous studies on the subject matter. This approach is usually based on the secondary data or information generated from the existing literatures. Secondly, the ethnographical approach is based on the direct observations of explanatory variables of the entire study in accordance with the researcher's depth and breadth of knowledge and his understanding of the study location having lived in the region for many years. This helped in evaluating the ethnographic, cultural, ecological and other environmental factors that impact on the study and decisions were reached based on those observations which were not subjected to any empirical test.

**Issues**

Business philosophy generally is to make profit. This business objective of profit making is no longer the defining paradigm of business organisation according to Rainey (2008), Chukwuemeka and Aghara(2010) and Adekoya and Okogbule (2013) as they are of the opinion that businesses should step forward and go beyond the economic intentions of profit maximisation and adopt, implement policies that would have bearing on the environment where they operate such as; environmental impact assessment, commitment of top management of firms to environmental challenges and implementation of government environmental policies and strategies. Business activities cannot outgrow its business environment or thrives under a hostile environment. Therefore, there is need to systematically plan the environment forfriendly business activities so as to reduce hostilities, vandalism and increase profit.

**Gaps**

There are obvious gaps in the plethora of empirical literatures reviewed in this study some of which are immediately addressed in this current evaluation while some require further investigations for more use of statistical tools for analysis. Gabriel (2006) in his study examined the environmental costs and business responsibilities resulting from oil exploitation in developing countries. The study did not clearly delineate the location of the investigation, the population as well as the numberof the multinational oil firms covered. Similarly, Gabriel's evaluation was on phenomenological analysis of basic concepts, empirical and theoretical frameworksas explanatory variables which is not capable of producing concrete environmental impact assessment result regarding oil exploitation and its attendant pollution. His study also concluded by recommending that oil companies and by extension SPDC and NLNG should routinely incorporate environmental impact assessment policies into their

appropriate business strategy to reduce the tendencies of hostilities by host communities. This is vague and impossible because the mere formulation of policy cannot reduce any crime or vices but what can reduce incidence of hostilities for instance rest squarely on policy implementation that practically or favourably impacts the lives and wellbeing of the host communities. It is also on record that such policies advocated by Gabriel (2006) are already part of the policy thrusts of all oil firms operating in any community in the world and Nigeria inclusive.

The works of Oromareghake, et al (2013), Adekoya and Okogbule (2013) on multinational operation in Rivers State and in the Niger Delta region focused on corporate social responsibility, youth restiveness, militancy and insecurity. While their investigations was to determine the impact of multinational operations to host communities, causes of youth restiveness, vandalism and insecurity, it failed to outline measures to be adopted for managing restiveness, vandalism and insecurity. This paper examined the hostile business environment, challenges and the strained relationship between firms and host communities with a view to exploring strategic options that will be adopted to make the hostile environment become friendly.

Chukwuemeka and Aghara (2010) conducted an examination of youth restiveness and socio-economic development of businesses in Nigeria with focus on Niger Delta, the challenges it posed on foreign investment and the frequency of business disruptions. Their study recommended the immediate review of the current sharing formula to address issues of poverty, unemployment, neglect and infrastructural development. They did not provide concrete evidence to show that the current sharing formula which is a national issue is a predisposing factor to youth restiveness and also, their result failed to correlate the programmes of the Niger Delta Development Commission (NDDC), and its attendant controlling ministry that are catalyst through which government had and is still addressing the variables outlined. Therefore, what strategic programmes have the NDDC and the controlling ministry carried out in line with the mandate given by the federal government through releases of several huge funds and other interventions. As we had mentioned in the contextual analysis earlier, the endogenous community cultural variables has more explanatory dimensions to be addressed in the study of this nature than could the exogenous factors. It is therefore, important to address projects and programmes specificity articulated by the existing agencies of government and multinational corporations in the region.

**Outcome**

The realization of a friendly business environment is dependent on routine corporate environmental impact assessment by firms, implementation of government environmental policies and strategies, capacity building, commitment by top management of firms, review of current sharing formula by government and infrastructural support to host communities on developmental initiatives according to the dictates of social responsibility and response to issues of environmental degradation, pollution and poverty. The mistrust and conflict of interest syndrome would have been absent if firms and government were committed and keeping to their promises to host communities with respect to employment, youth training, provision of social amenities, scholarships, on one hand which addresses the socio-economic situation of the people and environmental cleaning of oil spillage, water pollution,

land degradation and fire outbreak through pipelines on the other hand which solves the natural or ecological problems. In real situation, communities would be in peace if there are environmentally proactive strategies by multinational firms. Wealth would be created if there were employment and training of youths in host communities. Skills would be acquired, more youths would be engaged, crisis would reduce, hostility would disappear, businesses would thrive and profit would be made.

It is therefore the writer's opinion that all stakeholders; firms, government and communities should adopt a more holistic approach that supports environmental development initiatives in closing the relationship strain and foster a symbiotic relationship for a sustainable friendly business environment.

**Conclusion**

The environment of every business operation must be friendly for such business to be successful in meeting its goals. With the above idea, it becomes imperative for multinationals to work towards ensuring that their environment is devoid of crisis by synergizing with the host communities and government in responding to many of the dictates of corporate social responsibility and also attend to issues of the natural environment such as oil spillage, pollution and land degradation with modern technology for environmental sustainability. This way, the incidence of land degradation, environmental pollution of water and air, destruction of fishes and other sea foodswould be resolved, youth restiveness would reduce and crisis would give way to a more friendly business environment for the multinational firms to operate. Inferentially, this study deconstructed issues of policy formulations and reviews of existing regulations on sharing formulas which mostly characterized previous literatures to the specificity of policy implementation which the current study advocated for establishment of projects and programmes that are germane in addressing issues of environmental hostilities in the Rivers State and indeed the Niger Delta region. This position is directly in alignment with the objectives articulated for this study.

**Strategic Options for Friendly Business Environment**

This paper outlines the following strategic options for engendering a friendly business environment:

1. SPDC and NLNG should design a policy framework for youth engagement as it would reduce poverty and restiveness.
2. SPDC and NLNG and host communities should consider establishing a local refinery as a joint venture initiative. Such partnership in building a local refinery will instill confidence and remove fears and mistrust.
3. There should be a policy on environmental impact assessment in host communities where SPDC and NLNG operates. This will no doubt reduce the incidence of land degradation, pollution etc. This way, the issues of agitations, spills, hostilities, mistrust, conflict of interest would be reduced if not eliminated.
4. There should be a quarterly, biannually or annual town hall meeting of both parties involved to appraise environmental issues, events, trends and operations of businesses in the areas. This way, complaints would be addressed and business would go on.
5. Firms should support in addressing the socio-cultural and socio-economic challenges of these host communities by providing scholarships, maintenance of health

care centers, roads, schools, electricity and water to improve their life expectancy. This way their values would be sustained, they would acquire more skills through training, such skills would even be utilized by the firms through employment, poverty rate would fall and they would be satisfied.

6. Utilization of force through military apparatus of government to quell crisis has never produced good result. Therefore, firms should adopt a more pragmatic conflict resolution mechanism like conciliation or collective bargaining to resolve issues of agitations, hostilities and crisis to foster a friendly business environment that would benefit both parties.
7. Adoption of new ways of pipe laying, technologies for drilling oil and gas flaring should be devised by firms to reduce spills, killing of fishes and sea foods as well as land degradation, water and air pollution.

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# Boko Haram Insurgency and the Education Sector In Northeast Nigeria: What next in the Face of Decimated Population of Insurgents In Maiduguri, Borno State

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## ABSTRACT

*The phenomenon of Boko Haram insurgency deposited plethora of effects on education sector since its manifestation in Maiduguri. This study strived to assess the effects of Boko Haram insurgency on education and the feasible ways of fixing the sorry state of education in the face of a decimated population of the insurgent group. In the match to explore these phenomena, certain objectives were outlined thus: (i) To explore the impacts of Boko Haram insurgency on educational activities in Maiduguri. (ii) To find out the impacts of Boko Haram rates of attack on the achievement of primary, secondary and tertiary schools in Maiduguri. (iii) To investigate ways education can help in fixing the scourge of Boko Haram insurgency in Maiduguri (iv) To assess ways education sector could be resurrected amid the menace of Boko Haram in Maiduguri. A sample of 400 respondents was randomly drawn from a cluster of settlements in Maiduguri. The survey design was used along with a triangulated instrument: closed-ended questionnaires and indepth interview to elicit information from the respondents. Simple frequency and percentage and chi-square statistics were used for data analysis. Findings revealed that Boko Haram insurgency affected educational activities by lowering enrolment into schools and it has impinged negatively on the achievements of primary, secondary and tertiary schools in Maiduguri. It was discovered that the education sector could help in fixing Boko Haram by reducing poverty and income inequality through gainful employment. Meanwhile, erecting school structures hitherto destroyed by Boko Haram was found to be the most effective way of resurrecting the education sectors in the face of a decimated population of insurgents in Maiduguri. The study recommended among others, improved security in schools and on educational facilities.*

**Keywords:** Boko Haram, Decimated population, Education, Insurgency, Borno State, Nigeria

## Introduction

Insurgency is a global phenomenon that has wrecked havoc on social and economic lives of humans. It is said to register its presence in virtually all the continents across the globe. The perpetuation of insurgency has a long standing history in Europe. The cursed soldiers and Romanian anti-Communist movement are classic examples of insurgencies in Poland and Romania formed in the later stages of World War II. The Cursed Soldiers struggled against the pro-soviet government of Poland though eradicated in 1963 while, the Romanian anti-communist resistance Movement fought until eradicated in 1962 (Buttar, 2013; & Lalek, 2009). Contemporary insurgency in Europe reached its tipping point with the machinations of Islamic State of Iraq and Syria (ISIS) operatives, Lone Wolves and Al-Qaeda. This is alarming in the litany of attacks across Europe. The reminiscences of the 2004 Madrid bombings, the 7 July 2005 London bombings, France 2015 Ile-de France attack and the November 2015

Paris attacks are paltry examples showing the proliferation of insurgency in Europe (McCants, 2016; Dalton, 2015).

Meanwhile, classical insurgencies stood its ground in North and Latin America. In the past two years, the rise of Islamic State of Iraq and Syria (ISIS) has brought an unprecedented surge in terrorism cases though there have been cases every year since the 9/11 (Peter, Albert, Alyssa & David, 2001). It could be recalled that, since 9/11 incidence, there have been no major terror attacks perpetrated by foreigners on US soil. John (2017) revealed that since the 9/11 attack, 95 Americans have been killed by terrorists on US soil and everyone of the murderer was a citizen or legal residents of the US. This is attributed to a number of insurgent groups like Far Right Hate groups, White Supremacists and Right Wing Extremist in the US. Africa and Asia have recorded cases of insurgency. For instance, the Asian continent has been designated in the aftermaths of 9/11 by the US as the second front in the war on insurgency. The region houses the deadly Al-Qaeda even though armed rebellion in the South East Asia is a phenomenon that predates Al-Qaeda and the global extremist movement (Andrew, 2009). In the recent past in Asia, the prosecution of Rohingya Muslims by Myanmar military crackdown in the Rakhine State in the country's Western region claimed 10,000 lives while 650,000 displaced (Mcpherson, 2017). Insurgency is no exemption in Africa especially in the Maghreb States like Algeria, Tunisia, Libya, Mauritania and Mali. Today, two African insurgencies now rank among the most dangerous internationally: Boko Haram in Nigeria and Somali's Al-Shabab (The Economist, 2014). The Tuareg rebellion of Northern Mali is a good example of insurgency in West Africa in addition to 'Boko Haram' in Northern Nigeria. For example, the Tuareg rebels have been waging war against the Malian government in the quest for independence of the Northern region of Mali known as Azawad.

However, since the dawn of insurgency in northeast Nigeria in 2009, the territory has been suffering from magnitude of socio-economic challenges. It could be tacitly accepted that, the unfortunate emergence of the deadly group commonly referred to as 'Boko Haram' marked the opening paragraph for the reoccurring spates of both minor and high profile attacks on human lives, property, socio-economic institutions and government departments. Worthy of being noted is that, the overt philosophy of the terrorist group rests within the fervent despise of western culture. Mustapha (2015) revealed that, the group emerged as a response to western cultural norms and value system and viewed western education 'Boko' as sin (Haram), and toxic, labeling it "Westerxoxication". Adesoji (2010) expressed that, the word 'Boko' is an unequivocal term which means either book, western or foreign while 'Haram' is an Arabic word meaning forbidden, sinful or ungodly. In his submission, 'Boko Haram' means book is sinful. But in a deeper meaning, it connotes forbid everything western and western education is sinful, sacrilegious or ungodly and therefore should be forbidden.

The year 2009 marked the official confirmation of the dire hardened insurgent group. The remote causes of 'Boko Haram' uprisings could be the extra judicial killings of its members and the group leader Mallam Muhammad Yusuf. Mustapha (2015) revealed that, the celebrated cases of extra judicial killings of the 'Boko Haram' leader and members in Nigeria between Wednesday 25$^{th}$ and 30$^{th}$ of July 2009 are classic cases that

resulted in the 'Boko Haram' revolts and expansion. He further buttressed the fact that, the immediate cause of July mayhem was the shooting of the 17 members of 'Boko Haram' by the Borno State security squad 'operation flush' in Maiduguri in June 2009. Muhammad Yusuf's response after the incidence was counterproductive symbolizing a premonition of war. The warning was contained in a lecture on 12th June 2009 at 'Anguwar Doki' in Maiduguri in which the leader blatantly told the State that, they will react and never forgive or agree. Thus, the phenomenon of violent attack by Boko Haram reached its crescendo.

The bourgeoning population of terrorist group heightened amid the sorry State of the socio-economic conditions of the northeast milieu. The enabling environment for cheap recruit of army of unemployed youths and vulnerable folks was created. It is on official record, the impoverished and infrastructural decay of northern region. Shikalm (2012) affirmed that, there is already a dichotomy in the North and South development in Nigeria. The poverty ratio in Northern and Southern Nigeria shows a point of difference in access to necessities of life. The pandemic of poverty when mixed with high rate of unemployment would drive home some of the causal factors surrounding the indoctrination of minors, youths and adults into the insurgents fold.

It is important to note that, the multiplier effects of insurgency have a considerable share of hit on education sector in Maiduguri. Primary, secondary and tertiary schools have had series of attack from Boko Haram insurgent group. Perpetual attack on a sensitive sector like education leaves bad omen which could be inimical to individuals and society at large. What seems worrisome is that, despites the capital expenditure on arms procurement, the various military, Para-military and intelligence outfits could not shield teachers, students and a whole spectrum of educational activities in Maiduguri. At the height of perpetual attacks, a couple of offensive approaches were launched. Although, the latest crusade against terrorism by Nigerian Army dubbed 'Operation Lafiya Dole' is yielding positive results. This is evident in the decimated population of the terrorists along with their logistic strength though these successes cannot undo the indelible scars deposited on the education sector. This study takes from the point of departure an empirical marriage of inquiry through the exploration of crime perpetuated by Boko Haram insurgents and its impacts on education in Maiduguri, Borno State.

**Statement of the problem**

The education sector may have experienced severe blow by the insurgent group. A devastating hit on this seminal sector has been the death of teachers and destruction of school structures. Mausi, Bede and Zurifatu (2016) saw the destruction of school structures as one among the ways Boko Haram insurgency affected educational activities in Northeast Nigeria. In another scenario, Watt (2015) pointed out that, terror attack affected education activities by killing over 600 teachers and displacing 19,000. It carries conviction to say that, these existing findings are still valid but obviously deficient in capturing Boko Haram impacts on educational activities in Maiduguri. This is because, it dwells on the destruction of schools and killing of teachers, without considering whether it has magnitude effects on enrollment into schools, academic calendar, external examinations like Joint Admission and Matriculation Board (JAMB) and Senior School Certificate Examination (SSCE), supply of stationeries, temporary closure of schools and the supply of quality teachers in Maiduguri. Also, these findings

failed to establish generalization on the impacts of Boko Haram rates of attack on the achievement of primary, secondary and tertiary schools in Maiduguri. It is against this backdrop that, this study investigated how the interplay of Boko Haram attacks affected educational activities and made generalization on the effects of Boko Haram rates of attacks on the achievement of primary, secondary and tertiary schools in Maiduguri.

However, the relevance of education to containing Boko Haram terrorism is apparently not explored. Fixing such violent related crime may require adequate inputs from the education sector. The appalling state of education connotes that the fight against Boko Haram insurgency may be a wild goose chase. This is because, the enabling potentials to nip the menace of insurgency rest within the domain of education. It could be established that education may place its recipients on a privilege ladder of reducing income inequality and unemployment as well as imbuing good morals essential for peaceful co-existence. This study set out to finding whether education may be useful in addressing the menace of Boko Haram insurgency and what remains to be done in the education sector now that the population of the insurgent group is decimated along with their logistic strength. It is against this backdrop that this study raised a number of research questions and hypothesis in the hope of finding a feasible conclusion on the phenomenon of Boko Haram and its impacts on the education sector in Maiduguri.

**Research Questions**

**i.** How has Boko Haram insurgency affected educational activities in Maiduguri?

**ii.** In what ways could education help in fighting the scourge of Boko Haram insurgency in Maiduguri?

iii. In what ways can the education sector be resurrected amid a decimated population of Boko Haram in Maiduguri?

**Hypothesis**

**Ho:** Boko Haram rates of attack have no significant impacts on the achievements of primary, secondary and tertiary schools in Maiduguri.

**Hi:** Boko Haram rates of attack have significant impacts on the achievements of primary, secondary and tertiary schools in Maiduguri.

**Objectives of the study**

i. To explore the impacts of Boko Haram insurgency on educational activities in Maiduguri.

ii. To find out the impacts of Boko Haram rates of attack on the achievement of primary, secondary and tertiary schools in Maiduguri.

iii. To investigate ways education can help in fixing the scourge of Boko Haram insurgency in Maiduguri.

iv. To assess ways education sector could be resurrected amid a decimated population of Boko Haram insurgents in Maiduguri.

**Literature review**

Education reduces income inequality**.** It is a useful tool for fighting poverty that has been one among the causes of 'Boko Haram' insurgency in North east Nigeria. Education plays important role in reducing income inequality by providing employment opportunities for its recipients which may in the long run curb the scourge of insurgency. Danielle (2006) found that income inequality tends to be lower in countries where average educational achievement is higher. This could result either from the fact that more people have access to education and

therefore better employment opportunities, or because greater equality in educational achievement enhances social mobility, thus lowering long term inequality. Also, Inyang and Adaka (2017) revealed that, unemployment and low level of education constitute factor of youth restiveness hence knowledge and education most often help individual in their level of patriotism, value orientation and healthy lifestyles. According to National policy on education (2004) just like the 1981 policy revealed that the main aim of secondary education in Nigeria educational system is to prepare students for useful living within the society (self employment and preparation for higher education). The full implementation of this policy could produce school leavers with essential skills for self reliance. This will reduce over reliance on Government for employment. This is corroborated by the findings of Uyanya (1989) which stated that the most important thing that ever happened to Nigeria is the 1981 National policy on education which emphasizes the acquisition of vocational skills and self reliance. This implies that the difficulties or challenges associated with securing juicy jobs is curtailed since the vocational components of the curriculum would help in producing students with practical skills that can fetch themselves jobs in a given profession. All these would have developed individuals with creative minds to engage in meaningful ventures which could divert their attention from aligning with armed rebels like Boko Haram. However, these findings and policy framework did not put into consideration the shortcomings of education and vocational skills in reducing income inequalities and over reliance on government for juicy jobs. This is because Southern parts of Nigeria that are dubbed the most educated region had wide income inequalities among educated elites because of unemployment.

Another relevance of education to forestalling Boko Haram insurgency is adaptation. Education provides avenues for the transmission of norms and values of a society which results in the making of individuals to adapt to the socio-economic and political situation they found themselves. This can help solve the problem of religious fundamentalism that preoccupied 'Boko Haram' formation in Northeast Nigeria. Ofoha (2009) cited the submission of 1998 National policy on education by elaborating the relevance of secondary education. In more specific terms, the secondary school is intended among other things to raise a generation of people (youth) who can think for themselves, respect the views and feelings of others, respect the dignity of labour and appreciate those values specified under broad national aim and live as good citizens. This could go a long way in implanting values worthy of entrenching peaceful co-existence in a plural society like Nigeria.

The activities of Boko Haram sect have been disastrous to the education sector in Northeast Nigeria. Schools and a couple of learning centres where Western education is taught have had series of attacks. These adversely affected learning and educational activities in Maiduguri. Northeast Nigeria is one of the backward regions in education hence; the perennial scourge of insurgency has continued to sabotage schools thereby robbing children, youths and adults of their future in an increasingly competitive world. The indiscriminate killing of students has never been a good omen to education in Maiduguri. Students are one among the prime targets of the dire hardened sect. 'Boko Haram' has specifically targeted mostly male students of secondary school age and above both to prevent them from attending school and sometimes seemingly to retaliate against the active involvement of students in repelling the group's attacks

or assisting government security forces (Mausi, Bede & Zurifatu, 2016). Many schools have been attacked and a good number are prone to attacks. In March, 2013 for example, 'Boko Haram' launched deadly attacks on several schools in Maiduguri and in towns neighbouring Yobe State as the vigilantes gained the upper hand against them(Human rights watch interview, 2015). Incidence involving killing of students is rampageous. On June, 19, nine students of Ansarudeen School Maiduguri, Borno State were shot and killed in their classrooms while writing exams (BBC News, 2013). 'Boko Haram' later claimed that the attack was to punish students for helping government soldiers hunt for insurgents (Mausi, Bede & Zurifatu, 2016). The killing of innocent students' no doubt left indelible mark on schools and parents. In another related findings, Abdulrasheed and Uzoechina (2015) revealed that, there was major destruction of school activities in the state. Majority of the school children have been hurt in the presence of other fellow students during attack in their schools and also since the abduction of Chibok School girls in April 14, 2014, the pupils were afraid of being kidnapped. This prompted them to stay away from school in the mostly affected areas in the state. This inhumane act has really affected educational activities in the state capital though some schools have been finding ways of running their activities amid incessant attacks. These findings did not reveal whether parents and guardians stopped enrolling their children and wards into schools.

There have been cases of declining enrolment into schools. This is corroborated by the findings of Oladunjoye and Omemu (2013) which revealed that Northern Nigeria has suffered low enrolment especially at the primary education sector. Fear of the unknown makes parents and guardians refrain from enrolling their wards and children into primary and secondary schools. He further buttressed the fact that, Nigeria Education data survey (2011) revealed a gloomy picture of education particularly in the North West and North East Parts of Nigeria. According to the report, 12 percent of children in Borno State are not in primary school. The report revealed that the rate of children who have never been to school is alarming. The report reveals 72 percent of children in Borno State that have never been to school with 4 percent in the Federal capital territory. Supportive findings by Emily and Katie (2014) revealed that, Nigeria is currently far from reaching the 2015 United Nations deadline of ensuring that all children go to school, let alone that they learn while in school. To them, about 42 per cent or 10.5 million of Nigerian primary-school-age children are not in school-one of the world's largest out-of-school-populations. The menace of violent attacks on schools if not neutralized would lead to further decline in enrolment. This calls for concerted attention, else the cravings for schooling will decline beyond imagination in the region. Nevertheless, these findings did not cover whether the phenomenon of declining enrolment is applicable to all parents and guardians since a couple of them defied odds to enroll their children and wards into school. It has failed to address cases of attack on teachers either.

Also, the perpetual spates of attacks on teachers truncate the engine room for dissemination of knowledge. Teachers play defining roles on the scene of knowledge transaction. Boyi (2006) stated that teachers are the way to improvement since they are the final brokers when it comes to educational policy. The killing of this special group of people is a big slap and utter desecration of the noble teaching profession. Watts (2015) reported that, a staggering total of 611 teachers have been

killed in 'Boko Haram' attacks since 2009, including 308 teachers in Borno, 75 in Adamawa, 18 in Yobe, 25 in Kaduna, 120 in plateau, 63 in Kano and two in Gombe. This is weird and it is one of the disastrous onslaughts on teachers in the annals of attacks on Nigerian schools. Apart from the targeted killings and harassment suffered by male and female teachers alike, insurgents have abducted female teachers for force conversion, rape and force marriage and also harassed them to dress in prescribed manner (Mausi et al, 2016). This phenomenon made a good number of teachers to migrate from the volatile northeast to areas that are relatively peaceful. Olowoselu, Onuselogu and Bello (2014) revealed that, majority of the basic school teachers working in affected areas had escaped death during series of attacks on their communities. Those who were fortunate to escape death may have refused to go back to the troubled area. The relatively few ones that refused to migrate live in constant fear of attacks. No prevarication is needed to say that, teachers have been subjected to a number of attacks but this has not stopped teaching and the recruitment of teachers in primary and post primary schools in Maiduguri. Schools had to reopen with teachers after days of temporary closure. This attests to the resurrection of education against the backdrop of insurgency.

Sojourn in school for military purpose was disastrous to primary and post primary schools in Maiduguri. 'Boko Haram' has in many cases used schools for various purposes in areas where it has seized control such as to harbour stolen goods and for military aims including to detain captives and to store and manufacture weapons. (Mausi et al, 2016). There are a couple of revelations to support this finding. On November 2, 2015, the BBC reporter received photograph from suspected 'Boko Haram' members showing insurgents allegedly manufacturing rockets at an unknown location. An inscription on one of the machines show the abbreviation of "GTCB" which was interpreted in the report to mean Government technical college, Bama. As a result of this, a good number of schools were temporary closed having recorded low enrolment and punctuality. Temporary closure of schools was the case in Syria. This was sequel to the United Nations (2015) revelation which held that, an estimated 670,000 children in Syria are being deprived of education after extremist group ordered the closure of schools until curriculum is made to conform to medieval teachings

.

**Methodology**

This study used the descriptive survey as the fulcrum of data collection. The instrument was triangulated wherein closed ended questionnaires and indepth interview were used to elicit information from the respondents. A sample size of 400 was determined via Taro Yamane axiomatic formulae from a population of 540, 016. The population of Maiduguri at 2006 census was 540, 016.

$$n = \frac{540,016}{1 + 540,016,(0.05)^2}$$

$$n = \frac{540,016}{1 + 540,016 \times 0.0025}$$

$$n = \frac{1 + 1,350.04}{1,351.04}$$

$$n = \frac{540,016}{1,351.04}$$

n = 399.70 n = 400 approximately

The probability sampling technique was used to randomly select clusters of settlement across some selected council wards in Maiduguri. A total of 394 copies of questionnaires were retrieved out of the 400 copies initially taken to field. This represents 98.5% return rate. Descriptive statistics like frequency and percentage analysis and barchart available on Statistical Package for Social Sciences (SPSS) were used to answer the research questions. Meanwhile, chi-square inferential statistics was used to test the hypothesis.

**Figure 1: Ways Boko Haram insurgency affected educational activities**

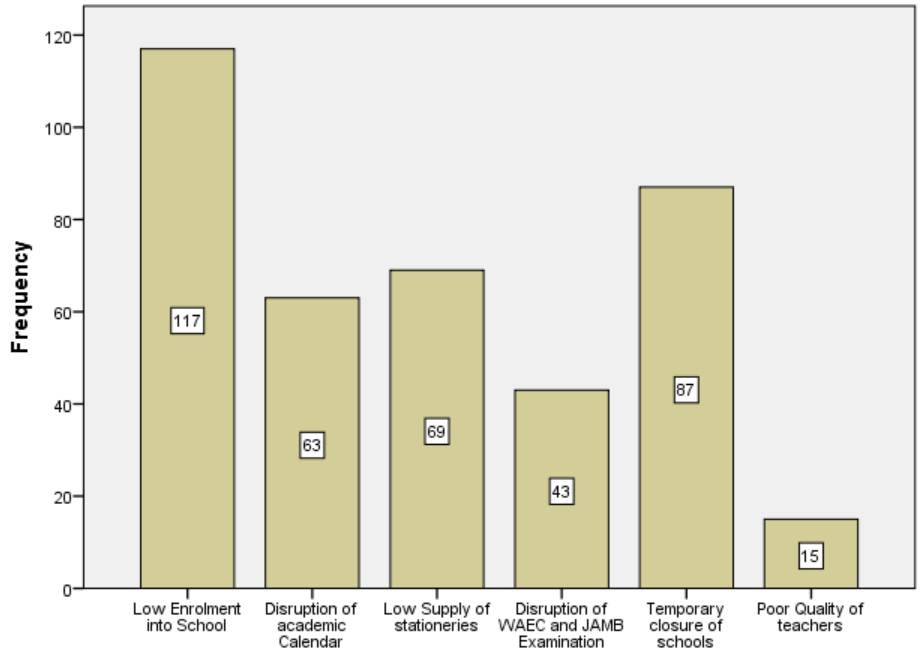


Figure 1 revealed that, majority of the respondents constituted 29.7% (n=117) expressed that Boko Haram insurgency affected educational activities by lowering enrolment of students into schools in Maiduguri. Besides, some of the respondents said it had led to temporary closure of schools and sabotaged the supply of stationeries, disrupted academic calendar and external exams like WAEC and JAMB examinations and led to poor supply of quality teachers. The impact of insurgency on educational activities is corroborated by a 30-year old graduate of Sociology; University of Maiduguri who revealed via interview (2018) that:

> *Most schools especially primary and secondary schools have recorded low enrolment for a long while as a result of Boko Haram attack.* Another respondent from Bolori expressed that*: school activities like admission of new students, intra-school competition in both primary and secondary schools were very good. School children were seen in numbers walking to school freely without any fear of attack. But now that Boko Haram are destroying school structures and abducting school children especially girls, people*

*are seriously afraid of sending their children to school.* A resident of Mairi added that*: Boko Haram affected education sector in Maiduguri by destroying the image of schooling with the term 'Boko Haram. There has been the problem of abduction of school teachers, lecturers and students. This has caused serious hit on the University of Maiduguri because many lecturers have relocated and new ones are afraid of coming.* Another respondent from Mairi reiterated that*: Many small girls are afraid of going to school and even the parents too are afraid of sending them to school. This problem has gone to the point that many persons are not free to walk in school uniforms but 'Alhamdulillah' praise be to God the issue of fear is rapidly reducing due to the decline in Boko Haram attack.*

Findings from Nigeria Demographic and Health Survey NDHS (2013) revealed that, males of primary school age registered 34.8% net attendance in Borno State while females had 35.3% only. Meanwhile, both males and females registered 53.1% and 51.0% gross attendance in Borno State.

**Table 2: Ways Education could help in fixing the scourge of Boko Haram**

| **Ways** | | **Frequency** |
|---|---|---|
| **Percentage** | | |
| Acquisition of vocational skills for self reliance | 75 | 19.0 |
| Fighting ignorance & illiteracy | 77 | 19.5 |
| Implanting adaptive and patriotic feelings | 65 | 16.5 |
| Improving parenting skills | 43 | 10.9 |
| Reducing poverty & income inequality through gainful employment | | 81 |
| 20.6 | | |
| Strengthening traditional institutions for genuine social control | 53 | 13.5 |
| **Total** | **394** | **100** |

**Source: Field Survey 2018**

Table 2 revealed the ways education can help fix the scourge of Boko Haram in Maiduguri. Most of the respondents constituting 20.6% (n=81) agreed that education could play a role in

fixing Boko Haram insurgency by reducing poverty and income inequality through gainful employment in Maiduguri. This would prevent Boko Haram lords from luring youths into their folds since most of them were recruited on grounds of poverty and unemployment. Findings from indepth interview add more flare in a number of ways. A respondent from Mairi expressed thus:

> *I think the most effective way of solving Boko Haram problem through education is sensitizing people on the meaning and relevance of western education. This is because, with education, you stand a chance of living a good life and it teaches one to love his country.* Another respondent further expressed that: *western education is the only important tool to fight ignorance, illiteracy and unemployment which are the causes of violence in any society.*

**Table 3: Ways education could be resurrected amid decimated population of Boko Haram**

| Ways | SA | A | D | SD |
|---|---|---|---|---|
| Ensuring security of pupils/students at school | 174(44.1) | 188(47.7) | 24(6.1) | 8(2.0) |
| Erecting school structures that were Destroyed by Boko Haram | 196(49.7) | 166(42.1) | 20(5.1) | 12(3.0) |
| Free & compulsory education At primary & secondary schools | 231(58.6) | 160(40.6) | 2(0.5) | 1(0.2) |
| Organizing intra local govt Quiz & debate | 210(53.3) | 179(45.4) | 4(1.0) | 1(0.2) |
| Awareness on the relevance of Orthodox education | 214(54.3) | 160(40.6) | 19(4.8) | 1(0.2) |
| Scholarship for advanced studies | 222(56.3) | 138(35.0) | 21(5.3) | 13(3.3) |
| Increased supply of trained Teachers & educational materials | 241(61.2) | 148(37.6) | 4(1.0) | 1(0.2) |

**Source: Field Survey 2018**

Table 3 revealed that, a significant population of the respondents strongly agreed that education could be resuscitated against the backdrop of a decimated population of Boko Haram militant group. This would have both short and long term positive implications on education in the region. Information from indepth interview showed ways of resurrecting education sector amid Boko Haram attack. A respondent from Bolori expressed thus:

> *In my opinion, the lost glory of education could be revived if government offers free education along with scholarship to deserving students.* Another respondent from BulaBulin held that: *Rehabilitation and reconstruction of destroyed school structures*

*will not be enough to resurrect education in Maiduguri unless, government provide adequate security on teachers and students. This will even go a long way in boasting confidence in parents and guardians to send their children and wards to school.*

**Table 4: Test of Hypothesis**

| Boko Haram Rates of attack | Achievements of primary, secondary & tertiary schools | | | |
|---|---|---|---|---|
| | Poor | Average | Good | Total |
| Low | 34(8.6%) | 6(1.5%) | 7(1.8%) | 47 |
| Average | 51(12.9%) | 23(5.8%) | 8(2.0%) | 82 |
| High | 203(51.5%) | 57(14.5%) | 5(1.3%) | 265 |
| Total | **288** | **86** | **20** | **394** |

**Source: Field Survey 2018** **X2 = 22.790, Df = 4, P. < 0.05**

Table 4 revealed a Chi-square value of 22.790, Df 4, P<0.05. The null hypothesis is rejected; hence Boko Haram rates of attack have significant impacts on the achievement of primary, secondary and tertiary schools in Maiduguri. Generalisation could be made that, Boko Haram rates of attack (Low, average & High) had significant impacts on the achievement of primary, secondary and tertiary schools in Maiduguri.

**Discussion**

The study found a number of ways Boko Haram insurgency affected educational activities in Maiduguri. Findings revealed that Boko Haram insurgency mostly affected education activities by declining enrolment into school. Whereas, it has also been discovered that, it affected education activities in other ways by disrupting academic calendar, lowering the supply of stationeries, disruption of West African Examinational Council (WAEC) and Joint Admission and Matriculation Board (JAMB) examinations, temporary closure of schools as well as aid and abet the supply of poor quality teachers. The severest hit on education activities has been the decline in enrolment into schools in Maiduguri. This is in consonance with the findings of Oladunjoye and Omemu (2013) which revealed that, Northern Nigeria has suffered low enrolment especially at primary sector. Another supportive finding by Emily and Katie (2014) revealed that, Nigeria is currently far from reaching the 2015 United Nations deadline of ensuring that all children go to school, let alone that they learn while in school. To them, about 42 per cent or 10.5 million of Nigerian primary-school-age children are not in school-one of the world's largest out-of-school-populations. The cases of temporary closure of schools is supported by the findings in which Bede (2015) revealed that, in Borno State schools at all levels were closed in 22 out of 27 local Government areas for at least two years and public secondary schools in the state capital Maiduguri only reopened

in February 2016 after internally displaced persons who occupied most of the schools were relocated elsewhere. All these disheartening factors affected education and may end up in compounding the level of social inequality, poverty, unemployment, illiteracy and ignorance thereby frustrating the fight against Boko Haram insurgency in Maiduguri. This is corroborated by the findings of Inyang and Adaka (2017) which revealed that, unemployment and low level of education constitute factor of youth restiveness hence knowledge and education most often help individual in their level of patriotism, value orientation and healthy lifestyles. The study further revealed that, education has a number of ways to salvage Northeast Nigeria and Maiduguri in particular from the scourge of Boko Haram insurgency. A preponderate population of the folks held that, transparent education could help in reducing poverty and income inequality thereby suppressing the zeal to align with Boko Haram group. This is supported by Danielle (2006) who revealed that income inequality tends to be lower in countries where average educational achievement is higher. The current quest to revamp education by the Governor of Borno State, His Excellency Kasim Shettima has taken a proportionate dimension. Such pragmatic attempt is one among the series of the post Boko Haram cleansing which could play positive roles in improving the levels of patriotism, value orientation and healthy lifestyles which are instructive in suppressing the menace of insurgency in Maiduguri and Borno state in general.

The study also revealed that, all the three sectors of education: primary, secondary and tertiary have experienced one form of attack or the other in Maiduguri. But the secondary sector is the most attacked. Most of the respondents pointed out the scourge of abduction as a force to reckon with in managing secondary schools amid Boko Haram rampage. Some of the respondents pointed the killing of teachers and the destruction of classrooms in primary and secondary schools while others said the University of Maiduguri lecturers were abducted either. Meanwhile, the study found that, Boko Haram rates of attack had significant effects on the achievement of primary, secondary and tertiary schools in Maiduguri. Generalisation could be made that, Boko Haram attack had impinged negatively on the performances of schools at all levels in Maiduguri. It is worthy to note that, the perpetual attack on schools if not curbed, the fight against Boko Haram will be in the doldrums and it could further midwife the formation of another violent group. This is because the relevance of education in implanting adaptive skills among humans from diverse background may be defeated. The study also found that education could be resurrected in the face of a decimated population of Boko Haram violent crusade through ensuring security of pupils and students at school, erecting school structures that were destroyed by Boko Haram, free and compulsory education, organizing intra local government quiz and debate, awareness on the relevance of orthodox education, scholarship for advanced studies and an increased supply of trained teachers and educational materials.

## Conclusion

The menace of Boko Haram insurgency left lots of indelible scars on the education sector. Since the insurgent group came into limelight in 2009, Maiduguri the headquarters of the dreaded group has been hard hit in all spheres of life. The education sector that is seen as a veritable panacea for addressing the scourge of Boko Haram is surrounded with lots of challenges. The insurgent group contributed to declining enrolment of students into school, disrupted academic

calendar, and external exams, lowered the supply of stationeries, enhanced temporary closure of schools and the supply of poor quality teachers. Despites all these, the education sector could be useful in suppressing this menace by reducing the twin factors of income inequality and poverty. In the march to salvage the education sector, the security of pupils and students at school, erecting school structures that were destroyed by Boko Haram, free and compulsory education, organizing intra local government quiz and debate, awareness on the relevance of orthodox education, scholarship for advanced studies and an increased supply of trained teachers and educational materials are sensitive. The study recommend among other factors improved security in schools and on educational facilities in Maiduguri.

**Recommendations**

i. There should be improved security in schools and on education facilities in Maiduguri. This should put into cognizance the safety of teachers, students and pupils across primary, secondary and tertiary schools.
ii. Government should prioritise the rehabilitation of school structures hitherto destroyed by Boko Haram insurgents. This should be accompanied with supply of stationeries and qualified teachers.
iii. Modalities should be put in place to encourage enrolment of pupils and students into schools. These modalities should subscribe to sensitization on the relevance of western education, launching free education at primary and secondary levels and scholarship for advanced studies.

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# Financial Liberalization and its Implications on the Growth of Nigerian Economy

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## Abstract

*This study examines financial liberalization and its implications on the growth of the Nigerian economy using data that spans from 2000 to 2016. Economic growth was proxied by Gross Domestic Product while financial liberalization was measured by inflation, lending rate and Exchange rate. Data was collected using secondary source only. The technique employed was multiple regression as tool of analysis for the study. The finding from the study shows that financial liberalization has positively and significantly impacted on the Nigerian economy. The study therefore, recommend that; provided the pool of potential borrowers in Nigeria are the small and Medium Scale Enterprises, there is need to lower the more the lending interest rate to ensure that potential borrowers return on investment are higher than their costs of capital.*

**Keywords:** Economic growth, deposit money banks, financial liberalization, co-integration.

## Introduction

The financial system is one of the sectors that play important role in the allocation and distribution of financial resources and risk sharing of future cash flows in any given economy. An efficient and effective system is likely to enhance business cycle, promote savings and investment which in turn facilitate growth and welfare of the economy. Financial liberalization is when restrictions on financial markets and financial institutions are eliminated, or when financial innovations such as subprime mortgage loans are introduced to the financial markets. It is defined as the removal of government intervention from financial markets. Liberalization includes eliminating the restrictions such as bank interest rate ceilings, compulsory reserve requirements, barriers to entry, particularly foreign financial intermediaries and credit allocation decisions. Prior to financial liberalization, the government of developing countries practiced financial repression thereby subjecting the administrative framework of the financial system to its whims and caprices, such that financial policies formulated and implemented suit its desires. Their developmental strategies were designed such that the government or its agencies were vested with the responsibility to make decisions regarding the allocation of resources thereby giving the market forces a less important role to play in economic development.

Due to the widely spread benefits attainable from financial liberalization; many developing countries in order to achieve economic buoyancy have experienced the gradual but apparent liberalization of its financial sector. The state-dominated development paradigm has shifted towards a more market-determined strategy of development in the

recent years due to the relatively low growth rate of incomes, industrial output and recurring balance of payment crises in the state-dominated paradigm

In the financial liberalization theory, Shaw (1973) and Mckinnon (1973) claimed that financial liberalization policies would increase savings which consequently spurs investment and induce economic growth. They argued that higher interest rates brought about by liberalization leads to a more efficient allocation of resources, higher level of investment and economic growth. The focus of liberalization has been to replace the severely constrained "command and control" system with a relatively liberalized regime with prices reflecting economic costs, along with a greater reliance on the private sector as the engine of growth Bhaduri (2005).

Financial liberalization serves as a panacea to financial constraints in a financially repressed economy. Under the financial repression regime, the monetary authorities impose high reserve requirements, bank-specific credit ceilings and selective credit allocation, mandatory holding of treasury bills and bonds issued by the government, and finally a non-competitive and segmented financial system (Achy, 2003). It is been adjudged by scholars that theories of financial repression associated especially with Mckinnon and Shaw postulated that administrative control of financial markets by the government distorts interest rate thereby lowering it. The resultant effect of this is that savings is discouraged, consumption is encouraged and the quantity of investment is crippled. Following the globalization trend, Nigeria embraced the Structural Adjustment Programme (SAP) in 1986 as a corrective measure to the deteriorating economic situation. The real GDP growth rate averaged only 1.5% per annum during the period 1973 to 1985 thereby registering negative growth rate in 6 years during the period (Adebiyi, 2001). The SAP was proposed as an economic package to rapidly and effectively transform the Nigerian economy. The basic thrust of the economic reforms embodied in SAP is deregulation, particularly financial deregulation (Okpara, 2010). Scholars have argued that financial liberalization can have strong positive effects on economic performance. However, after the prescribed financial liberalization, the domestic economy has failed to experience impressive performance such as attraction of foreign investment or halt capital flight (Akpan, 2004). Financial liberalization generates tremendous financial booms and busts in the short-run, but these booms and busts have not intensified in the long-run. The debate over the macroeconomic effect of financial liberalization on developing economies remains a controversial issue.

In recent years the relationship between financial development and economic growth has attracted a great deal of attention and scholarly debate in the economic literature, in particular with regard to financial services liberalization under the GATS (General Agreement on Trade in Services) and WTO (World Trade Organization) regimes. It has been argued that financial liberalization policies increase economic efficiency which in turn positively influences economic growth (Zaim, 1995). An increasing openness is expected to have positive impacts on economic growth – i.e. it is an essential determinant of growth and development. There is evidence to indicate that GDP increases in the countries which are opening their financial markets in comparison with those whose markets are less open.

The major aim of financial liberalization is an enhanced economic performance via improved level of competitiveness with a robust efficiency posture within financial

markets and with accrued benefits indirectly flowing to the coffers of non-financial sectors of the Nigerian economy (Majid et al., 2007).

**Objectives of the Study**

The main objective of this study is to examine Financial Liberalization and its implications on the growth of the Nigerian economy. Other specific objectives include to:

(i) Determine the impact of inflation rate on the growth of Nigerian economy
(ii) Examine the impact of lending rate on the growth of Nigerian economy
(iii) Examine the contribution of exchange rate on the growth of Nigerian economy

**Research Hypotheses**

In line with the objective of the study, the following hypotheses have been formulated in null form:

Ho1. Inflation rates have no significant impact on Nigeria's Gross Domestic Product

Ho2. Lending rates have no significant impact on Nigeria's Gross Domestic Product

Ho3. Exchange rates have no significant impact on Nigeria's Gross Domestic Product.

**Literature Review**

**Concept of Economic Growth**

Economic Growth means an increase in the capacity of an economy to produce goods and services, compared from one period to another. Economic Growth is a process by which a nation's wealth increases over time. The most widely used measures of Economic Growth is the rate of growth in a country's total output of goods and services gauged by the Gross Domestic Product (GDP). Economic Growth can also be referred to as the increase of per capita Gross Domestic Product (GDP) or other measures of aggregate income, typically reported as the annual rate of change in the real GDP. Economic Growth is primarily driven by improvement in productivity, which involves producing more goods and services with the same inputs of labour, capital, energy and materials. Okpara (2006) opined that economic growth is the increase in the amount of goods and services produced in an economy which is measured by positive changes in a country's gross domestic product. Economic growth is the increase in national income, as reflected in the capacity of production of goods and services regardless of either the increase is on a larger or smaller population growth rate Anyanwu, (1996). According to Robert Solow, cited in Adebiyi (2005) economic growth is a positive change in the level of production of goods and services by a country over a certain period of time. Overall, economic growth is the increase in a country's productive capacity, as measured by increase in capital stock, advancement in technology and improvement in the quality and level of literacy.

**Concept of Financial Liberalisation**

Liberalization is any process whereby a state lifts restrictions on some private individual activities. It occurs when something which used to be banned is no longer banned or when government regulations are relaxed.

Financial liberalization is the process of breaking away from a state of financial repression. As financial repression has been most commonly associated with government fixing of interest rates and its adverse consequences on the financial sector as well as on the economy, financial liberalization in turn, has come to be most commonly associated with freeing of interest rates

**Empirical Review**

Several strands of literature have emerged with mixed conclusions and results on the impact of financial liberalization and financial sector reforms on economic growth in various economies. In this section we shall review some of those studies and their major findings. Bashar and Khan (2007) in their econometric study of Bangladesh evaluated the impact of liberalization on the country's economic growth by analyzing quarterly data from 1974 to 2002 using co-integration and error correction method. The results showed that the real interest rate is negative and significant, implying that Bangladesh's economic growth had experienced the negative effect of liberalization. Hence, refute the McKinnon–Shaw hypothesis.

Asamoah (2008) examined financial liberalization and its impact on savings, investment and the growth of GDP in Ghana. The study made use of monthly data on savings and interest rates, as well as seasonal and yearly dummy variables. Using the ordinary least square (OLS) regression analysis, the results showed that the increase in interest rate over the post-liberalization years of the financial sector had led to a corresponding increase in savings which in turn had a positive impact on the growth of GDP. It showed that financial liberalization has increased the rate of capital accumulation and improved efficiency in capital utilization which is both essential for economic growth.

Banam (2010) analyzed the impact of financial liberalization on economic growth in Iran and also investigated the determinants of economic growth. The results showed that financial liberalization has positive and statistically significant impact on economic growth measured by the GDP in Iran. And hence support the financial liberalization theory.

Muhammad and Malarvizhi (2014) examined the linkage among financial liberalization on economic growth and poverty reduction in six sub-Saharan African countries using panel unit root and panel vector error correction tests over the period of 1980-2010. The results showed that poverty reduction was positively related to economic growth and financial liberalization coefficients are positively related to economic growth. Thus, it implies that financial liberalization causes economic growth. The coefficients of financial liberalization was found to be insignificant to poverty reduction suggesting that financial liberalization does not have direct impact on poverty reduction in the six Sub-Saharan African countries, hence, implying that the financial liberalization effects of poverty are dependent on the distributional changes made possible by the growth and the existence of good governance and strong institutions.

Stephen and Johanna (2016) investigated the effects of liberalization on economic growth from an interest rate and capital formation perspective in Zambia from 1983 to 2013 using time series data and the coefficient form ARDL model to calculate the long run multipliers. The

finding indicates that financial liberalization has been supportive.

Other studies that use different indicators to measure impact of financial liberalization and financial sector reforms on some macroeconomic variables include; Faria et al. (2009) for Brazil; Fry (1980) for seven Asian countries; King and Levine (1992) for cross-section of 80 countries; Laurenceson and Chai (1998) for China; Sinha and Macri (2001) for eight Asian countries; Pentecost and Moore (2004) for India; Rehman and Gill (2005) for Pakistan; Abu-Bader and Abu-Qarn (2005) for Egypt; Tokat (2005) for Turkey andj India. Their findings support the view that financial liberalization has improved the various economies.

In Nigeria, Akpan (2004) conducted a study to theoretically and empirically explore the effect of financial liberalization in the form of an increase in real interest rates and financial deepening (M2/GDP ratio) on the rate of economic growth in Nigeria using the endogenous growth model. The finding showed that although interest rate liberalization has a positive impact, it is unlikely to expedite economic growth alone. Fowowe (2008), conducted an empirical evaluation of the impact of financial liberalization on Nigeria's economic growth and found out that liberalization has exerted a significant positive effect on growth in the long run, thus lending credence to the views that even though financial liberalization might result in financial fragility in the short run, it is growth-enhancing in the long run.

Okpara (2010) also investigating the effect of financial liberalization on some macroeconomic variables in Nigeria; RGDP, financial deepening, gross national savings, foreign direct investment and inflation rate were selected and given pre/post liberalization comparative analysis using the discriminant analysis technique. The pre-liberalization period covers 1965-1986 while the post-liberalization period continued from 1987 to 2008. The findings show that the variable that impacts most on the economy owing to financial liberalization is the RGDP which recorded the highest contribution. Thus, confirming previous studies that financial liberalization has a positive effect on the growth of the economy of Nigeria.

Sulaiman et al., (2012), investigated the effect of financial liberalization on the economic growth in Nigeria using financial deepening (M2/GDP) and degree of openness as financial liberalization indices, the findings showed that there exists a long-run equilibrium relationship among the variables. The study concluded that financial liberalization has a growth-stimulating effect on Nigeria and recommended that economic stability should either be maintained or pursued before implementing any form of financial liberalization measures and the regulatory and supervisory framework for the financial sector should be strengthened.

Also, Owusu and Odhiambo (2013) employed the autoregressive distributive lag-Bounds testing approach to study the impact of financial liberalization on economic growth in Nigeria, between 1969 and 2008. They found long-run relationship between economic growth and financial liberalization represented by an index calculated using principal component analysis. They substantiated the results from Omankhanlen (2012), that financial liberalization policies have a positive and significant effect on economic growth in Nigeria – both in the short run and in the long-run.

Anthony et al (2015) empirically investigated financial liberalization and Economic growth in Nigeria: by constructing an index of financial

liberalization from 1981 to 2012 using the McKinnon-Shaw framework. The result reveals that financial liberalization (FINDEX) and private investment (PINV) have significant positive impact on economic growth in Nigeria.

In another little different view and finding Nwadiubu, A. et al 2014 empirically examined financial liberalization and economic growth. The Nigeria experience, using the Johansen co-integration test and the Error Correction Mechanism (ECM). The study reveal, that financial liberalization has impacted minimally on economic growth in Nigeria for the period under review (1987-2012). Also, Ousmanou (2017) examined whether the effect of financial liberalization on economic growth depends on specification that interacts a proxy of financial liberalization with proxies of reform complementarities is estimated using a panel of 45 Sub-Sahara Africa (SSA) countries. The evidence shows no clear relationship between financial liberalization and growth.

**Theoretical Framework**

This study was guided by the theory of financial liberalization which provided theoretical evidence of various arguments by different scholars and researchers in relation to financial liberalization.

**Financial Liberalization Theory**

In a fully liberalized capital account regime, banks and corporations are allowed to borrow abroad freely. They may need to inform the authorities but permission is granted almost automatically. Reserve requirements might be in place but are lower than 10 per cent. In addition, there are no special exchange rates for either the current account or the capital account transactions; nor are there any restrictions to capital outflows (Kaminsky and Schmukler, 2003).

Kaminsky and Schmukler (2003) advanced the theory of financial liberalization; the scholars explained that liberalization of the capital account is captured by the regulations on offshore borrowing by financial institutions and by non-financial corporations, on multiple exchange rate markets and on capital outflow controls. A fully liberalized domestic financial system is characterized by lack of controls on Lending and borrowing interest rates and certainly, by the lack of credit controls, that is, no Subsidies to certain sectors or certain credit allocations. Also, deposits in foreign currencies are permitted. In a fully liberalized stock market, foreign investors are allowed to hold domestic equity without restrictions and capital, dividends and interest can be repatriated freely within two years of the initial investment (Quinn, 1997).

Financial liberalization theory, then, argues for improved economic growth through financial sector reforms (Kaminsky and Schmukler, 2003).The supporters of financial liberalization base their arguments on the works of McKinnon (1973) and Shaw (1973). According to the theory, positive real deposit rates raise the saving rate, thus increasing the flow of financial savings (Trabelsi, 2004). Developing countries with repressed financial systems thus mounted financial reforms aiming at: mobilization of financial resources with increased amounts of domestic savings channeled through the formal financial sector, reducing the role of direct controls in determining the allocation of credit, increasing reliance on market based system of monetary control and broadening the range of domestic sources of finance (Stieglitz, 2000).

**Methodology**

The operational methodology adopted is the multiple regression analysis with Ordinary Least Square (OLS) econometric

techniques and a time series secondary data from 2000 -2016 which were obtained from Central Bank of Nigeria Statistical Bulletin. The study applied modern econometric analytical techniques namely – Co-integration, Vector Error Correction Mechanism (VECM), and the Unit Root test.

**Model Specification**

The model specifies the endogenous variable (Gross Domestic Product) as a function of Inflation, Lending Rate and Exchange Rate representing the exogenous variable.

The model is as follows:

GDP = F(INF, LER, RER) ---------- (I)

Where:

GDP = Gross Domestic Product

INF = Inflation

LER = Lending Rate

RER = Real Exchange Rate

F = Functional Relationship

The Econometric form of Equation (I) above is represented as;

$GDP = B_o + B_1INF + B_2LER + B_3RER + e$ ---------- (ii)

Where:

$B_o$ = Intercept relationship in the model

$B_o$ - $B_3$ = Coefficient of each independent variable

E = Stochastic error

The variables were logged in the model in order to remove the problem of time invariant characteristics inherent in the model

$Loggdp = B_o + B_1Loginf + B_2Logler + B_3Logrer + e$ ---------- (iii)

**A Priori Expectation**

The A Priori Expectation Is That $B_1, B_2, > 0$ While $B_3 < 0$.

**Unit Root Test**

It is imperative to conduct stationarity tests prior to the implementation of the co-integration technique. Data is tested for stationarity so as to avoid the problem of spurious regression. This study employs the Augmented Dickey-Fuller (ADF).

**Table 1: Result of ADF Unit Root Test at level**

| **Variables** | ADF T-statistic Value | 5% McKinnon Critical Value | Order of integration | Remarks |
|---|---|---|---|---|
| LGDP | -2.149356 | -2.960411 | 1(0) | Non Stationary |
| LINF | -2.855359 | -2.960411 | 1(0) | Non Stationary |
| LLER | -2.365189 | -3.960411 | 1(0) | Non Stationary |
| LRER | -2.681717 | -3.960411 | 1(0) | Non Stationary |

**Source: Researchers' Computation, E-View Output 2018.**

From the result above, it is clear that all the variables have ADF T-statistic value less than the McKinnon critical Value both in absolute terms and at 5% level – that is before differencing. Therefore to ensure the stationarity of data for these variables, there is need to further test for stationarity at first difference. The result of first difference ADF unit root test is presented in table 4.2 below

**Table 2: Result of ADF Unit Root Test 1st Difference**

| **Variables** | ADF T-statistic Value | 5% McKinnon Critical Value | Order of integration | Remarks |
|---|---|---|---|---|
| LGDP | -4.704747 | -2.963972 | 1(1) | Stationary |
| LINF | -4.911934 | -2.963972 | 1(1) | Stationary |
| LLER | -4.494931 | -2.986225 | 1(1) | Stationary |
| LRER | -4.332717 | -2.963972 | 1(1) | Stationary |

**Source: Researchers' Computation, E-View Output 2018.**

From the result in Table 4.2, it could be seen that all the variables were stationary at first difference. We therefore reject the null hypothesis because their respective ADF T-statistic value is greater than McKinnon Critical value at both in absolute terms and at 5%. The order of integration for all the variables are stationary of the order 1(1), we move a step further employ the Co-integration Test.

**Table 3: Co-integration Test**

| Hypothesized No of CE(s) | Eigen Value | Trace Statistic | Critical Value | Probability |
|---|---|---|---|---|
| Non * | 0.660710 | 59.09415 | 29.7970 | 0.0000 |
| At most 1 * | 0.513223 | 28.82896 | 15.49471 | 0.0003 |
| At most 2 * | 0.266301 | 8.670374 | 3.841466 | 0.0032 |

**Source: Researchers' Computation, E-View Output 2018.**

The result shows that co-integration (Long run relationship) exist among the dependent variables-inflation, lending rate and Exchange rate. This is because the Trace statistics is greater than the critical value at 5% significance level.

**Table 4: Variance Inflation Factors (VIF)**

| Variables | Coefficient of Variance | Uncentered VIF | Centered VIF |
|---|---|---|---|
| **LINF** | 0.302893 | **18.11609** | **1.280444** |
| **LLER** | **5.453374** | **360.3610** | **2.293410** |
| **LRER** | **0.976594** | **166.5662** | **1.933760** |
| **C** | **19.22894** | **791.7304** | **NA** |

**Source: Researchers' Computation, E-View Output 2018.**

Variance Inflation Factors (VIFs) are used to detect collinearity also called multicollinearity among predictors in a multiple linear regression model Belsley, et al (1980). High VIFs reflect an increase in the variance of estimated regression coefficient due to collinearity among predictor variables.

**Table 5: Vector Error Correction Model**

| Variables | Coefficient | Standard Error | T-Statistics | P-Value |
|---|---|---|---|---|
| C | 4.282337 | 0.80027 | 5.35112 | 0.000175 |
| LINF | -0.905331 | 0.22161 | -4.08522 | 0.00001 |
| LLER | 3.130812 | 0.65662 | 4.76808 | 0.00001 |
| LRER | 0.699160 | 0.28761 | 2.43095 | 0.02125 |
| ECM-1 | -0.216354 | 0.26365 | -4.61358 | 0.000069 |
| R-SQUARED 0.835360 | | | | |
| ADJ R-SQUARED 0.722169 | | | | |
| F-STATISTIC 7.380137 | | | | |

**Source: Researchers' Computation, E-View Output 2018.**

The Error Correction Mechanism is the speed or degree of adjustment i.e the rate at which the dependent variable adjust to changes in the independent variables. From the regression in the Table 4.5 above the adjusted $R^2$ is 0.722169. This shows that the independent variable (LINF, LLER, LLER) specified in the model explained only the dependent variable GDP over the observed years. For the F-Statistic, which apart from the adjusted $R^2$ also tells about the overall significance of the model, the value obtained through estimation is 7.380137 showing how the model is highly fit for the analysis.

The ECM coefficient is properly signed (negatively signed) with a value of -0.216354. This revealed that the adjustment of the economy back to equilibrium level once affected by changes in economic policies is moderate about 21.6% and significant at T-Statistic value of -4.61358. This is evidence from the P-Value of 0.00069. Supporting the view of Kaminsky and Schmukleer (2003) that in a fully liberalized capital account regime, banks and corporations are allowed to

borrow abroad freely. They may need to inform the authorities but permission is granted almost automatically. Reserve requirements might be in place but are lower than 10 per cent. In addition, there are no special exchange rates for either the current account or the capital account transactions; nor are there any restrictions to capital outflows

It was canvassed in the theory of financial liberalization that liberalization will boost investment and economic growth by removing the constraints on investment funding and other distortions on the allocating efficiency of the market. The A priori expectation is that liberalization would boost investment and Economic growth in the long run. The result of this study has largely validated theoretical expectations. All the explanatory variables and their lagged values demonstrated positive relationship with GDP.

In line with A priori expectations, Inflation (INF) is shown to have a positive relationship with GDP. Inflation which is associated with persistent increase in general price level has been shown in the study to have encouraged production instead of consumption. Inflation may have influenced producers to invest more in anticipation of favourable price and profit and this consequently, might have led to increase in employment levels and income. Increase in production, income and employment are key components of economic growth. In other words, an inflationary economy occasioned by financial liberalization has proved to be fruitful to the Nigeria Economy.

Also in line with A priori expectation, lending rate (LLER) shows positive relationship with GDP. Financial liberalization which ushered in interest rate deregulation has proved to be beneficiary to investors and the country in economy-wide basis. Deregulation in interest rate has encouraged investors to access investment funding from financial institutions to boost production and economic growth. This is in line with results of Akpan (2004).

However, Exchange rate (LRER) is shown to have positive relationship with GDP. This result is curious and contrary to a priori expectation. The implication of this result is that though the exchange rate of the key currency (US dollar) to the Nigeria currency (Naira) might have been on the high side for the period under review, it has not as expected, adversely affected the economy; rather it has empowered Nigeria to compete favourably in the international market and this has boosted the Economy.

**Conclusion and Recommendation**

The study examined financial liberalization and its implications on the Nigeria economy for the period 1985 to 2016. An overview of financial liberalization in Nigeria was discussed on when liberalization was initiated, the development that occurred since it started and where the Nigeria Financial system is standing today. The main finding emerging from this study indicates that financial liberalization in Nigeria has been significant on her economic growth. This is in line with the main tenets of financial liberalization thesis as laid out by Mckinnon (1973) and Shaw (1973). The study recommends that; provided the pool of potential borrower in Nigeria are the Small and Medium Scale Enterprises, there is need to lower the more the lending interest rate to ensure that potential borrowers return on investment are higher than their costs of capital.

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# Relationship Between Partnering and Trust on Cost Effectiveness in Manufacturing Organizations

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**Abstract**

*The study intends to assess the relationship between partnering and trust on cost effectiveness of manufacturing organization. The population of the study was 1662 staff of the selected manufacturing organizations in Adamawa State. The population of the respondents was obtained from different manufacturing organizations in Adamawa State, The result of the study indicate strong positive relationship between partnering and trust on cost effectiveness, it also reveals that partnering and trust has a positive relationship with cost effectiveness in selected manufacturing organization. Based on the finding of the study it is recommended that partnering and trust should be of paramount importance in manufacturing organizations.*

**Keyword:** Partnering, trust, cost effectiveness and organization.

## Introduction

Most commentators like Mc Manamy and vendee (1994) attribute the emergence of partnering as a force in the construction industry institute of the United States (cii) and the adoption of pattern by the US Army Corps of Engineers. In the present era, extensive example of partners can be found in the USA with the movement gaining momentum in New Zealand, Australia, U. K and Nigeria. In Australia, The Gules Royal commission went into further research and carried out a pilot study on partnering as a means of encouraging a cultural shift in the New South Males construction Industry. Partnering is also one of the approved criteria in the New South Wales Department of Public Works are services contractor Accreditation scheme, demonstrating the importance which some government clients places on the scheme. Partnering is an umbrella theme applied to series of strategies that involve producing collaboration between different types of actors which extend beyond the sector based division between government, market and civil society. An allied concept to trust is that of partnering which is a commitment between the clients and contractors to avoid adversarialism but cooperate with each other in order to achieve their common business objectives. Projects are dynamic by nature and therefore, the use of fixed or predetermined agreement in the initial stfsages leads to problems such as time delays, cost overrun, trivial claims and dissatisfaction of the panties (Rahman, 2005) Munns (1995) contends that the importance of trust in a society can be judged from the fact that in the absence of trust, every individual will have to do his wonk himself. Relating this analogy to projects, he argues that complete absence of trust in the industry will lead to a situation where clients will do their work themselves, rather than give to other players in the industry Munns (1995)

analogy is meant to clarify that in extreme cases, lack of trust may lead to multiple problems in projects.

## Literature review

### Partnering

Technology is changing the way we live, work, play and learns. Successful partnerships between construction organizations can provide the technology and innovations necessary to provide a flexible learning framework to meet the needs of today lifelong learners. Fostering collaborative and innovative partnerships will enable higher organization to transform in this high speed information age organizations have extensively used partnering or joint ventures (JVs) as a means of transforming hostile, adversarial owner- contractor relationship into more collaborative team (Larson, (1997).

This may be due to the fact that the organization involves too many parties, including suppliers, clients, contractors, consultants and so on. Due to the complexity of the relationship, more often than not, the client's requirements get lost in the supply chain as most parties are only interest in their own performances. As a result, the profit is generated through conflict, not value: performance is generated by threat, not co-operation-: the delivery of the contract becomes a competition between clients and contractors instead of a joint venture with mutual benefits (Construction Industry Training Board. 2005). Partnering is also receiving a positive response in the financial organization because it understands the necessity of subcontracting and the difficulties of joining the historical division. Larson, (1997) states that partnering benefits all parties involved, including the contractors, sub-contractors, the owners and the management, as well as on- site employees. More generally partnering brings with it benefits in various forms, and to several parties. The advantages over traditional approaches identified by Bresnen and Marshall (2000) include increased productivity, reduced cost, reduced project duration, improved product quality and improved client satisfaction.

### Benefits of partnering

***Reduced Litigation***: In partnering arrangements, the problems of disputes, claims or litigations are reduced to a minimum as a result of open communication and improved working relationships (Cook & Hawcher, 1990). Li,chens, Love & Irani (2001) also highlight the fact that cost arising from disputes and claims are relatively low in the case of partnering project.

***Improved Cost Control:*** partnering arrangement promise better cost control, which subsequently reduce the risk of budget overruns Construction Industry Institute. Autaralia, (1996). Li et al, (2001) also suggested several reasons for better cost performance including alleviating re working, reducing scheduled times heightening the involvement of team members, improving trust, reducing scope definition problems, open communication, lowering change order rates improving problem solving, eliminating blame shifting, improving the understanding of project objective and decreasing adversarial relations.

***Improved Time Control***; partnering help to reduce delay in construction projects in many ways, including better scheduling performance, timely decision, and reliable programming (L, et al., 2001). With the early emolument of contractors, particularly at the design stage, it assists in constructability input and maximizing value engineering, thus improving both cost and schedule (Construction Industry Institute 1991).

***Efficient Problem Solving***: In the partnering approach, potential problems and subsequently develop an action plan focusing on methods as well as solutions (Chan et al, 2002) In a partnering arrangement involving several parties opinions and ideas are shared and exchanged. Thus, enabling each party to learn from one another to improve the available problem solving methods and get maximum results.

***Closer Relationship***: A closer relationship is formed among the partners through enhanced communication, the identification of shared goals and objectives. This also includes, the recognition of some of the problems arising from relationship and in agreement to identify those problems using a customized procedure (Construction Industry Institute, 1991). These improve relationships provide a better environment in which to carry out the project.

***Enhanced Communication***: In non-partnered projects, that is, conventional ones, communication among the parties is essentially hierarchical, so that most working instructions are conveyed indirectly to those carrying out the work. This is where the partnering approach makes a difference by promoting openness, trust and efficient communication through common and alleviative language (Li et al, 2001, Construction Industry Institute1991). The improved communication results in fewer surprises in terms of schedule delays and increased costs, which might otherwise lead to disputes and litigations (li et al, 2001).

***Continuous Improvement;*** Partnering provides the opportunity for all parties to exhibits continuous improvement (Char et al, 2002). Black et al (2000), explain that it is a joint effort with a long-term focus on eliminating wastefully barriers to improvement.

***Potential for innovation***: Cock and Hatcher (1990) agree that an effective partnering relationship encourages the parties to evaluate advanced technology for its applicability in a partnered project Bourn, (2001) point out that with the proper use of innovation through open communication, design and construction processes can be greatly improved.

***Lower administrative cost***; Partnering arrangement provides a way to reduce administrative cost by eliminating defensive case building (Construction Industry Institute, 1991). Black et al (2000). In partnered projects, partners are made aware of the other legal and litigation concerns, so that, the cost of negotiating and administrative contracts is also reduced (Construction Industry Institute, 1991).

**Improved safety performance**: This can be achieved as the parties involved in a partnered project are taking on a joint responsibility to ensure safe working environments. This will subsequently reduce the risk of hazardous working condition and avoid work place accidents (Chan et, al, 2002).

**Increased satisfaction**: (Mathews, Allen, Collision & Dermot, 1999). Suggest that partnering provides a more conducive environment for achieving projects, objectives than, non- partnered projects, as all parties involved will generally benefits from the arrangement.

**The Concept of Trust**

On the basis of their review, Mayer, Davis and schoolman, (1995) conceptually define trust "as a willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the tractor, irrespective of the ability to monitor or control that party." The majority of published measures and/or

empirical studies have used operational definitions that are consistent with this definition but, focuses on exactly what they believe about the author. Specifically, most operational definitions examine trust as a belief about whether a partner is dependable (e.g. Mc-Allister, 1995): cares for your interest (e.g. Cook & wall, 1980): is competent (e.g. Mishra, 1993): and /or will act with integrity (e.g.., Robinson, 1996). Following these empirical research, the researcher focuses on interpersonal trust as a belief about the dependability of the partner and the extent to which the partner cares about the group's interests. Note that the conceptual definition suggests that trust is distinct from other relational variable that have been examined in group research such as cohesion, the attractiveness of a group to its members friendship, the close pre – existing ties between individuals and familiarity, specific knowledge about another (Godman & Leyden. 1991). Which the variables may be corrected in many situations, there are potentially meaningful distinction between them. Munns (1995) defines trust as a" decision to become vulnerable to or dependent on another in return for the possibility of a shared positive outcome; Trust arises in situation in which the risk one takes depends on the performance of another actor (coleman,1990).

## Methodology

The purpose of this study is to assess the relationship between partnering and trust on cost effectiveness in manufacturing organization, in Adamawa state, Nigeria. The survey method was used to obtain the data from the respondents of the selected manufacturing organization in Adamawa state, Nigeria. The sample of 515 respondents is selected from the selected manufacturing organization in Adamawa state, Nigeria, by using random sampling technique. In order to measure this variable means, standers deviation and regression analysis have been used. The view of the respondent or whether there is a relationship between partnering and trust on cost effectiveness in selected manufacturing organizations in Adamawa state. Nigeria.

## Result and Discussion

Table 1.1 Relationship Partnering and Trust on Cost Effectiveness

Hypothetic

| Statements of hypotheses | SA | A | U | D | SD | Means | StdDev |
|---|---|---|---|---|---|---|---|
| • Partnering and trust has a significant relationship on cost effectiveness in selected organizations in Adamawa state Nigeria | 146 (28.3) | 260 (50.5) | 33 (6.4) | 46 (8.9) | 30 (5.8) | 3.87 | 1.10 |
| • Partnering and trust has a significant negative relationship on cost effectiveness of the selected manufacturing organization in Adamawa state, | 23 (4.5) | 20 (3.9) | 54 (10.5) | 252 (48.9) | 166 (32.2) | 1.99 | 1.99 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Nigeria. | | | | | | |
| • | There is no relationship among partnering, trust and cost effectiveness in the selected manufacturing organization in Adamawa state, Nigeria | 113 (219) | 240 (46.6) | 59 (11.5) | 63 (12.2) | 40 (7.8) | 3.63 | 1.18 |
| • | There is no significant relationship among partnering, trust and cost effectiveness in the selected manufacturing origination in Adamawa state , Nigeria. | 6 (1.2) | 31 (6.0) | 116 (22.5) | 214 (41.6) | 148 (28.7) | 2.09 | 092 |

Source: Field survey, 2017

As presented in table 1.1, 146 (28.3) respondents strongly agreed that partnering and trust has a significant relationship with cost effectiveness in selected manufacturing in Adamawa state, Nigeria. 260 (50.5%) respondents agreed with this. However, 33 (6.4%) respondents and 30 (5.8%) respondent disagreed with this. With a mean response score of 3.87 + 1.10, it is the determination of the respondents that partnering and trust has a significant positive relationship with cost effectiveness in the selected manufacturing of organization in Adamawa state, Nigeria. Having a mean response score of 1.99 + 0.99 and the responses of 23 (4.5%) respondents, 20 (3.9%) respondents. 54 (10.5%) respondents. 252 (48.9%) respondents and 166 (32.2%) respondents who strongly agreed, disagreed, undecided respectively, disagreed and strongly disagreed respectively, the respondents disagreed that partnering and trust has a significant negative relationship with cost effectiveness in the selected manufacturing organization in Adamawa state, Nigeria.

While 113( 12.9%) respondents and240 (46.6%) respondents strongly agreed and agreed respectively that there is no relationship among partnering trust and cost effectives in the selected manufacturing organization in Adamawa state, Nigeria. 59 (11.5%) respondents and 40 (7.8%) respondents disagreed and strongly disagreed with this. Having a mean responds score of 3.65 $\pm$1.18, it is the domination of the respondents that there is no relationship among partnering, trust and cost effectives in the selected manufacturing organization in Adamawa state, Nigeria. With a means response of 2.09$\pm$0.92 and 6 (1.2%) respondents who strongly agreed 116 (22.5%) respondents who were undecided, 214 (41.6%) respondents who disagreed and 148 (28.7) respondents who strongly disagreed, the respondents are not of the view that there is no significant relationship among partnering, trust and cost effectiveness in the selected manufacturing organization in Adamawa state, Nigeria.

In testing these hypotheses, the data gathered in table 1.1 was tested using the regression analysis . the result is presented below.

were used Table 1.2 Summarized Regression Results.

| Varied | Coefficient | T – value | P – value |
|---|---|---|---|
| Constant | 5.257 | 106. 130 | 0.000 |
| Partnership trust (P & T) | 0.858 | 67.286 | 0.0000 |
| r = 0.948; $r^2$ = 0.898, 414, Sig = 0.00 | Reg SS = 403. 542, | RESS, 45.725, | F–value = 4527. |

Source; Field survey, 2017

The result of the regression analysis summarized in table 1.2 shows that the model for the relationship among partnering (p) trust (t) and cost effectiveness;

CE = 5.257 + 0.858 P&T

This reveals that partnering and trust have positive impact on cost effectiveness in sleeted manufacturer organization. Furthermore, as t –value > 1.96 (t-critical) and p – value < 0.05, this impact is significant. The model fit is a predictive model that can predict the level of cost.

Also the regression coefficient (r) of 0.948 indicates a strong relationship between the independent variable (Partnering and Trust) and the dependent variable (Cost Effectiveness). The coefficient of determination ($r^{21}$) of 0.898 reveals that 89.8% of the variation observed the dependent variable is caused by the independent variable. Having a regression sum of square of 403.543 > than residual sum of square of 45.725, this variation is not due to chance.

The F – value and corresponding significant value of 4527.414 (0.000) shows that these results are significant.

Based on this, the result indicates that parting and trust has a significant positive relationship with coast effectiveness in selected manufacturing organization in Adamawa state, Nigeria.

**Findings**

This study reveals that partnering and trust has a positive relationship with cost effectiveness organization in Adamawa state, Nigeria. Andrew & Edward (2014) conducted a study on critical factors affecting partnering and trust in construction partnering in UK. The study found that the relationship between partnering and trust on cost effectiveness is not always linear suggesting that apart from trust, other elements are require to achieve success on cost effectiveness.

**Descriptive statistics**

| | **Mean** | **Std** | **N** |
|---|---|---|---|
| CE | 2.0437 | .93491 | 515 |
| P & T | 3.7466 | 1.03319 | 5.5 |

**Correlation**

| | | C E | P & T |
|---|---|---|---|
| Pearson | CE | 1.000 | .948 |
| Correlation | P&T | .948 | 1.000 |
| Sig. (1-tailed) | CE | . | .000 |
| | P&T | .000 | . |
| | CE | 515 | 515 |
| N | P&T | 515 | 515 |

**Model Summary**

| Model | R | R. square | Adjusted R square | Std. error of the estimate |
|---|---|---|---|---|
| 1 | .948[a] | .898 | 0.898 | .29855 |

a. Predictors; (constant), P & T

**ANOVA[a]**

| Model | Sun of squares | DF | Mean square | F | Sig |
|---|---|---|---|---|---|
| Regression | 403.542 | 1 | 403.542 | 4527.414 | .000[5] |
| Residual | 45.725 | 513 | .089 | | |
| Total | 449.267 | 514 | | | |

a. Dependent variable
b. Predictors; (constant), P &T

**Coefficients[a]**

| Model | Un standardized Coefficients | | Standardized coefficient | T | Sig |
|---|---|---|---|---|---|
| | B | Std error | Beta | | |
| (Constant) | 5.257 | 5.050 | | 106.130 | .000 |
| P&T | .858 | 0.013 | .948 | 67.286 | .000 |

Dependent variable; CE

## Conclusion

This study focused on the relationship between partnering and trust on cost effectiveness in selected manufacturing organization in Adamawa state, Nigeria. It is aimed to ascertain the extent of the relationship between partnering, trust and cost effectives. Based on the findings of the study, it is recommended that partnering and trust should be of paramount importance in manufacturing organizations in Adamawa state, Nigeria. This will ensure that their organizations are equipped with the requisite rules and regulations of agreement to reduce cost effectiveness.

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# The Relationship between Resource Sharing and Competitiveness of Fertilizer Manufacturing Firms in Rivers State

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## ABSTRACT

*This dissertation was on resource sharing and competitiveness of fertilizer manufacturing firms in Rivers State. A sample of 50 respondents was drawn from the study population. The hypotheses were tested with Pearson Product Moment Correlation. Regression analysis specifically Ordinary Least Squares method stated in a multiple form was used to determine the effect of the selected independent variables on the dependent variables with the aid of SPSS, statistical software. It was found that, there is a positive and strong relationship between resource sharing and competitiveness of fertilizer manufacturing firms in Rivers State. Specifically, there is a moderate relationship between risk sharing and perceived quality, a moderate relationship between risk sharing and cost reduction and a strong relationship between resource sharing and reduced response time.Based on the findings, the study concludes that resource sharing enhances competitiveness. Therefore the study recommends that; To wrestle the problems of perceive quality, cost reduction and reduced response time the fertilizer companies should engage in resource sharing. Resource sharing initiative should be created to meet the needs and expectations of the society because, firms who consistently and assiduously balance the needs of the customer with those of the organization will undoubtedly achieve strong Competitiveness and increased customer perception. Increased search on this topic in the same industry is likewise recommended to corroborate this study's findings and it can still be replicated in other industry in developed and developing nations.*

**Keywords:** Resource Sharing, Competitiveness, Perceived quality, Cost reduction, Reduced response time

## Introduction

The contribution of resource sharing in the competitiveness of manufacturing firms has gained renewed attention in recent years in the marketing literature. the reason for this heightened interest is however not implausible, evidently small and medium scale enterprises contribute immensely to the enhancement of creativity necessary in developing new products, as well as adapting already known products to meet the expectations of customers and thereby fulfilling the needs of all stakeholders. This have gone a long way, in reopening the search by scholars and practitioners on how systematic failures disproportionately influence the competitiveness and overall performance of enterprises in all sectors of the economy (Callen & Cuinet, 2000)

Two researchers emphasized that "supply chain management is one of the major issues in the fertilizer manufacturing firms, which deal with large and complex supply chain network" (Kallrath, 2005; Grossmann, 2004).

These firms experiences increasing operational complexities rising from the fact that there is no resource sharing, risk sharing and joint production as well as cooperative partnership among the firms, suppliers and customers.

The struggle for survival for firms have never been as renowned as they are today. This is because competitiveness aims to help a company deliver value to its customers in an efficient and effective manner and the company itself. And can also be perceived as two end of a line in which one end seeks to ensure quality and efficiency in operations, while the other end maintains flexibility and responsiveness to the customers need. There are a number of factors that in a combined manner helps to define a company's competitiveness. These include perceived quality, cost reduction and reduced response time. Firms increasingly require resources in the form of human skills, technical competence and knowledge about customers, competitions and regulatory frameworks to remain competitive (Yildirim & Cakar, 2015); and networking a strategy in business that is based on simultaneous combination of cooperation and competition and allows participating firms to be better off in terms of market shares, profits and technical improvements depending on their particular interest and goals, has been an attraction over the decades

The concept of networking considers the companies as open systems being influenced by the actors in the environment in which they operate and depend on the resources supplied by other organization. Through different forms of interactions, the companies can have access to and make use of external resources owned by other network actors. The coordinated plans and activities define the relationships among these actors according to which flows are shared based on common objectives. Resource sharing refers to the process of leveraging capabilities and assets, and investing in capabilities and assets with supply chain partners. Resource sharing relationship implies understanding between and among firms to make their assets available to one another. This includes collective sharing of functions, processes, ideas, manpower, infrastructure, information, technology competence, skills etc (Rabiu, 2012). Resources include physical resources, such as manufacturing equipment, facility and technology (Harland, Zheng, Johnson & Lammina, 2004). This study examines the relationship between resource sharing and competitiveness of fertilizer manufacturing firms in Rivers state. However, other objectives sought are to: examine the relationship between resource sharing and perceived quality; examine the relationship between resource sharing and cost reduction and examine the relationship between resource sharing and reduced response time. In view of the objectives stated above, the following research questions are posed.

i) To what extend does resource sharing relate with perceived quality of fertilizer manufacturing firms in Rivers State?
ii) To what extend does resource sharing relate with cost reduction of fertilizer manufacturing firms in Rivers State?
iii) To what extend does resource sharing relate with reduced response time of fertilizer manufacturing firms in Rivers State?

**Conceptual frame work/ Study Variables**

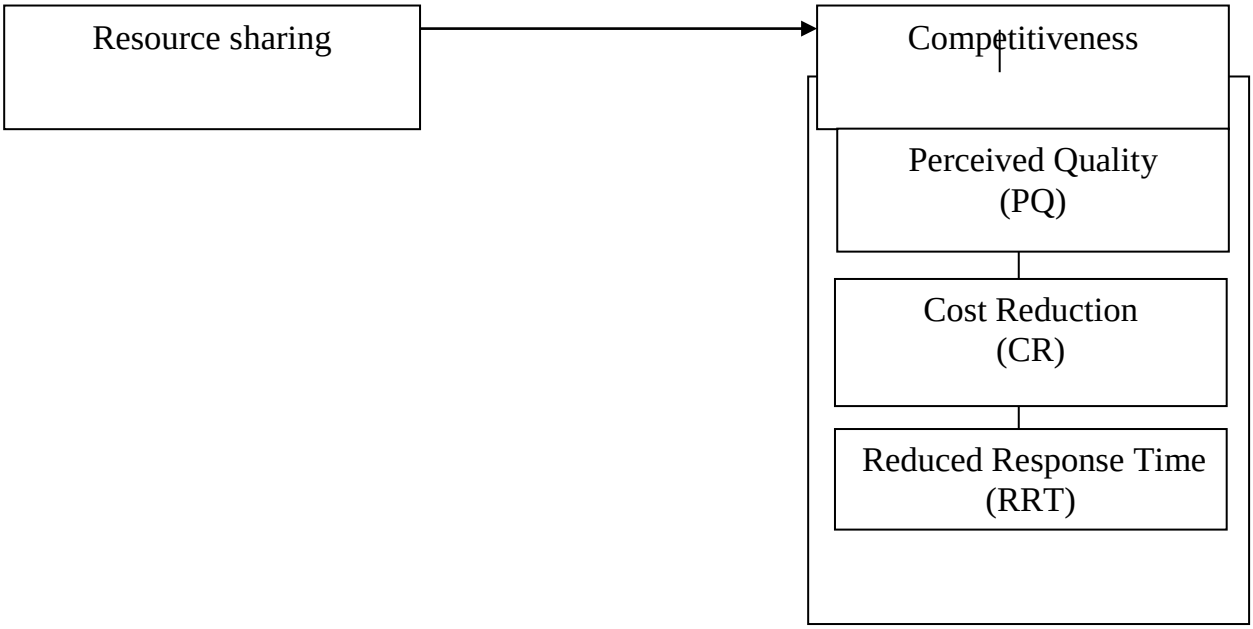


**Fig 1.1:** Conceptual framework of the link between Resource sharing and Competitiveness.

**Source:** Research Desk, 2018

## Literature review

Resource Sharing

Resource sharing refers to the process of leveraging capabilities and assets, and investing in capabilities and assets with supply chain partners. Resource sharing relationship implies understanding between and among firms to make their assets available to one another. This includes collective sharing of functions, processes, ideas, manpower, infrastructure, information, technology competence, skills etc (Rabiu, 2012). Resources include physical resources, such as manufacturing equipment, facility and technology (Harland, Zheng, Johnson & Lammina, 2004). Resource sharing also describes a situation where two or more firms work together to offer advanced services to partners, such that the service delivered to the customer is far better than the one individual firms serve to customers. Resource sharing alleviates the shortcoming of the firms because it provides an expressway for them to source information, infrastructure, technology and other resources associated with their operations from other like-minded and non-competing firm.

**Competitiveness**

Competitiveness is a substantial tool for gaining the competitive advantage. It is the actual solution to survive in a hyper-competitive market environment. Supply

chain competiveness is the capability of supply chain to deliver superior value to the customer for the sake of competitive advantage, as compared to other competing supply chain (Bounlakis, Magkras & Fotopoules, 2012; Verma & Seth, 2011; Rajagopal, Shang, Zhou & Van Houtun, 2010; Bhatnager & Teo, 2009; Mentzer 2004;). Value is created for the customer on one hand and the company itself and other chain members on the other hand. Competitiveness is an ability that enable a firm to meet the customer requirement sustainably at a profit (Chikan, 2008). The competitiveness of a company is the management of flow of both products and services in the whole supply chain (Bravo *et al*, 2007). As further stated by Chikan (2008) "the achievement of this capability is done through giving goods and services with high customer value compared to the competing ones

**Resource Sharing and Competitiveness**

Resource sharing alleviates the shortcoming of the firms because it provides an expressway for them to source information, infrastructure, technology and other resources associated with their operations from other like-minded and non-competing firms. The limitations in manpower, infrastructure and technical resources and also the desire of the firm to gain good market presence is what inform supply chain networking. Resources sharing describe a formal arrangements wherein firms jointly use materials and services in a cooperative fashion in order to provide one another with resources that might otherwise not be accessible to a firm acting alone (Walden, 1999).

Supply chain competitiveness can be achieved by efficient delivery, customer satisfaction, better quality, profitability, better responsiveness, reduced response time, demand fulfillment, optimal utilization of facilities etc (Verma & Seth, 2010). It comprises unique resources and capabilities that a firm posses, which therefore enable it compete successfully in an industry (Akpotu, Asiegbu & Tamunosiki-Amadi, 2013; O' Sullivan & Abela, 2007). Competitiveness guarantees an entirely new approach to achieving set objectives and innovations. Competitiveness of the firm focuses on comparing the performance of the firm to other competing firms in the same industry. The performance management, keeping in view the competitors current activities to manage their supply chains and improvement in outstanding ways better than that of competitors is regarded as supply chain competitiveness. The relationship between resource sharing and measures of competitiveness is elaborately highlighted below:

**Resource sharing and perceived quality**

Resources sharing describe a formal arrangements wherein firms jointly use materials and services in a cooperative fashion in order to provide one another with resources that might otherwise not be accessible to a firm acting alone (Walden, 1999). Perceived quality is the difference between customer expectation and customer perception towards service performance. Perceived quality may lead to consumer satisfaction, which is determined by perceived performance and expectation (Chaudhuri, 2002). If customer perception is higher than customer expectations the customer will have higher perceived quality, and vice versa (Parasuraman, Zeithaml & Berry, 1988; 1994). Signals mostly serve as

heuristics in assessing product quality when; there is a need to reduce the perceived risk of purchase, consumer lacks expertise and consequently the ability to assess quality, consumer involvement is low, objective quality is too complex to assess or the consumer is not in the habit of spending time objectively assessing the quality, and there is information search performance and need for information (Dawar & Parker, 1994). Standing on the interpretations above the following null hypothetical statement is to be statistically tested:

***$H_{01}$: There is no significant relationship between resource sharing and perceived quality of fertilizer manufacturing firms in Rivers state***.

**Resource sharing and cost reduction quality**

Resource sharing relationship implies understanding between and among firms to make their assets available to one another. This includes collective sharing of functions, processes, ideas, manpower, infrastructure, information, technology competence, skills etc (Rabiu, 2012). Resources include physical resources, such as manufacturing equipment, facility and technology (Harland, Zheng, Johnson & Lammina, 2004). Cost reduction is described as an unstoppable process of critical cost examination, analysis and challenge of standards. Cost reduction can be found everywhere in the business; production, processes, methods, manufacturing, organization and staff. Pettersson and Segerstedt (2013) define supply chain cost as "all relevant costs in the supply chain of the company or organization in question". Cost reduction can also be described as the cost savings resulting from a situation where products or services are purchased and the cost of obtaining them is reduced. Building on the interpretations above the following null hypothetical statement is to be statistically tested:

***$H_{02}$: There is no significant relationship between resource sharing and cost reduction of fertilizer manufacturing firms in Rivers state***.

**Resource sharing and Reduce response time**

Resource sharing refers to the process of leveraging capabilities and assets, and investing in capabilities and assets with supply chain partners. Resource sharing relationship implies understanding between and among firms to make their assets available to one another. This includes collective sharing of functions, processes, ideas, manpower, infrastructure, information, technology competence, skills etc (Rabiu, 2012).

Reduced response time is a reduction in the amount of time required from the time an order is placed until the time the order is received by the customer. Time is a vital tool in the supply chain network, because it is a key to competitive success (Plenert, 2007). According to Burt (2003) and Wisners (2005) "Time value is created when customers receive their products at the right time". Response time represents an important indicator of the supply chain networking. Examples of responses time are; time-to-market, on-time delivery, order processing time, transit time, cash-to-cash cycle time and downtime (Hokey & Gengui, 2002). Reflecting on the interpretations above the following null hypothetical statement is to be statistically tested:

***$H_{03}$: There is no significant relationship between resource sharing and reduced response time of fertilizer manufacturing firms in Rivers state***.

**Methodology**

This study employed the correlation analysis in its assessment of the relationship between resource sharing and competitiveness .The regression analysis was also employed to determine the effects of the explanatory variables on the dependent variable . The design is considered suitable because it allow for the correlation examination of the variable across several units in a convenient way We therefore designed the study in such a way that data were collected by means of structured questionnaire and oral interviews The population of this study comprises of the two (2 ) fertilizer manufacturing firms in Rivers State , namely ; Notore chemical industries Plc and Indorama Petrochemical industries ( Corporate affairs commission , 2018 ).

Due to the fact that the population is relatively small , a censure survey shall be conducted . This is on the basis of the suggestion that if the target population is smaller (100 or less ), census survey is very appropriate and effective since virtually all population would have to be sampled in small populations to achieve a desirable level of precision ( Israel, 2013 ).The sample size of this study is fifty (50 ) management level employees of the two fertilizer manufacturing firms located in Rivers State . The primary and secondary sources of data collection will be employed in the course of this research study. The primary source utilize the use of structured questionnaire. The correlation model , specifically the Pearson Product Moment Correlation ( PPMC ) was adopted to test the hypotheses and determine the degree of association between different variables under consideration . The regression analysis was also employed to determine the effects of the explanatory variables on the dependent variable . The analysis was carried out using the SPSS version 20. 0.

**Result of Reliability Analysis**

| Variable | Cronbach's Alpha |
|---|---|
| Resources Sharing | 0 . 844 |
| Perceived Quality | 0 . 911 |
| Cost Reduction | 0 . 846 |
| Reduced Response Time | 0 . 910 |

## Analysis

**Table 4 . 1 : Questionnaire Analysis**

| Numbers | Questionnaire | Percentage (%) |
|---|---|---|
| No . Sent out | 50 | 100 % |

| | | |
|---|---|---|
| No . Returned | 40 | 80 % |
| No . Not Returned | 10 | 20 % |

**Source**: Field Survey 2018

Fifty ( 50 ) copies of the questionnaire were produced and distributed to the fifty ( 50 ) respondents that participated in the study as shown in the Table 4 . 1 above . However , only forty (40 ) questionnaires representing eighty percent ( 80 %) of the printed and distributed questionnaire were used in the final analysis . Ten ( 10) questionnaires representing twenty percent ( 20 %) of the printed and distributed questionnaire were not used because they were wrongly filled . Thus the analysis of this study is based on this forty ( 40 ) returned copies .

| Statistics | | | | |
|---|---|---|---|---|
| | **Resource sharing** | **Perceived Quality** | **Cost Reduction** | **Reduced Response Time** |
| N | 40 | 40 | 40 | 40 |
| | 0 | 0 | 0 | 0 |
| Mean | 4 .2167 | 3 .7917 | 4 .1083 | 3.7916 |
| Std. Deviation | .97124 | 1.26466 | 1.02501 | 1.26465 |
| Sum | 168.67 | 151.67 | 164.33 | 151.65 |

## Univatiate/ Descriptive Statistics

The information in the Table above explains the descriptive statistics on the explanatory variables of resources sharing. The table also showed the (descriptive statistics) on the measures of the criterion variables; perceived quality, cost reduction and reduced response time.

Specifically, Table 4. 6 revealed that resources sharing have a mean of (4. 2167) and a standard deviation of (0. 97124). Perceived Quality has a mean of (3. 7917) and a standard deviation of ( 1. 26466). Cost Reduction has a mean of (4. 1083) and a standard deviation of (1. 02501). Reduced response time has a mean of (3 . 7916) and a standard deviation of (1. 26465).

**Data Analysis/ Bivariate Analysis**

Having analyzed the reliability of all items of each study variable and the demography of the study , this section will determine the relationship that exists between the variables of this study . Dunn ( 2001 ) stated that beyond indicating the sign and strength of a correlation , it is also important to express the degree of the association between the correlating variables ; x and y as the independent and dependent variables respectively. In determining the extent of the relationship , the categorization adopted by Dunn ( 2001 ) is used in this study .

**Table 4 .7 : Range of Relationship and Descriptive Level of Association of Relationship**

| *Range of r values* | *Degree of association of r* |
|---|---|
| ± 0 . 80 to 1 . 00 | Very strong |
| ± 0 . 60 to 0 . 79 | Strong |
| ± 0 . 40 to 0 . 59 | Moderate |
| ± 0 . 20 to 0 . 39 | Weak |
| ± 0.00 to 0.19 | Very weak |

Source: Adopted from Dunn (2001) degree of relationship categorization

The plus sign on the table connote positive relationship while the minus sign means negative relation. The r sign clarify the direction of the relationship that exists between the variables.

**Hypotheses Testing**

Decision Rule

The null hypotheses should be rejected and conclude a significant relationship if the probability value (PV ) < ( 0 . 05 ) Significance level

The null hypotheses should be accepted and conclude an insignificant relationship if the probability value (PV ) > ( 0.05 ) Significance level .

**Relationship between Resource Sharing and Competitiveness**

**Table 4.4 Correlation Result for Resource Sharing and Competitiveness**

| | | | **Resource Sharing** | **Perceived Quality** | **Cost Reduction** | **Reduced Response Time** |
|---|---|---|---|---|---|---|
| **Pearson's rho** | **Resource Sharing** | Correlation Coefficient | 1.000 | .597** | . 554 ** | . 697 ** |
| | | Sig. (2-tailed) | . | .000 | .000 | .000 |
| | | N | 40 | 40 | 40 | 40 |
| | **Perceived Quality** | Correlation Coefficient | .597** | 1.000 | .625** | .566** |
| | | Sig. (2-tailed) | .000 | . | .000 | .000 |
| | | N | 40 | 40 | 40 | 40 |
| | **Cost Reduction** | Correlation Coefficient | . 554 ** | .625** | 1.000 | .761** |
| | | Sig. (2-tailed) | .000 | .000 | . | .000 |
| | | N | 40 | 40 | 40 | 40 |

| | | | | | |
|---|---|---|---|---|---|
| **Reduced Response Time** | Correlation Coefficient | . . 697 ** | .566** | .761** | 1.000 |
| | Sig. (2-tailed) | .000 | .000 | .000 | . |
| | N | 40 | 40 | 40 | 40 |

**. Correlation is significant at the 0.05 level (2-tailed). ***Source: Research Data June 2018, (SPSS output version 20.0)***

**Table 4.4b: Model Summary for the Relationship between risk sharing and Measures of competitiveness.**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | . 487[a] | .356 | .286 | 2.30650 |
| 1 | .554[a] | .307 | .362 | 2.40063 |
| 1 | . . 697 [a] | .486 | .386 | 2.65000 |

b. Predictors: (Constant), Structural Flexibility

Source: SPSS output based on 2018 field survey data

**Findings**

i) There is a moderate relationship between resources sharing and perceived quality.

ii) There is a moderate relationship between resources sharing and cost reduction.

iii) There is a strong relationship between resources sharing and reduced response time.

**Discussion of findings**

This finding is validated by literature that supply chain networking can be described as a group of organizations with common interest, coming together to improve the competitiveness of a given supply chain and participating in supply chain networking, firms are seeking for goals like gaining competitiveness by accessing resources that could hardly be achieved through different sources. Supply chain networking provides platforms that facilitate the capitalization of individual firm's strengths, the sharing of risk and resources, and joining of complementary skills and capabilities to improve the firm's performance regarding cost reductions and improvements in perceived quality levels (Srivastava & Singh, 2010).

The tested hypotheses revealed that:

A significant relationship exists between resources sharing and perceived quality though, the relationship is moderate. Evidence is shown on Table above the Pearson's correlation = (0. 597**), this value is moderate, implying that a moderate relationship exists betweenresources sharing and perceived

quality. The positive sign of the correlation coefficient means that a positive relationship exists between them. That is to say that an increase in perceived quality is associated with improvement inresources sharing in the studied companies. This finding is validate by Cruz (2011) carried out a research on the relationship between resources sharing and competitiveness of professional service firm in Califonia. The qualitative research method was used. Three focus groups were used with interview including, managers, resources workers and a combination of the two. Based on the findings, five categories of behavior were identified as a result of sharing resources. They are; spiritual essence of business, openness and believability, whole brain learning, ethical responsibility and connectivity. Advancement of resources management through encouragement and support of resources sharing in organization has a positive impact on organization and the success of the organization creates a value to the wellbeing of its shareholders.

A moderate relationship exists between resources sharing and cost reduction. The illustration in Table above revealed that, the Pearson correlation on the relationship between resources sharing and cost reduction is (0.554**), based on the categorization in the table, the evaluation is moderate, indicating that a moderate relationship exists between resources sharing and cost reduction . It is a positive correlation coefficient, implying a positive relationship exist between them, i.e. increase in cost reduction is associated with an increase in resources sharing.

There is a strong relationship between resources sharing and reduced response time. Table above shows that the Pearson's correlation (r) = 0. 697**, this value is high, implying that a strong relationship exists betweenresource sharing and reduced response time. The positive sign of the correlation coefficient means that a positive relationship exists between them. That is to say that an increase in reduced response timeis associated with improvement in resource sharing in the studied companies.

**Conclusion and Recommendations**

Based on the findings of this study, the researchers thus conclude that; there is a moderate relationship between resources sharing and perceived quality. There is a moderate relationship between resources sharing and cost reduction. There is a strong relationship between resources sharing and reduced response time. Thus we recommend the following:

i) To tackle the problems of perceive quality, cost reduction and reduced response time the fertilizer companies should engage in evolving an effective resource sharing practices in their operations.

ii) Resources sharing initiative should be created to meet the needs and expectations of the society because, firms who consistently and assiduously balance the needs of the customer with those of the organization will undoubtedly achieve strong Competitiveness and perception

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