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BUSINESS ADMINISTRATION
NASARAWA STATE UNIVERSITY, KEFFI**

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Edited by

Prof. J. E. I. Abbah
Dr. Ahmed A. Ibrahim



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Dr. Ahmed A. Ibrahim

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Forward

This conference proceeding of the 1st international conference on 'Real Sector Productivity in Nigeria' of the Department of Business Administration, Nasarawa State University, Keffi. This is the 1st proceeding published by the Department of Business Administration. This is an account of presentations of distinguished scholars in all functional areas of Business Administration.

We are delighted this inaugural conference come to fruition. This academic feat was achieved with the immense contributions and cooperation of our amiable Vice Chancellor, Professor Suleiman Bala Mohammed. This novel achievement in the Department will continue as annual academic event.

The conference planning committee has successfully assembled these presentations in areas of technological innovation, human capital development, Skills acquisition, sustainable practices and corporate social responsibility, financing, public-private partnership, agro-business, supply chain management, marketing strategies and distribution channels, innovation and entrepreneurship, corporate governance and business ethics, climate change and business opportunities. I wish to express our profound appreciation to the committee. Special thanks to Prof. J. E. I. Abbah, Dr A. A. Musa, Dr M. M. Khalifa, Dr I. K. Onana for their kind support and efforts in bringing this publication to fruition.

Thank you

Dr Ahmed Abdullahi Ibrahim.

Head of Department



Contents

Effect of Work-Life Balance on Women Agripreneur Performance in Federal Capital Territory (FCT), Abuja Nigeria, MICHAEL, Sabo Favour.....	1
Effect of Brand Personality on Customer Loyalty of Maclean Toothpaste in Keffi Metropolis. JIBRIN, Abdulazeez Musa & OGAJI, Salim Muhammad.....	19
Technological Opportunity, Intellectual Property rights and Small and Medium Enterprises (SMEs) Growth in North Central Nigeria. by Prof. TENDE, Sam Adamu & LOHOR, Fredrick Kwapo.....	29
Relationship Between Stock Market Capitalization and Performance on the Nigerian Economy by KHALID, Alhaji Alfa.....	37
Strategic Human Resource Management and Performance of Manufacturing Firms in North Central, Nigeria by ALIYU, Aminu Mahey.....	44
Determinants of Consumers' Buying Behavior Towards Nigerian Made Fabric in Abuja by SHEHU, Saidu Namaska.....	54
Effect of Cost Leadership Strategy on Small and Medium Enterprise (SMES) Growth in Abuja by UMAR Yakubu Hussein.....	61
Compensation And Employee Job Performance of Deposit Money Banks in Kogi State, Nigeria, by YUNUSA, Mohammed Lawal.....	71
Role of Innovation and Entrepreneurship in Influencing the Competitive Advantage and Economic Contribution of Small and Medium-Sized Enterprises (SMES) in Kaduna State, by SHEKWAGA, Zakwai.....	80
Effect of Customer Relationship Marketing on Customer Loyalty in Unity Bank Plc, Abuja Metropolis, by ISA, Abdul Fatau.....	91
Monitoring of Family-Owned Businesses and Service Delivery: A Study of Selected Transportation Firms in Anambra State, by IGONO Marythecla Nnesochi.....	101
Effect of Ownership Structure on Earnings Management of Quoted Financial Firms in Nigeria by ONOJA John Attah.....	111
Effect of Entrepreneurial Orientation on Small and Medium Scales Enterprise (SMES) Performance in Benue State, by MUSA, Ibrahim.....	127
Effect of Entrepreneurial Practices on the Growth of Women Entrepreneurs in Nasarawa State, by ANIKPE, Chinonso Michael.....	136
Effect of Non-Financial Incentives on Employees Performance in First City Monument Bank (FCMB) Bank Plc, Abuja, by MUSA Bitrus Tera.....	143
Effect of Dividend Policy on Financial Performance of Listed Manufacturing Firms in Nigeria, by OGUNWOLE, Olalekan Alabi.....	150
Effect of External Environment on the Performance of Small and Medium Enterprises in Niger State, by ABUBAKAR, D Ibrahim.....	158



Effect of Risk Management on the Profitability of Insurance Companies in Nigeria, by AIMUFUA Veronica.....	165
Effect of Work Design on Employee Commitment of Selected Private Hospitals in Lafia, by ALIYU, Saidu Lawal.....	176
Effect of External Environment on the Growth of SMEs in Anambra State, by EBUKA, Asomugha Kingsley.....	187
Effect of Employee Motivation on Organizational Performance in Ministry of Education Abuja, Nigeria, by ANENE, Angelina Chibuzor.....	195
Compensation and Employee Job Performance of Deposit Money Banks in Kogi State, Nigeria, by YUNUSA, Mohammed Lawal.....	202
Effect of External Environment on the Performance of Small and Medium Scale Enterprises in FCT, Abuja, by IBRAHIM, Ogbere.....	211
Effect of Innovation on SMES Performance in the Federal Capital Territory, Abuja, by RABO Ibrahim Osajama.....	223
Effect of Compensation and Employee Participation on Employees' Turnover Intention of Selected Deposit Money Banks in North Central Nigeria, by FAGBOYO, Oladapo Augustine.....	238
Effect of Organizational Culture on the Performance of Trinity Private Hospitals in Mararaba, ABANA, Nkiruka Nkechinyelu.....	246
Impact of the Nigeria Oil and Gas Sector on Credit Risk, Credit Concentration, Risk Management, and Financial Performance of Deposit Money Banks, by SUWAIBA Ibrahim Shika, TIJJANI, Yusuf Ahmed, HAUWA Ibrahim Shika & ZAHARADEEN Khamis.....	260
Effect of Risk Management Strategies on the Financial Institutions: Evidence from Guaranty Trust Bank, by ADEWUMI, Joseph Omotayo.....	275
Effect of Managerial Competencies During the Period of COVID-19 Pandemic on the Performance of SMES in Abuja, by IZUAGBE Julius.....	284
Effect of Human Resource Management Practices on Employee Performance of Quoted Commercial Banks in FCT Abuja Nigeria, by SURAJO Bakori.....	295
Exchange Rates and the Performance of Manufacturing Sector in Nigeria, by Jamilu Hussaini Ph.D, Abubakar Muhammad Bagudo & Bilal Muhammad Sama.....	308
Effect of Intellectual Capital on the Performance of Listed Non-Financial Firms in Nigeria, by LIMAN Alhaji Mohammed, USMAN Musa Musa & ENOMATE Blessing.....	317
Effect of Financing Sources and the Performance of Micro and Small Business in Nasarawa Local Government, Nasarawa State, Nigeria, by ALIYU, Yahaya & KOLO, Ibrahim.....	336
Effect of E-Banking on Customer Satisfaction of Access Bank in Abuja Nigeria, by IGIRAH, Oscar Dooter, YEPWI, Atndu Sabo Isaac & PHILIP, Godwin Maiangwa.....	345
Effect of External Business Environment on SMES Growth in North Central Nigeria, by Dr. ABDULLAHI, Hussaini & Dr. JOHN, Blessing Abecan.....	356



Impact of Economic Policies on Business Performance of Manufacturing Firms, & UMAR Hassan Umar, Dr ABUBAKAR Ali & IBRAHIM Kayode Kadiri.....	371
Effect Of Intellectual Capital on Performance of Listed Industrial Goods Firms in Nigeria, by ADAMU, Hudu Mohammed.....	383
Effect of Ownership Structure on Financial Performance of Listed Deposit Money Banks in Nigeria, by MABA, Abdul.....	394
Effect of Financial Reporting Fraud on Market Value of Listed Consumer Goods Firms in Nigeria, by LAMBE, Isaac, Ph.D & OJUOLA, Olabode Kingsley.....	401
Effect of Financial Innovation on Performance of Deposit Money Banks in Nigeria, by WUYEP Tony Lohven, Ph.D, EZE Felicia, Ph.D. & JOHN Blessing Abecan, Ph.D.....	417
Electronic Payment System and Bank Customer's Satisfaction in Karu Metropolis Of Nasarawa State by JEZHI, Godwin Iya, JOHN, Charity Tani & JACOB, Amedu Peter.....	426
Organizational Ambidexterity and Performance of Small and Medium Enterprises in Nigeria, The Moderating Role of Learning Orientation, by Shaibu, O. Blessing, Prof. Karwai, Sulaiman, Sahnun, Ladan PhD & Idris, Isma'il Tijjani PhD.....	435
Macroeconomic Determinants and Stock Market Volatility Amidst the Period of Economic Recession in Nigeria: A Proposed Framework, by Hauwa Bayero TIJJANI, Prof Sheikh Abdullah, Dr Ibrahim Mohammed & Dr Isma'il Tijjani Idris.....	448
Effect of Hybrid Work Models on Employee Productivity in Selected Companies in Abuja, Nigeria, by IGOMU Drisu Mathias & ISAAC Oka Irene PhD.....	459
Effect of Entrepreneurial Finance on Agribusinesses Growth in Ankpa Local Government, Kogi State, by KAPPE, Peter Maman, Prof. BARNABAS E. Barde & ADIGIZEY John Dollay.....	468
Sustainability Reporting and Firm Value: Evidence From Listed Oil and Gas Companies in Nigeria, by DANIEL, Emmanuel Kayode, Ph.D.....	482
Money Market and Economic Growth in Nigeria, by YASHIM, Caleb Yahaya.....	492
Effect of Compensation and Work Environment on Academic Staff Turnover Intention in Nuhu Bamalli Polytechnic, Zaria, Kaduna State, by RABO Magaji & SHEKWAGA Zakwai.....	505
Role of Employee Relationship and Employee Incentives on Employee Productivity in Plateau State University, by PETER Emmanuel Omaye.....	517
Assessment of Entrepreneurship Initiatives and Youth Empowerment in Southern Senatorial District of Taraba State, by RIMAMNDE Rikwentishe, ATSWENBUMA Agyo, ISICHEI Ejikeme Emmanuel & TIMOTHY Fanya.....	528
Effect of Socio-Economic and Demographic Factors on Tourism Development in Southwest Nigeria, by Dr. OLABOSINDE, Taiwo Samuel.....	536



Effect of Work-Life Balance on Women Agripreneur Performance in Federal Capital Territory (FCT), Abuja Nigeria

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Abstract

Entrepreneurship has emerged as a global concept and contributed to economic development of the country. It utilizes competencies of entrepreneurs for success of their enterprises. The agriculture sector plays a crucial role in the global economy, and women's participation in agripreneurship has been steadily increasing. However, there is a growing concern regarding the impact of work life balance on the performance of women agripreneurs. Despite their significant contributions, women in agripreneurship often face unique challenges in balancing their work responsibilities with personal and family life. Developing family responsibilities as well as their potential roles, generate the issue of role conflict. Working women executives suffers the problem of work-life balance. In order to overcome role conflict, they need to balance between work and personal life style. To gain more flexibility and control on their work and personal obligations, women start up their own business. They contribute in job creation, innovation, and economic development of nation through their entrepreneurial activities. Based on this, the study examined impact of work life balance practices on the performance of women agripreneurs in Abuja, Nigeria. The study adopts the survey research design while the population comprised of the women three hundred and eighty-four (384) that engaged agripreneurs in Abuja and simple regression techniques was used for the analysis. From the regression analysis, the study found a positive relationship between productivity and work life balance of women agripreneurs in Federal Capital Territory, Abuja Nigeria. Also, the study found a positive relationship between performance and family work life of women agripreneurs in Federal Capital Territory, Abuja Nigeria. The study recommends that the family members of the women entrepreneurs should encourage them by sharing the household responsibilities, moral support, making suitable adjustment among others for smooth running of their firms. Required assistance and help should be provided to them whenever required in both monetary and emotional terms. Furthermore, for maintaining work balance, it is very essential that the efforts should be done by both the partners so that they get enough time to spend with each other as well as with their family. So, in order to avoid role conflicts co-partnership is very essential. The women entrepreneurs are required to set their priority in terms of their work and domestic chores which in turn will save them lot of time and will avoid the situation of chaos and they can focus on other relevant areas.

INTRODUCTION

The universal demand for equilibrium between work life and human activities is one of the challenges faced by employers and employees of both private and public organizations in terms of optimal performance for both human beings and their organisations. The fact that an individual is employed in an organization does not actually mean that he or she has to pay the price of life in exchange for work rather effort should be made to attain equilibrium between life and work. This equilibrium process is known as work-life balance and is necessary for a healthy life and efficient performance in an organization. Work-life balance does not mean an equal balance; it is about adjusting the working patterns to allow employees to combine work with other responsibilities that will also need their attention (Turliuc & Buliga, 2014).

Not until the beginning of the 21st century in Europe and the United States of America with the argument that workers were having a problem balancing what they wanted to do; that is caring for their families and their careers at the workplace, especially young mothers. The aspect of work-life balance did not get much attention and was perceived as less challenging as compared to the current perception because of two reasons. First, most employment limited itself to a male full-time worker. Second, it was a trend that women were involved in more unpaid work such as nurturing, caring, and domestic work (Crompton, 1999 cited in Mungania, 2017). These sorts of fixed gender roles were viewed, moreover as a solution to balance work and life, that work is the responsibility of a man, whereas family care is the responsibility of a woman. This notion changed drastically when the number of women workers and dual-earner couples increased in various employment sectors (Shah, 2014), this was not an exception for women's agripreneurship sector in order to enhance women's participation in the movement for value creation.



The interest to encourage women to venture into entrepreneurship in the areas of agriculture and agribusiness has inherently captured the attention of some researchers. Such activities in the agricultural aspect are increasingly being described using the term 'Agripreneur' and 'Agripreneurship'. According to the International Labor Organization (ILO) (2014), entrepreneurship in agriculture, or agripreneurship, could be the missing link to address the challenges of poverty and unemployment experienced by many individuals including female entrepreneurs, especially those in developing countries. Further, the promotion of agricultural entrepreneurship, including value addition to agricultural products by entrepreneurs, and potential means to mitigate the challenges many young females and males experience, improve their livelihoods, and increase food security (Montpellier, 2014).

The Federal Capital Territory (FCT) of Nigeria, located in the central region of the country, has a large number of women agripreneurs who have started businesses in agriculture, but many face challenges in balancing their work and personal lives (Agada & Abdullahi, 2021). This has drawn attention to assessing the effect of work-life balance on the performance of women agripreneurs in the FCT.

Statement of the Problem

The agriculture sector plays a crucial role in the global economy, and women's participation in agripreneurship has been steadily increasing. However, there is a growing concern regarding the impact of work life balance on the performance of women agripreneurs. Despite their significant contributions, women in agripreneurship often face unique challenges in balancing their work responsibilities with personal and family life. Due to their multiple roles, women entrepreneurs have been known to sacrifice growth to achieve work-life balance (Jennings & Brush, 2013). This is because the work-life balance has been proven to enhance the quality of life and has a positive financial outcome on a business.

This situation constitutes a research gap given disparities in the institutional system likely to affect WLB and the performance of women (Ituma et al., 2011) such as Nigeria's women agripreneurs which is the interest of this study. Therefore, the main concern of this study is to examine the effect of work-life balance on women agripreneurs performance in the Federal Capital Territory, Abuja Nigeria. This study seeks to provide valuable insights for policymakers, stakeholders, and women agripreneurs themselves to enhance their entrepreneurial success, overall wellbeing and quality of life.

Objectives of the Study

The main objective of this study is to examine the effect of work-life balance on the performance of women agripreneurs in the Federal Capital Territory, Abuja, Nigeria. The study-specific objectives are to:

- i. examine the effect of family support on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria;
- ii. examine the effect of family responsibilities on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria;
- iii. examine the effect of work demand on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria; and
- iv. examine the effect of time management on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

LITERATURE REVIEW

Conceptual Framework

Concept of Work-Life Balance

The origin of work-life balance practices spans from work-life conflict experienced by an employee. Work-Life Conflict is the inter-role conflict that results when one's roles as an employee are incompatible with one other area such as being a spouse, or parent, or with other religious and leisure activities. The concept of Work-Life Conflict recognizes that most individuals have multiple roles (Mmakwe & Ukoha, 2018). The term work-life balance is commonly used as a more comprehensive expression to describe policies that have been previously termed 'family-friendly', but are now extended beyond the scope of the family (Orogbu et al., 2015). Work-life balance refers to the flexible working arrangements that allow both parents



and non-parents to avail of working arrangements that provide a balance between work responsibilities and personal responsibilities (Redmond et al., 2006).

The concept of work-life balance is based on the notion that paid work and personal life should be seen less as competing priorities than as complementary elements of a full life. The way to achieve this is to adopt an approach that is conceptualized as a two-way process involving a consideration of the needs of employees as well as those of employers (Lewis, et al., 2000). Also, Asiedu-Appiah et al. (2013) opined that paid work and non-work activities are two important domains such that long hours of workers at the workplace reduce their presence at home as expected and they often miss family and social activities which in a real sense does not balance their working life with that of the family cycle.

For the purpose of this study, family support, family responsibilities, work demand, and time management as suggested by Gupta and Sharma (2013) and Chaudhary and Nair (2019) are considered proxies for work-life balance and are discussed below:

Family Support

The concept of family support has multifarious links, so explaining the definition and measuring accurately is difficult. Family support highlights how to promote family values and goals by facilitating, providing, and encouraging family members in order to accomplish family needs (Butcher et al., 2018). Family support refers to informal assistance for a family member or the provision of care to support from one or more family member(s) to another or others. Devaney (2015) explained that family support is a set of activities that strengthen informal social links through integrated programs including community and private services. They are generally provided to families in their own homes and communities. Thus, family support is not only provided by the family but also friends, social groups, professional agencies, and service providers including full or partial support (Hardgrove et al., 2015).

Similarly, family support can be defined as self-help or volunteer help with little statutory involvement, or it can mean a continuum of advice, support, and specialist help geared to provide early preventive intervention, parenting support, education, and marital therapy (Houston & Dolan, 2008). The intervention can be directed at individual parents, couples, the child, the whole family, or groups.

Financial capital is a critical resource necessary for the purchasing of fixed assets and financing initial operations, as well as the living expenses for the entrepreneur in the earlier stages of the venture (Neneh, 2017).

Family Responsibilities

Family Responsibilities (FR) currently, have to do with the use of resources by individuals in attending to their family roles and duties. more women are searching for formal employment than before; there are more dual-earners, elder care, and single-parenting employees (Lazăr et al., 2010). Women who have parental roles and other caring roles to play have multiple family responsibilities, which in turn makes it difficult to manage work and family responsibilities. This may cause either positive or negative effects since the two domains have flexible and permeable boundaries (Moon & Roh, 2010). Bruck et al. (2002) supported this view and opined that multiple roles performed by women have an effect on their well-being both at work and at home. This may result in a work-family conflict which causes negative effects from work to family and vice versa (Agarwala, 2007). In order to address the negative effect, Cayer (2003) asserted that organizations are establishing policies such as crèches, employee counseling, recreational facilities, or family leave for employees.

Work Demands

Work Demands are synonymous with job demands are those aspects of the job that require sustained physical or psychological effort that may be associated with certain physiological or psychological costs (Clausen & Borg, 2011). Job demands, such as workload and role conflict, deal with the physical, psychological, social, or organizational aspects of work that require sustained physical and/or psychological effort or skills needed in getting something done (Van den Broeck et al., 2017).

According to Demerouti et al. (2001), job demands are described as those physical, psychological, social, or organizational aspects of the job that require sustained physical and/or psychological effort and are



therefore associated with certain physiological and/or psychological efforts needed for executing an action. For instance, high work pressure, skills needed to manage a situation, and emotionally demanding interactions with clients or customers among others. Though that does not imply that job demands are not necessarily negative, they may turn into hindrance demands when meeting those demands requires a high effort from which the employee has not adequately recovered. It is an individual effect of workload on humans depending on their characteristics, abilities, and skills, i.e. on their individual performance prerequisites (Leininger, 2022).

Work demands, for the purpose of this study, can be described as all the aspects of work that cost energy, like workload, complex tasks, and conflicts that individuals go through to ensure that specific task is achieved.

Time Management

Many scholars define time management (TM) in different ways because they have different views of the term. According to Yakubu and Edna (2015), time management refers to the use of a range of skills, tools, and techniques used to organize or manage time when accomplishing specific tasks, projects, or goals. It is the art of arranging business and personal affairs in such a way that you and your things show up when, where, and how you have intended them to, as frequently, effortlessly, and ubiquitously. (Yakubu & Edna, 2015). Similarly, Bouguesr (2017) described time management as the art of arranging, organizing, scheduling, and budgeting individual time for the purpose of generating more effective work and productivity. In many cases, it is responsible for the success or failure of the employees to do their work.

Time Management is a process of managing time according to the requirements of different assignments and activities with the goal of ensuring organisational success and maximizing benefits by utilising, saving, and not wasting time or energy (Sahito et. al., 2016). Effective Time management involves using time in an optimal way to increase productivity and success. It requires managing work schedules to achieve organisational goals through advanced planning, organisation, and implementation. TM is a critical asset for both professionals and organisations, since it concerns the discovery and application of efficient methods to complete assignments within a specified period (Sahito et. al., 2016) and at the necessary quality level. It is human nature to allocate time according to interest and comfort; thus, within a work organisation, employees tend to spend their time on easy tasks.

Concept of Agripreneurship

The discipline of agripreneurship is multifaceted and includes a conflation of several disciplines (Chigunta et al., 2005). Agripreneurship involves taking risks and accepting uncertainties to develop an agro-business venture with the goal of getting a profit or returns on the investment (Volkman et al., 2010). Agripreneurship is synonymous with agricultural entrepreneurship (Bairwa et al., 2014). It originates from the discipline of entrepreneurship (Uneze, 2013). Moreover, entrepreneurship, as espoused by the French in the 1700s, evolved in the context of agriculture, though now it is usually associated with technology and manufacturing and less with agriculture (Mukembo, 2017). Various definitions of agripreneurship have been put forth by scholars. Though, the common understanding among these definitions is that agripreneurship involves creating a product or providing services of value related to agriculture to bring about returns on investment and/or improve livelihoods. On that note, it is not limited to making a farming enterprise profitable but may involve a wide range of agriculturally related initiatives with a positive and transformative impact on communities (Mukembo, 2017).

The concept of agripreneurship according to Macher (1999), is a profitable marriage of agriculture and entrepreneurship, more plainly turning farming activities into a business, while Nagalakshmi and Sudhakar (2013) agriculture. In addition, Mukembo and Edwards (2015) defined agripreneurship “as the application of entrepreneurial principles to identify, develop, and manage viable agricultural enterprises/projects optimally and sustainably for profit and/or improved livelihoods. To that end, the definition espoused by Mukembo and Edwards (2015), broadened the concept of agripreneurship beyond just turning a farm into a business to include other entrepreneurial endeavors in the agricultural sector. Agripreneurship encompasses “many characteristics of ‘generic’ entrepreneurship, the concept also has its distinct features due to the specific context of the agricultural sector” (Lans et al., 2013).



According to Jena et al. (2018), an agripreneur is defined as an entrepreneur whose main business is agriculture or agriculture-related. That is, Agriculture + Entrepreneur = Agripreneur. Agripreneurship can be defined as “generally, sustainable, community-oriented, directly-marketed agriculture. Sustainable agriculture denotes a holistic, systems-oriented approach to farming that focuses on the interrelationships of social, economic, and environmental processes” (Upalonakar & Biradar, 2015). Again, agripreneurship among women is one of the agendas of governments across developed nations for better balancing in society and women empowerment.

From a women's perspective, Jena et al. (2018), defined women's agripreneurship as a medium for women's empowerment by making them self-sufficient, economically stable, independent decision making, better purchasing power, socio-culturally more active through agricultural means.

Concept of Performance

Performance is associated with the quantity of output, quality of output, timeliness of output, presence/attendance on the job, the efficiency of the work completed, and effectiveness of work accomplished (Mathis & Jackson 2009). Performance is defined as the record of outcomes produced by a specified job function or activity during a specified time period. (Bernardin & Russel, 1998). According to this definition, performance is a set of achievements produced during a certain time period. Hence, the investigations have developed the working definition of employee performance for study purposes as the “achievement of targets of the tasks assigned to employees within the particular period of time”. Performance is not only related to the action but also involves judgment and evaluation of the achievement recorded so far by the business enterprise.

Empirical Studies

Most of the studies reviewed are from other sectors such as institutions, banking, and telecommunication among other business enterprises because there are few inaccessible studies conducted in the field of WLB and women agripreneurship as the subject interest of this study. A number of studies reviewed below related to the variables of this current study.

Talreja (2017) carried out a study to investigate how the perception/attitude of family members does affect the working of the women entrepreneur. The study is based on the fieldwork survey method. For the purpose of the study, a sample of 80 women entrepreneurs will be selected randomly from the Kota district of Rajasthan as sample respondents engaged in the business of beauty parlors, fancy stores, readymade clothes, and food processing among others. The primary data are collected through the questionnaire whereas the secondary data are collected from several research reports, journals, and websites and DIC has been found of great relevance in selecting the women entrepreneurs. Data collected were represented and analysed using pie charts and simple percentages. The findings revealed

Kithae and Keino (2016) examined the effect of family responsibilities on staff performance in the telecommunication sector in Kenya. A descriptive research design was adopted, and the target population of the study was 390 senior staff working in three (3) telecommunication companies in Nairobi. A stratified random sampling technique was adopted and structured questionnaires were used as a method of data collection. Data analysis was done using both qualitative and quantitative methods. From the findings, it was evident that family responsibilities negatively affect staff performance at work. The study recommended among others that companies in the telecommunication sector in Kenya need to review overtime working policy; introduce rotational work; adopt the use of delegation and support employees through counseling and resources to meet family expectations and responsibilities.

Kuranga et al. (2021) examined the impact of work demand on the business growth of female entrepreneurs in Southwestern Nigeria. A survey research design was adopted and the target population comprised 25,122 members of Nigeria union of tailors in Lagos, Oyo, and Osun States registered with CAC. A sample size of 379 respondents was selected using purposive and stratified sampling techniques. Primary data was collected through the use of a structured questionnaire and standard multiple regression was used for the analysis. The findings revealed that work demands have a significant impact on business

growth. Therefore, female entrepreneurs should strive to maintain a work-life balance as this will help them to manage their work roles, family roles, and personal life and improve their business growth. Also, Rembulan et al. (2016) carried out a study to discover the effect of time management on women entrepreneurs. The study adopted a comparative design and the sampling technique is a nonprobability sampling with incidental sampling. The population characteristic is married women who work on a full-time contract in an organisation and married women who work as entrepreneurs. The study sample was 189 women (98 employees and 91 entrepreneurs). The data collected was analyzed using Mann Whitney-U Test. The findings established that there are indications of an association between revenue and WFC (time management) in employee respondents.

Fapohunda (2014) investigated on the exploration of the effect of compressed working hours on productivity. A descriptive design was adopted and questionnaires were administered in a field survey consisting of 300 participants. The participants were randomly selected among workers in six insurance companies in Lagos Nigeria. The response rate was 296 (98.6%) of which 149 (50.3%) were men and 147 (49.7%) were women. Data collected were analysed using Pearson's bivariate correlation. and the findings revealed that compressed working hours are positively correlated with work-life balance and affect performance.

The Demand–Control Theory

The Demand–Control theory by Karasek (1979), states that job demands and job control jointly predict the occurrence of individual mental strain. Based on comparative empirical findings, the causal relationship between job (demand) characteristics and strain outside the work-sphere is furthermore essential to the model. Karasek (1979), however implicitly acknowledged a wider range of demands and resources. Accordingly, the Job Demands–Resources Model (Demerouti et al., 2001; Bakker & Demerouti, 2007) claims that demands and resources determine job-related stress. Although the Job Demands–Resources Model exclusively refers to work-related demands and resources, given the bi-directional nature of work-family conflict a conflict occurs if demands from the family and/or the work sphere compete with and exceed individual resources.

Along the same line of reasoning, Demerouti et al. (2001); Bakker and Geurts (2004); Bakker and Demerouti (2007); and Pocock (2005) cited in Wambui et al. (2017), interpret individual temporal, spatial, and organizational control over the work sphere as a job resource. Relating individual control to work flexibility, Hill et al. (2008), defined workplace flexibility as ‘the ability of workers to make choices influencing when, where, and for how long they engage in work-related tasks. Thus, individual flexibility can be seen as a job resource since flexibility allows control over devoting resources to one or the other life spheres. This in turn decreases the likelihood of negative interference. Control in this context can have a buffering effect on job-related demands such as long working hours. On the scope of this study, women agripreneurs are likely to record good levels of job satisfaction, better performance and experience less work-family conflicts since the level of commitment will be less compared to other multi-tasking employments.

Methodology

The study used a descriptive survey design to gather data relating to the variable of the study. A descriptive survey aims at describing the distribution of a phenomenon in a population and thereby establishing the facts (percentages and frequencies). The survey method of data collection is implemented using a structured questionnaire. The questionnaire is determined by the literature reviewed, the objectives, and the research questions of this study as well as by the theoretical positions. The structured questionnaire makes available to the respondents intended to be selected as a sample. Data from the study were analyzed using descriptive statistical tools (Frequencies and Percentages).

The targeted population consists of women agripreneurs across six (6) area councils of the Federal Capital Territory, Abuja Nigeria. The area councils are Abaji, Abuja Municipal Area Council (AMAC), Bwari, Gwagwalada, Kuje, and Kwali. Due to the nature of this population, the population is undefined, infinite, and unknown. Therefore, Cochran sample size formulae was adopted thus:

$$n = \frac{Z^2pq}{e^2}$$



$$e^2$$

Where:

e = desired level of precision (margin of error 5% = 0.05)

p = estimated proportion of the population which has the attributes in question

q = 1 – p

z = z- value (found in a Z – table)

$$n = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2}$$

$$n = \frac{3.8416 \times 0.5}{0.0025}$$

$$n = \frac{1.9208}{0.0025}$$

$$n = 384.16$$

$$n = 384$$

The recommended sample size was 384.

However, the recommended sample size was increased by 30% in order to address the non-response problem as suggested by Israel (1992).

Therefore, sample size for the study is

$$n = \frac{384 + (30 \times 384)}{100}$$

$$n = 384 + 115.2$$

$$n = 499.2$$

From the outcome, the increased sample size was rounded up to 500

The study, therefore, proposes to use probability sampling. Probability sampling methods are those in which every item in the entire population has a known chance of being included in the study sample.

The Snowball random sampling technique was employed. Using this method enabled the study to easily locate other respondents to be guided by the first who will give direction on how to meet the subsequent respondents who will be contacted and administered the instrument for data collection.

The primary source of data was considered and was collected by administering questionnaires. The questionnaire was structured into two sections; section A contains items on the demography of respondents while section B answers the research questions for each of the study variables. In order to evaluate the effectiveness and feasibility of the research tool, a pilot study was carried out with a random sample of fifty (50) female agripreneurs selected from Karu local government area of Nasarawa State. This was necessary to determine the suitability and reliability of the instrument.

For data collection, five hundred (500) copies of questionnaire were given to the women agripreneurs, with 83 questionnaires administered to respondents in each area council, except for AMAC, where 85 were given. Follow-up procedures were performed during the survey to improve the overall response rate.

The validity of a research instrument is the extent to which such an instrument is able to measure what it is supposed to measure. results. In this research, the instrument is validated in terms of average variance extract, Heterotrait-Monotrait (HTMT). Hence, reliability is the degree to which a research instrument yields consistent results or data after repeated trials. To test the reliability of research instruments, construct reliability was used (i.e. Cronbach alpha, composite reliability, and rho A).

Table 1: Construct Reliability and Validity of the indicators

	Cronbach's Alpha	rho_A	Composite Reliability	Average Extracted (AVE)	Variance
Family Responsibilities	0.874		0.906	0.708	

1.001



Family Support	0.900	0.924	0.708
	0.949		
Time Management	0.877	0.915	0.729
	0.887		
Women Agripreneur Performance	0.895	0.927	0.761
	0.899		
Work Demand	0.814	0.874	0.635
	0.849		

Source: SmartPLS Output, 2023

To establish the internal consistency reliability of the construct, Cronbach's alpha and composite reliability (CR) should be higher than the threshold of 0.7. It is clear from table 1 that all the latent indicators are reliable since their values are higher than the threshold value of 0.7. Furthermore, the average variance extracted (AVE) should be larger than 0.5. the table also shows that all the construct's values of the average variance extracted AVE are larger than 0.5 which shows that our constructs satisfied the condition of convergent validity. It also indicates that all the construct explains 50 percent or more of the variance of the items that make up the construct.

Techniques for Data Analysis and Model Specification

Data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of the study. The data obtained from the questionnaires were analyzed using a technique called "coding" through the SPSS Software version 26. The coding enables the researcher to classify and categorize data so that patterns can be discovered and conclusions are drawn. The model specified by the study established a causal relationship between components of work-life balance and performance of women entrepreneurs, i.e.

$$PER = f(WLB) \quad (1)$$

Where
 PER - Performance
 WLB - Work-life Balance

So that,

$$PER = f(FS, FR, WD, TM)$$

Where
 FS - Family Support
 FR - Family Responsibilities
 WD - Work Demand
 TM - Time Management

Table 2: Summary Statistics of the Measurement

S/N	Measurement Factors	Mean	Med	Min	Max	Std Dev
1	WD2[I am given entirely too much effort to ensure that my enterprise functions smoothly]	4.53	5	1	5	0.54
2	WD3[My enterprise requires an awful amount of time in a day compared with other activities I needed to attend to]	4.35	5	2	5	0.78
3	WD4[In most cases, I work overtime to ensure that my enterprise gets the needed attention]	4.66	5	1	5	0.48
4	WD5[The weight of my job in my enterprise has directly/indirectly caused a decline in my state of mental health]	4.37	5	1	5	0.74
5	TM2[I stay off paying reasonable attention to continue unprofitable routines or activities]	4.45	5	1	5	0.63
6	TM3[I usually keep my desk clear of everything other than what is needed and currently working on already]	4.67	5	1	5	0.51
7	TM4[Every day, I try possible means to make a list of the things needed to be done each day]	4.68	5	1	5	0.53
8	TM5[To an extent, I try to have a clear idea of what needed to be accomplished during the week, possibly for the next week]	3.93	4	2	5	0.87
9	PER2[My enterprise always meets its cost-effectiveness objective of satisfying the needs of customers]	4.46	5	1	5	0.61
10	PER3[My enterprise gets positive feedback as a compliment from customers]	4.50	5	1	5	0.60
11	PER4[My enterprise market share is growing as shown by the increasing number of new customers]	4.22	4	1	5	0.71
12	PER5[My enterprise comfortably enjoys good sales growth in the market]	4.45	4	1	5	0.57
13	FS2[Members of my family, to an extent, pave means for me to access financial support, incentives from external sources]	3.67	4	1	5	1.00
14	FS3[Members of my family cooperate with me to get things done around the house]	3.29	4	1	5	0.99
15	FS4[My family members show interest and ask regularly about the condition of my enterprise]	3.43	4	1	5	1.23
16	FS5[Members of my family often proffer solutions to my enterprise and home-related problems]	4.13	4	1	5	0.86
17	FS6[Members of my family show up to manage my enterprise when others' activities seem to take my time]	3.57	4	1	5	0.91
18	FR1[I have enough time to meet up with my house chore activities]	4.46	4	1	5	0.57
19	FR2[I ensure that the well-being of my family is not traded for any other thing]	4.35	5	2	5	0.84
20	FR3[My family feels my impact on care, financial, and otherwise, despite when surrounded by other activities]	4.49	5	1	5	0.87
21	FR4[I have enough materials and the necessary resources to attend to my house tasks]	3.74	4	1	5	0.98

Source: Survey data analyzed using SMART PLS, 2023



The table 2 showed the mean responses to each of the question for all the respondents, the median, the minimum, the maximum, and the standard deviation of the responses. The median is the proper measure of the average in this instance because of outliers. Although, from the minimum and maximum values, there is no sign of outliers, but it is still necessary to state that the best measure of average for an ordinal response is median

Inferential Analysis

The assessment of PLS-SEM results involves a two-step approach: (1) the evaluation of the measurement models and (2) the assessment of the structural model (Chin, 2010; Hair et al., 2016). The measurement model assessment involves the evaluation of construct measures' reliability and validity. This assessment draws on different measures, depending on whether a construct is measured reflectively or formatively.

Evaluation of Reflective Measurement Models

The assessment of reflective measurement models involves evaluating the measures' reliability (i.e., indicator reliability and internal consistency reliability), and the validity (i.e., convergent and discriminant validity).

Indicators

The indicator loadings should be larger than 0.7 to ensure indicator reliability. From table 10, all the indicators are larger than 0.7 indicating that the construct explains more than 50 percent of the indicator's variance, therefore, meeting the specified benchmark of 0.7 acceptable item reliability.

Table 3: Indicators Loadings

	Family Responsibilities	Family Support	Time Management	Women Agripreneur Performance	Work Demand
FR1	0.809				
FR2	0.896				
FR3	0.835				
FR4	0.824				
FS2		0.870			
FS3		0.829			
FS4		0.803			
FS5		0.812			
FS6		0.889			
PER2				0.871	
PER3				0.892	
PER4				0.829	
PER5				0.896	
TM2			0.837		
TM3			0.897		
TM4			0.873		
TM5			0.805		
WD2					0.823
WD3					0.805
WD4					0.750
WD5					0.809

Source: SmartPLS Output, 2023

The indicators are grouped into five factors: Family Responsibilities (FR), Family Support (FS), Time Management (TM), Women Agripreneur Performance (PER), and Work Demand (WD). The numbers after each factor (e.g., FR1, FR2, etc.) indicate specific indicators within that factor.



The loadings indicate the strength of the relationship between each indicator and its corresponding factor. For instance, FR1, FR2, FR3, and FR4 have high loadings on the Family Responsibilities factor, indicating that these indicators are strongly related to the concept of family responsibilities. Similarly, FS2, FS3, FS4, FS5, and FS6 have high loadings on the Family Support factor, indicating that they are closely related to the concept of family support.

From table 3, it can be seen that all the indicator loadings are above the recommended benchmark of 0.7. Thus indicators loading was achieved in the study. And for questionnaire that didn't meet the loadings were expunged leaving a total of 21 questions that was run in the SmartPLS Software V3.

It can be suggested that family responsibilities, family support, time management, work demand, and women agripreneur performance are all interrelated in the context of the study. Women agripreneurs who receive adequate family support and are able to manage their time effectively are likely to perform better in their businesses. On the other hand, high work demands may negatively affect their performance. Therefore, policies and programmes aimed at improving work-life balance for women agripreneurs in Abuja, Nigeria, should focus on strategies that support them in managing their family responsibilities and time effectively, as well as reducing work demands. This could include providing access to affordable child care services, flexible working hours, and training in time management skills. By doing so, it is possible to improve the performance of women agripreneurs in the region and, consequently, contribute to the growth and development of the agricultural sector in Nigeria.

Table 4: Heterotrait-Monotrait Ratio (HTMT) Criterion

	Family Responsibilities	Family Support	Time Management	Women Performance	Agripreneur
Family Responsibilities					
Family Support	0.131				
Time Management	0.084	0.257			
Women Agripreneur Performance	0.058	0.439	0.839		
Work Demand	0.086	0.225	0.840	0.832	

Source: SmartPLS Output, 2023

The table shows the Heterotrait-Monotrait Ratio (HTMT) Criterion for the four factors of the study: Family Responsibilities, Family Support, Time Management, and Women Agripreneur Performance, as well as the Work Demand factor.

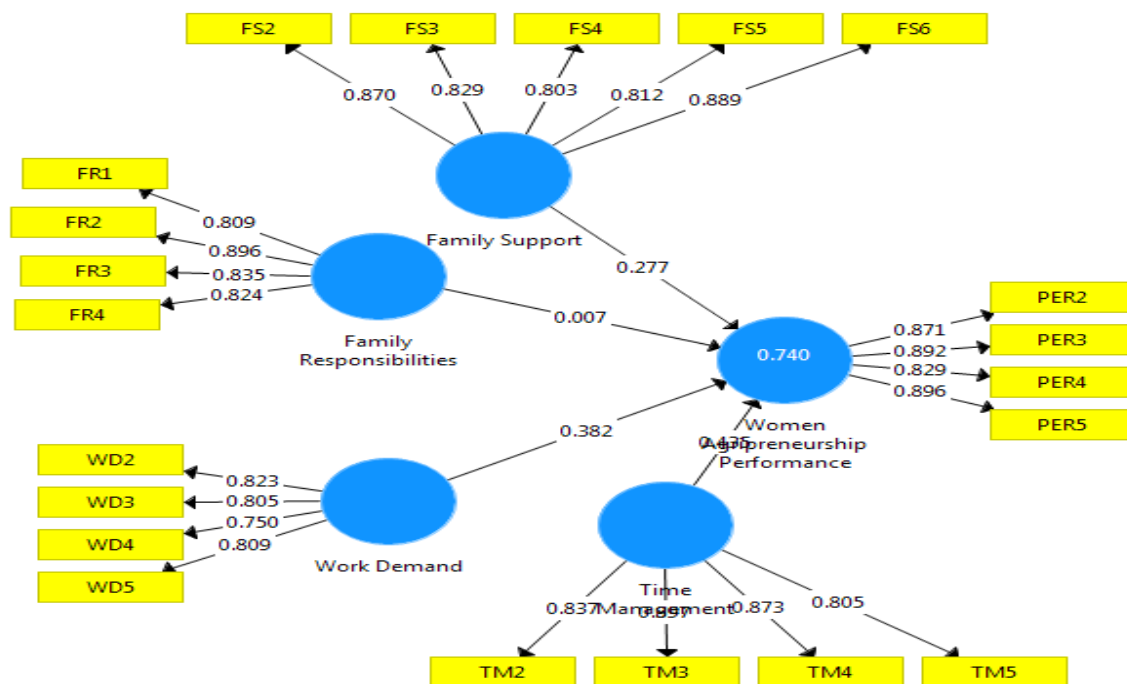
For this dissertation, table 4 shows the HTMT criterion for all the latent constructs. The discriminant validity of the construct is valid if the upper bound of the 95% confidence interval of HTMT is lower than 0.9. From table 9, this condition is satisfied.

The results indicate that the measures used in the study are reliable and valid for assessing the constructs of family responsibilities, family support, time management, women agripreneur performance, and work demand. This finding is important because it shows that the study can provide accurate and meaningful insights into the relationship between work-life balance and women agripreneurs' performance in Abuja, Nigeria. Therefore, policymakers and stakeholders can rely on the findings of the study to develop strategies and interventions that improve work-life balance for women agripreneurs, and consequently, enhance their performance. These strategies could include providing access to financial support, mentorship programmes, and training in time management and work-life balance skills.

Assessment of the Structural Model

To assess the structural model, Hair et al. (2013) suggested looking at the R^2 , beta, and corresponding t-values via bootstrapping procedure with a resample of 5000. They also suggested that, in addition to these basic measures, researchers should also report the effect sizes (f^2). Figure 2 showed the structural model results, the loadings and the R^2 values for Women Agripreneur Performance. The resample of bootstrapping procedure was done using 5000.

Fig 3: Estimated Structural Model



Test of Hypotheses

Table 5: Path Coefficient of the Model

Hypotheses	Beta	T Statistics	P Values	Decision	f ²
Family Responsibilities -> Women Agripreneur Performance	0.007	0.218	0.827	Accepted	0.001
Family Support -> Women Agripreneur Performance	0.277	9.654	0.000	Rejected	0.280
Time Management -> Women Agripreneur Performance	0.435	13.53	0.000	Rejected	0.337
Work Demand -> Women Agripreneur Performance	0.382	10.165	0.000	Rejected	0.258

Source: SmartPLS Output, 2023

Hypothesis One

The first hypothesis the study tested is:

H₀₁: There is no significant effect of family support on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

The result from table 5 shows that family support has significant effect on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria, with $\beta = 0.277$ and $p = 0.000$. Thus, hypothesis one was not supported and therefore rejected at 5% level of significance. Since there is enough statistical evidence to reject the null hypothesis, the study conclude that family support has a significant effect on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

Hypothesis Two

H₀₂: There is no significant effect of family responsibilities affect the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

The result from table 5 shows that family responsibilities does not have a significant effect on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria, with $\beta = 0.007$ and $p = 0.827$. Thus, hypothesis two was supported and therefore accepted at 5% level of significance. Since there is enough statistical evidence to accept the null hypothesis, the study conclude that family responsibilities



do not have a significant effect on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

Hypothesis Three

H₀₃: There is no significant effect of work demand on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

The result from table 5 shows that work demand has a positive and significant effect on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria, with $\beta = 0.382$ and $p = 0.000$. Thus, hypothesis three was not supported and therefore rejected at 5% level of significance. Since there is enough statistical evidence to reject the null hypothesis, the study conclude that work demand has a significant effect on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

Hypothesis Four

H₀₄: There is no significant effect of time management on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

The result from table 5 shows that time management has a positive and significant effect on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria, with $\beta = 0.435$ and $p = 0.000$. Thus, hypothesis four was not supported and therefore rejected at 5% level of significance. Since there is enough statistical evidence to reject the null hypothesis, the study conclude that time management has a significant effect on the performance of women agripreneurs in Federal Capital Territory, Abuja Nigeria.

Overall, the results suggest that while family responsibilities may have a positive influence on women agripreneur performance, family support, time management, and work demand may not be significant predictors of performance among women agripreneurs in the study area. However, it is essential to note that the effect sizes are relatively small, indicating that other unmeasured factors may have a more substantial impact on women agripreneur performance in the region. Therefore, policymakers and development practitioners should consider addressing these factors to support women agripreneurs and improve their performance.

Furthermore, the f^2 assess how the removal of a certain predictor construct affects an endogenous construct's R^2 value. The assessment of the effect sizes (f^2) shows significance of the relationships, but it does not show the size of an effect. Both substantive significance (f^2) and statistical significance (p) must be reported. To measure the effect size, Cohen's (1988) guidelines was used, which are 0.02 for small effects, 0.15 for medium effects, and 0.35 for large effects. Table 5 shows that almost all relationships had a medium effect except for family responsibilities that possesses a weak effect.

Table 6: Explanatory Power of the Model

Endogenous Variable	R Square	R Adjusted	Square
Women Agripreneur Performance	0.740	0.737	

Source: SmartPLS Output, 2023

Table 6 shows explanatory power of the model using coefficient of determination (R^2). With R^2 of 0.740, work life balance explains 74% of variance in Women Agripreneur Performance. The R^2 ranges from 0 to 1, with higher values indicating a greater explanatory power. As a guideline, the R^2 values of 0.75, 0.50, and 0.25 can be considered substantial, moderate, and weak (Henseler et al., 2009; Hair et al., 2011). The R^2 values of 0.740 indicates a moderate explanatory power of the exogenous variable. The R^2 value is also significant at 5% level.

Collinearity Test and Predictive Power of the Model

In order to make sure that the regression results were not bias, collinearity was examined using the Variance Inflation Factor (VIF). VIF values above 5 are indicative of probable collinearity issues among the predictor constructs, but collinearity problems can also occur at lower VIF values of 3 to 5 (Mason & Perreault 1991; Becker et al. 2013). Ideally, the VIF values should be close to 3 and lower. If collinearity is



a problem, a frequently used option is to create higher order models that can be supported by theory (Hair et al., 2016).

Table 7: Inner VIF of The Values

Variables	Women Agripreneur Performance
Family Responsibilities	1.011
Family Support	1.048
Time Management	2.152
Work Demand	2.164

Source: SmartPLS Output, 2023

To assess the predictive power of the model, the PLSpredict was employed. When interpreting PLSpredict results, the focus should be on the model's key endogenous construct (Women Agripreneur Performance), as opposed to examining the prediction errors for all endogenous constructs' indicators. The prediction statistics used to test the predictive power of the model in this dissertation is the root mean squared error (RMSE), which is defined as the square root of the average of the squared differences between the predictions and the actual observations.

To determine the predictive power, the study compare the RMSE values with a naïve the recommended naïve benchmark (produced by the PLSpredict method) uses a linear regression model (LM) to generate predictions for the manifest variables, by running a linear regression of each of the dependent construct's indicators on the indicators of the exogenous latent variables in the PLS path model (Danks & Ray, 2018). The test result is shown in table 8.

Table 8: Predictive Power of the Model

	RMSE		Q ² _predict	
	MV	LV	MV	LV
PER2	0.434	0.307	0.750	0.501
PER3	0.408	0.254	0.820	0.535
PER4	0.496	0.437	0.623	0.513
PER5	0.332	0.261	0.793	0.666

Source: SmartPLS, 2023

Base on the data above, majority of the dependent construct indicators in the PLS-SEM analysis produces higher prediction errors compared to the naïve LM benchmark, this indicates that the model has a low predictive power.

Discussion of Findings

The study conducted in the Federal Capital Territory, Abuja, Nigeria, examined the effect family support, family responsibilities, work demand, time management, on the performance of women agripreneurs. The findings of the study are summarized as follows:

Family Support: The study found a positive relationship between family support and women's agripreneur performance. Increasing family support was found to enhance the performance of women agripreneurs in the region. This result aligns with previous studies by Abdullah et al. (2018), Kithae and Keino (2016), Agha et al. (2017), and Welsh et al. (2018), which also highlighted the significant impact of family-related objective factors, such as family financial support, on the performance of firms led by female entrepreneurs.

Family Responsibilities: The study accepted the second hypothesis, indicating that family responsibilities do not significantly affect the performance of women agripreneurs in the Federal Capital Territory. This suggests that women agripreneurs in the region do not have excessive family responsibilities that would negatively impact their business performance. This finding is consistent with the research of Poggesi et al. (2015) and Kithae and Keino (2016), which also found that family responsibilities do not influence women's performance in business. However, Adom et al. (2017) discovered that some female

entrepreneurs believed their family roles and responsibilities had a negative impact on their business income and willingness to expand.

Work Demand: The third hypothesis was supported, indicating that work demand has a significant effect on the performance of women agripreneurs in the Federal Capital Territory. Factors such as high work pressure, required skills, and emotionally demanding interactions with clients or customers were found to significantly influence the performance of their businesses. This result corresponds with the findings of Agha et al. (2017), who studied workload and its relationship with job satisfaction and performance among teachers in Oman's higher education sector. They revealed a positive relationship between workload and job satisfaction/performance, emphasizing the importance of work-life balance initiatives.

Time Management: Contrary to the initial hypothesis, the study concluded that time management has a significant effect on the performance of women agripreneurs in the Federal Capital Territory. Effective time management was found to be an essential adjustment mechanism for female agripreneurs to improve their performance. This finding aligns with previous research by Rembulan et al. (2016), Fapohunda (2014), Kamaruddin et al. (2020), Bouguesr (2017), and Channar (2014), which highlighted the positive impact of time management on organizational performance and employee productivity.

Conclusion and Recommendations

The study of work-life balance involves the careful examination of women agripreneurs ability to concurrently cope with many-sided activities of life. Work-life balance has traditionally been assumed to involve the devotion of equal amounts of time to pay for work and non-work roles and the intent to maintain the balance between work and family life is very essential for their career and society at large. When not properly taken care of it may negatively affect the situation, forcing women agripreneurs to work harder and to further constraining the achievement of work–family balance. Unsurprisingly self-employed have been found to work longer than their counterparts. Since women entrepreneurs likewise women agripreneurs contribute to the growth of society through various businesses they are engaged in, it is very necessary to note that women agripreneurs played a significant role in ensuring that they balance their work life and family life reach an agreed ground. In conclusion, women entrepreneurs in general proved to have design and possess outstanding qualities that define their ability to balance issues between work and family-related aspects of life.

The following suggestions are being provided based on the study findings:

- i. The family members of the women agripreneurs should encourage the habit of supporting women agripreneurs when issues arise in terms of financial support, household work, moral support, and making suitable adjustments among others for the smooth running of their firms.
- ii. Women agripreneurs are encouraged to render necessary attention and resources the family needs as doing so will cement the family relationship.
- iii. Women agripreneurs should develop the attitude of attending to the workload that will not alter their level of commitment to other aspects of their life.
- iv. As managing time helps entrepreneurs to achieve recommendable performance, women agripreneurs should allocate time to all their activities, possibly, a monthly plan of activities can serve this purpose so personal life and work life should not conflict with each other.

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APPENDIX I: Research Questionnaire

S/NO	Question	SA (5)	A (4)	U (3)	D (2)	SD (1)
	Family Support					
FS1	I get financial support from my family members when the needs arise					
FS2	Members of my family, to an extent, pave means for me to access financial support, grants, or incentives from external sources					
FS3	Members of my family cooperate with me to get things done around the house					
FS4	My family members show interest and ask regularly about the condition of my enterprise					
FS5	Members of my family often proffer solutions to my enterprise and home-related problems					
FS6	Members of my family show up to manage my enterprise when others' activities seem to take my time					
	Family Responsibilities					
FR1	I have enough time to meet up with my house chore activities					
FR2	I ensure that the well-being of my family is not traded for any other thing					
FR3	My family feels my impact on care, financial, and otherwise, despite when surrounded by other activities					
FR4	I have enough materials and the necessary resources to attend to my house tasks					
FR5	I do the needful to avoid experiencing mental distraction at work caused by non-fulfillment of family Obligation					
	Work Demand					
WD1	Operating my enterprise often makes me feel that I have less time for other activities					
WD2	I am given entirely too much effort to ensure that my enterprise functions smoothly					
WD3	My enterprise requires an awful amount of time in a day compared with other activities I needed to attend to					
WD4	In most cases, I work overtime to ensure that my enterprise gets the needed attention					
WD5	The weight of my job in my enterprise has directly/indirectly caused a decline in my state of mental health					
WD6	The weight of my job in my enterprise has directly/indirectly caused a decline in my psychological state of mind					
	Time Management					
TM1	Due to time requirements for various activities, I divide my time properly to meet up with necessary activities					



TM2	I stay off paying reasonable attention to continue unprofitable routines or activities					
TM3	I usually keep my desk clear of everything other than what is needed and currently working on already					
TM4	Every day, I try possible means to make a list of the things needed to be done each day					
TM5	To an extent, I try to have a clear idea of what needed to be accomplished during the week, possibly for the next week					
TM6	Despite numerous activities, I still believe that there is room for improvement in the way I utilised time					
	Performance					
PF1	My enterprise shows profitability as evidenced by increasing revenue and net income.					
PF2	My enterprise always meets its cost-effectiveness objective of satisfying the needs of customers					
PF3	My enterprise gets positive feedback as a compliment from customers					
PF4	My enterprise market share is growing as shown by the increasing number of new customers					
PF5	My enterprise comfortably enjoys good sales growth in the market					
PF6	The current financial strength of this firm is recommendable over a period of time					
PF7	Employees of my enterprise have high morale is high due to achievements recorded so far					



Effect of Brand Personality on Customer Loyalty of Maclean Toothpaste in Keffi Metropolis.

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Abstract

Decline in the aggregate level of customer loyalty of Maclean toothpaste despite series of innovative activities necessitated this study which examined effect of brand personality on customer loyalty. A structured five-point Likert scale questionnaire was used in a survey design to gather primary data from a sample of 384 customers in Keffi Metropolis. Multiple regression analysis was used to analyse the data. The study found that brand sincerity has a negative and insignificant effect on customer loyalty while brand excitement has a negative and significant effect on customer loyalty also brand competence has positive and significant effect on customer loyalty. The study recommends that MaClean toothpaste should focus on reinforcing its sincere and genuine image. This could be done through Transparent communication about product ingredients, manufacturing processes, and quality standards can help build trust and authenticity. Also, Maclean toothpaste should invest in innovative marketing strategies, engage in social media campaigns, interactive content, and product promotions to generate excitement and capture the interest of customers in the Keffi Metropolis. This could be achieved through Collaborating with influencers or local celebrities to increase brand visibility and appeal. Similarly, Maclean toothpaste should highlight its expertise and commitment to oral care. This could be achieved by leveraging endorsements from dental professionals or obtaining relevant certifications in order to establish the brand's competence.

Keywords: Brand Competence, Brand Excitement, Brand Personality, Brand Sincerity, Customer Loyalty

INTRODUCTION

Globally, customer loyalty is a crucial aspect of any business, serving as a strong foundation for sustainable growth and profitability. As businesses continue to grow, they encounter unique challenges and opportunities related to customer loyalty that play a pivotal role in shaping how customers perceive brands and form connections with them. Thus, companies have been forced to adapt their brand personality to resonate with preferences of the customers at an any given time or location. Brand personality plays a significant role in shaping consumer perceptions and influencing their loyalty towards a particular brand. This connection can have a profound impact on customer loyalty, as individuals are more likely to remain loyal to brands that align with their own values, preferences, and self-concept.

Any brand personalities that can customer experiences or the corporate marketing activities tend to influence customer preferences. A good solution for making brand superiority is through brand personality (Cecelia, 2020). Sticking to brand personality helps in making a different identity and then end to better desirability for consumers. It helps ignite interest inside the consumers. Thus; each brand has its own distinct personality which in different and various situations will rise at consumer's view (Chi, et al. 2009). Customers loyalty is important for the continued growth of every industry. Customer loyalty is defined as committed customers who repurchase their needs (products and services) from a company or a special brand and suggest these products and services to their friends (Chi, et al. 2009). In reality, companies attempt to have customers who recognize and believe in brand personality and to reinforce the relationship between the brand and customer in order to increase the brand loyalty. Consumers perceive the brand on dimensions that typically capture a person's personality and extend that to a domain of brands (Rajagopal, 2008).



Moreover, the influence of brand personality on customer loyalty extends beyond the initial purchase decision. A brand's personality can shape consumers' perceptions of the overall brand experience, influencing their willingness to repurchase, recommend the brand to others, and engage in positive word-of-mouth communication. Furthermore, a strong brand personality can serve as a powerful differentiator in crowded markets, helping brands stand out amidst the sea of choices available to consumers. As customer loyalty becomes increasingly vital in an era of intense competition, understanding how brand personality impacts consumer behavior is crucial for companies aiming to foster loyalty, drive customer retention, and ultimately achieve sustainable growth.

Brand personality is a skeleton that helps a company or organization to configure the way customers feel about their product, service or mission. The personality of a company's brand provokes an emotional response in a specific consumer segment, to encourage positive actions that benefit the company. Customers are more likely to purchase a brand if its personality is similar to their characteristic (Lim, 2019). From the consumer point of view, brand personality is a way for them to express their personalities and define their lifestyle through material possessions. So, if these points fit with them, they will repurchase. On the other hand, creating some customer loyalty can get positive emotional experience because a loyal customer can be the promoters of its organization (Shaw & Hamilton, 2016).

A lot of brand scholars have done justice to brand personality. Brand Personality research got momentum after Aaker (1997) had developed a scale to measure it. He identified five brand personality dimensions and 15 facets: Sincerity (down to earth, honest, wholesome and Cheerful); Excitement (daring, spirited, imaginative and up to date); Competence (reliable, intelligent and successful); Sophistication (upper class and charming) and Ruggedness (outdoorsy and tough). Cleophas et al. (2022), suggested that sincerity, excitement and competence are most likely to affect consumer buying decisions despite any brand attributes that a customer may be attributed to. It is for this reason the study will adopt the three suggested above to find out if they affect customer loyalty.

Statement of the problem

Severe competition exists in Nigerian toothpaste industry; and surviving in such harsh competitive business environment needs the adoption of certain marketing strategies via brand personality. Maclean toothpaste is one of the early birds in the industry. In fact, it's dominance in the industry made almost all brands to be addressed as "Maclean" by consumers. It remained the leading brand in the market enjoying huge customer loyalty for a decent period of time.

However, the recent observations show a decline in the level of patronage as customers opt in for other brands notably OralB, Close-up, Colgate, Sensodyne among others. In the bid to overcome this situation, Macleans carried out series of innovative activities such as package redesign, expansion of product offerings among others. Yet customers have continued to show preference for competing brands which has made Maclean to loose its place as once "market leader". This calls therefore for a careful review of Macleans marketing activities since they determine loyalty.

A substantial amount of research has been dedicated to assessing the brand personality in terms of personality characteristics such as Bahar et al. (2016), Ari (2021), Cleophas et al. (2022), Cecelia (2023). However, none of the earlier studies has investigated the implementation of these practices on customer loyalty of Maclean toothpaste in Keffi Metropolis. It is against this premise that this study wants to find out the effect of brand personality on customer loyalty of Maclean toothpaste in Keffi Metropolis.

The specific objectives of the study are to:

- i. examine the effect of brand sincerity on customer loyalty of Maclean toothpaste in Keffi Metropolis.
- ii. determine the effect of brand excitement on customer loyalty of Maclean toothpaste in Keffi Metropolis.
- iii. ascertain the effect of brand competence on customer loyalty of Maclean toothpaste in Keffi Metropolis.



LITERATURE REVIEW

Brand Personality

The American Marketing Association (AMA) defines brand as “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors”. According to the dictionary of fundamental psychology, personality is the set of relatively stable and generally dynamic, emotional and affective characteristics of an individual's way of being. It refers to an individual's way of reacting to a situation.

Brand personality is a group of human characteristics which are reminded by a brand (Aaker, 1997). Kotler et al. (2009) defined brand personality as a combination of human characteristics that may be attributed to a special brand. Given these two definitions, brand personality is affected by the interaction between two factors. One is the characteristics that the company tries to attach to its brand as personality and the other is customers' perceptions about a brand personality. These two are not essentially the same. Brand personality is described from three sources: relationship between the brand and consumers, brand's mental image and product characteristics such as price, distribution channels, and the like (Lin, 2010).

According to Achouri and Bouslama (2010) brand personality is important for firms because they can be use as a strategic tool which reinforces the relationship between the brand and consumers. The reason can be the fact that consumers often like to choose a brand which is close to their personality (Park & John, 2011). It is in no doubt that brand personality describes a brand as possessing similar characteristics as a person and to buttress this fact. Frelings & Forbes (2005) explain that brand personality defines how an organization relates a brand with human personality traits for the purpose of creating symbolic relations that are strong, unique, distinct and consistent to the consumer. brand personality is affected by the interaction between two main factors: one is what the supplying firm tries to attribute to its brand as its personality; and the other is the customers' perceptions of the personality of a brand; which are not always necessarily the same (Mahbubeh & Mohammad, 2013). Brand personality, defined as all the personality traits of individuals associated with the brand, is a concept in the domain of relation-based marketing and helps to better understand, develop, and maintain the brand-customer relationships as well as explaining how such relationships affect the consumers' behaviors (Mahbubeh & Mohammad, 2013).

Brand Sincerity

Brand Sincerity refers to what extent the brand has down to earth, Honest, wholesome and cheerful characteristics. Brand sincerity is viewed as being down-to-earth, wholesome and cheerful (Aaker, 1997). Brand sincerity symbolizes the idea a brand would like to signal to potential relationship partners (Aaker et al., 2004). Sincere brands are seen to appeal more to nervous consumers who are likely to be unfailing with their ideal self concept (Tuan et al., 2012). Sincere brands are good at establishing long-term relationships with consumers, built on trust and dependable behavior (Heding & Knudtzen, 2009). A sincere personality possesses the following traits; Down-to-earth, honest, wholesome, cheerful, family-oriented. It can be defined as down to earth, family oriented, genuine. The relationship might be similar to one that exists with a well-liked and respected member of family. If a customer feels the brand to be like a member of family, he/ she will be committed to the relationship.

Aaker et al. (2004) were of the opinion that consumers would prefer brands with which they share sincere characteristics, thereby increasing the chances of developing a relationship with the brand. Brand sincerity increases consumers' preference for a brand. Sincere brand personality templates merit attention in the light of its prominence in the marketing world (Aaker et al, 2004). Furthermore, brand sincerity is fundamental in the sense that it can capture the majority of variance in personality ratings for brands (Aaker, 1997), a finding that is robust across individuals, product categories and cultural contexts (Aaker et al, 2001).

Brand Excitement

Brand excitement refers to daring, spirited, imaginative and up to date characteristics account for the brand to be excited. Brand excitement means spirited, young, up to date, outgoing personality (Aaker, 1997). If



a customer feels himself/herself having spirited, young, up to date, outgoing personality would like to associate with such brand that provides these personality characteristics. Although excitement personality relates to youth, it does not mean that only young customers would like such brands. Old people would also have such personality and continuously buy such brand. Excitement captures a brand that is high energy, whereas competence indicates a brand that is dependable (Aaker, et al., 2001).

Brand excitement personality is created in order to make customers feel lively and energetic while thinking about the brand (Cecelia, 2023). For instance, toothpaste firms should incorporate brand personality traits that position the spirited, young and up-date customers during brand decision making and positioning. This will create loyalty to the brand. A typical example was coca cola brand using customers name at their label. This action got some young and old individual customers excited. Meaning the brand has recognised them thus, lead to positive word mouth advocacy, satisfaction, retention, commitment and repurchase intention. Firms that fail to incorporate these traits lead to customer switching to the competitors brand. This will affect their usual returns via sales volume and profitability etc.

Brand Competence

Brand competence refers to what extent the brand has reliable, intelligent and successful characteristics. Brand competence is exuding traits of a brand such as reliability, intelligence and success (Aaker, 1997). Brand competence entails that a brand had proven, to consumers, its ability to deliver time and time again, it manifests the expertise power of the individual's personality (Cecelia, 2023). If an individual is competent, people rely on him/ her on the basis of his/ her competence. Brand competence is a brand's ability to achieve its goals, according to the Brand as Intentional Agents Framework (BIAF) (Kervyn et al., 2012).

A strong brand personality leads to brand competence that is favourable, unique, strong and congruent in the minds of consumers (Aaker, 1999). An organization as part of its personality traits must be able to align itself to depict a quality of reliability, intelligence and success. This creates a level of satisfaction to consumers who patronize such business organization. Brand competence plays an enormous role in brand differentiation in manufacturing industries such as toothpaste firms. It is a major factor or traits in differentiating items (Aaker, 1999). Reliable, intelligent, successful are the characteristics of brand competence. Erdem and Swait (1998) define brand competence as "the believability and reliability of the product position information contained in a brand, which entails consistently delivering what is promised". Focusing on brand competencies create a unique integrated system that reinforces fit among a company's diverse production and technology skills – a systemic advantage that competitors cannot copy and which consistently ring like a bell in the customers hears.

Customer Loyalty

Customers simply mean those who frequently patronize a firm's offering (goods or services). In other words, a customer is a stakeholder of an organization who provides payment in exchange for the offer provided to him by the organization with the aim of fulfilling a need and to maximize satisfaction. A customer is a business or individual that buys the goods or services of another company (Bloomenthal, 2019). Loyalty grows over time, as the customer gets experienced with the product. The customer would have got positive experiences with the product, which might also be the reason why the customer buys the product again. If customer's relationship length is higher, it shows that the customer is loyal. Hence, length of relationship will also have impact on brand loyalty.

Customer loyalty is the most important goal of implementing relationship marketing activities and is becoming more intricate to achieve as a result of increased competition that is why companies are trying hard to keep their customers loyal (Cecelia, 2023). For instance, a company will increase profit when loyal customers deliver free advertisement over positive word of mouth. Satisfied and happy customers recommend stores, products, or services to their family and friends, and they rebound and buy more. Besides buying more, they also work as a network to reach other potential customers by sharing experiences (Hague & Hague, 2016).



Brand Sincerity and Customer Loyalty

Cecelia (2023) investigated brand personality and customer loyalty of soft drink industries in Rivers State, with the purpose of establishing if brand personality had affects on customer loyalty. This study adopted survey research design. Based on the research questions, hypotheses were formulated. 108 copies of questionnaire were distributed to the 36 selected registered soft drink firms and dealers Port Harcourt. Pearson Product Moment Correlation Coefficient was used in testing the hypotheses with the aid of SPSS. The findings revealed that brand personality has a strong positive association with customer loyalty of soft drink industries in Rivers State.

Teimouri et al, (2016) Conducted a research titled “Studying the Relationship between Brand Personality and Customer Loyalty: A Case Study of Samsung Mobile Phone” with the purpose of exploring the relationship between brand personality and customer loyalty. Quantitative approach was used and 150 questionnaires were administered among customers of Samsung Mobile Phone in Isfahan, Iran. After, completion of data collection, in order to testing hypotheses of the study. The study utilized structural equation modeling (SEM) through Analysis of Moment Structure (AMOS) Program. Findings of their study revealed that there is a significant relationship among brand personality dimensions and customer loyalty

Brand Excitement and Customer Loyalty

Cleophas et al. (2022) examined the impact of social media on customer buying decisions via brand personality attributes among telecom products (e.g., mobile phones, sim cards, and data subscriptions) in Ghana. A positivist research paradigm with a non-probability sampling were deployed to achieve study goals. A structured questionnaire was designed to collect the data from subscribers of the telecom giants (MTN, Vodafone, and Airtel-Tigo) in the capital of Ghana through a non-probability sampling technique. Both self-administered and online survey (link) were deployed with strict adherence to Covid-19 protocols. PLS-SEM was applied to analyze the study hypothesis. The study identified five main brand personality attributes as mediators of the proposed framework. The study found that brand sincerity, brand excitement, and brand competence played a significant mediation effect on the relationship between social media usage and customer buying decisions, whereas brand sophistication and brand ruggedness did not. Ivana et al. (2022) aimed to empirically evaluate the relationship between the concept of brand personality and its dimensions and customer satisfaction and loyalty. The information was gathered through a survey that included 191 participants. Collected data was analysed using descriptive statistics, reliability and regression analysis in order to test the hypothesis. The results indicated that all five dimensions of brand personality have a significant positive relationship with satisfaction and loyalty, with excitement and competency as dominant.

Brand Competence and Customer Loyalty

Ari (2021) analysed the effect of reputation, competence on customer loyalty with customer trust as an intervening variable. The population in this study were students of private tertiary institutions in Central Java who are members of Services for Higher Education Institutions Region VI, while a sample of 5 private universities, using the purposive sampling method, was taken with the Slovin formula of 190 respondents. The analysis technique uses regression analysis. Research results showed that customer trust can be an intervening variable or able to mediate between the direct influence of reputation and competency on customer loyalty.

Makatiti et al. (2022) analysed the impact of reputation, equity and brand competence to the handphone brand loyalty in Ambon city. The population covered all handphone users in Ambon city. Purposive sampling technique was used where 75 respondents matched with the criteria. Multiple linear regression was used to analyse the data. The result showed that the variable of reputation, equity, and brand competence had positive and significant impact on the handphone brand loyalty in Ambon City.

Theory of Self-Congruity

This study underpinned on the theory of self congruity. According to Aaker (1996) some brands tend to be used as vehicles to express a part of self identity. The theory of self congruity suggests that self concept

image and brand image are described through shared constructs. He further expressed that, there can be a degree of congruence between self concept and product concept since consumers tend to choose products that reaffirm their self-schema (Sirgy, 1982). According to Hong and Zinkhan (1994), self-schema denotes a knowledge construct, which conceptually relates to information about oneself. External stimuli compatible with self-schema would tend to be willingly accepted and retained, in comparison with those external stimuli that are not compatible with self-schema. Therefore, because of the influence of self-schema, the self identity of a consumer should be congruent with the personality of the brand they consume. Hence a brand with a reliable personality that is congruent to the personality of the consumer can play the role of a partner or a friend that the consumer is familiar and comfortable with (Phau & Lau, 2000).

METHODOLOGY

The study adopted Survey research design and this is because the information or data needed for the study required the use of a structured questionnaire that will be administered to the respondents. The population of the study was of all customers of MaClean toothpaste in Keffi Metropolis. This population is infinite because there is no available data for the total number of MaClean customers in Keffi Metropolis. Since the population is infinite, the sample size of 384 for the study was determined using Cochran (1977) formula. The study used purposive sampling procedure to select the respondents. The questionnaire was structured using a five-point Likert scale. A scale containing 13 items developed by Cecelia (2023) was adapted to measure Brand sincerity (3 items), Brand Excitement (3 items), Brand Competence (3 items) and Customer Loyalty (4 items). Accordingly, a total number of 357 questionnaires were completely filled and returned giving a reasonable response rate of 93%. Hence all further analyses were carried out using the 357 valid responses. Data was analysed using multiple regression analysis with the aid of SPSS. The model is specified thus:

$$CLT_i = \beta_0 + \beta_1 BS_i + \beta_2 BE_i + \beta_3 BC_i + e_i \quad - \quad - \quad - \quad - \quad - \quad (i)$$

Where: CLT = Customer Loyalty, BS = Brand Sincerity, BE = Brand Excitement, BC = Brand Competence, e = Error term (5% = 0.05), β_0 = Intercept, $\beta_1 \beta_2 \beta_3$ = Coefficients of independent variables; i = cross sectional data

RESULTS AND DISCUSSIONS

		BS	BE	BC
BS	Pearson Correlation	1	.232**	.396**
	Sig. (2-tailed)		.000	.000
	N	357	357	357
BE	Pearson Correlation	.232**	1	.644**
	Sig. (2-tailed)	.000		.000
	N	357	357	357
BC	Pearson Correlation	.396**	.644**	1
	Sig. (2-tailed)	.000	.000	
	N	357	357	357
CLT	Pearson Correlation	.131*	.096	.411**
	Sig. (2-tailed)	.013	.069	.000
	N	357	357	357

Source: SPSS Output, 2023

Brand Sincerity (BS) showed a weak and positive relationship with Brand Excitement (BE) which stood at 0.232 which is significant at 5% level of significant. BS showed a moderate and positive relationship with Brand Competence (BC) which stood at 0.396 and is significant at 5% level of significance. BS showed a weak and positive relationship with Customer Loyalty (CLT) which stood at 0.131 which is significant at 5% level of significance. Also, BE showed a weak and positive relationship with BS which stood at 0.232

which is significant at 5% level of significance. BE showed a strong and positive relationship with BC which stood at 0.644 and is significant at 5% level of significance. BE showed a weak and positive relationship with CLT which stood at 0.096 and is significant at 5% level of significance. Also, BC showed a moderate and positive relationship with BS which stood at 0.396 and is significant at 5% level of significance. BC showed a strong and positive relationship with BE which stood at 0.644 which is significant at 5% level of significance. BC showed a moderate and positive relationship with CLT which stood at 0.411 and is significant at 5% level of significance. All the variables under study satisfy multicollinearity as though none of the independent variable is very strongly related to another with the benchmark set at 0.8.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.468 ^a	.219	.213	.4575	2.017

a. Predictors: (Constant), BC, BS, BE

b. Dependent Variable: CLT

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.777	3	6.926	33.088	.000 ^b
	Residual	73.888	353	.209		
	Total	94.665	356			

a. Dependent Variable: CLT

b. Predictors: (Constant), BC, BS, BE

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.908	.320		9.080	.000		
	BS	-.057	.065	-.045	-.879	.380	.843	1.187
	BE	-.281	.060	-.290	-4.714	.000	.584	1.712
	BC	.579	.061	.616	9.453	.000	.521	1.920

a. Dependent Variable: CLT

Source: SPSS Output, 2023

The result, as shown in the tables above reveal an R-square value of 0.219 which signifies that approximately 22% of the variation in customer loyalty (CLT) could be explained by the combination of brand sincerity, brand excitement and brand competence. The remaining 78% variation could be explained by other factors or variables not included in this study. The f-statistics stood at 33.088 and also the probability of the f-statistics was found to be significant at 5% level of significance ($p < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

The regression line $CLT = 2.908 - 0.057BS$ indicates a negative effect of brand sincerity on customer loyalty which could imply that customers perceive MaClean as not genuine in Keffi metropolis. The probability of t-statistics stood at 0.380 which is greater than 0.05 level of significance thereby indicating that the effect is not significant and as such the study accepts the null hypothesis which states that brand sincerity has no significant effect on MaClean toothpaste customer loyalty in Keffi metropolis.



The regression line $CLT = 2.908 - 0.281$ indicates a negative effect of brand excitement on customer loyalty which could imply that while initial excitement about MaClean might attract customers, it may not be sufficient to maintain their loyalty over time. The probability of t-statistics stood at 0.000 which is less than 0.05 level of significance thereby indicating that the effect is significant and as such the study accepts the alternative hypothesis which states that brand excitement has significant effect on customer loyalty in Keffi metropolis.

The regression line $CLT = 2.908 + 0.579$ indicates a positive effect of brand competence on customer loyalty signifying that Maclean's ability to consistently deliver quality products and meet customer needs plays a crucial role in fostering loyalty among customers. The probability of t-statistics stood at 0.000 which is less than 0.05 level of significance thereby indicating that the effect is significant and as such the study accepts the alternative hypothesis which states that brand competence has significant effect on customer loyalty in Keffi metropolis.

CONCLUSIONS AND RECOMMENDATIONS

This study looks at how brand personality affects customer loyalty of MaClean toothpaste in Keffi Metropolis. The study draws the conclusion that brand personality is crucial in defining Maclean toothpaste degree of customer loyalty based on research findings. The study concludes that brand personality traits, particularly sincerity, excitement, and competence, play a crucial role in shaping customer loyalty towards Maclean toothpaste in Keffi Metropolis. Customers are more likely to remain loyal to the brand when they perceive it as sincere, exciting, and competent.

Based on these, the study recommends that:

1. MaClean toothpaste should focus on reinforcing its sincere and genuine image. This could be done through Transparent communication about product ingredients, manufacturing processes, and quality standards which can help build trust and authenticity.
2. MaClean toothpaste should invest in innovative marketing strategies, engage in social media campaigns, interactive content, and product promotions to generate excitement and capture the interest of customers in the Keffi Metropolis. This could be achieved through Collaborating with influencers or local celebrities to increase brand visibility and appeal.
3. Maclean toothpaste should highlight its expertise and commitment to oral care. This could be achieved by leveraging endorsements from dental professionals or obtaining relevant certifications in order to establish its brand's competence.

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(Section B) Instruments	Questions	S A	A	U	D	S D
Brand Sincerity	I patronize this brand because of its quality					
	This firm's products are original					
	I choose this brand because the company proves its sincerity					



Brand Competence	This brand is suitable for special occasion						
	I prefer this brand to others because it's product brings confidence						
	This brand product suites my characteristics						
Brand Excitement	I choose this brand because it's product brings friendly feelings						
	Great feeling of pleasure using this brand						
	This brand product is up-to-date						
Customer Loyalty	I have positive purchase experience						
	I will choose this brand again						
	Even when I am offended, I will never switch to another brand						
	This brand surpassed my expectation						



Technological Opportunity, Intellectual Property rights and Small and Medium Enterprises (SMEs) Growth in North Central Nigeria.

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Abstract

This study examined the effect of technological opportunities and intellectual property rights on SMEs growth in North Central Nigeria. A cross-sectional research design using a structured questionnaire to collect data from respondents. The questionnaire was developed to elicit responses from the owners and managers of SMEs on the effect of technological opportunity and intellectual property rights on small and medium enterprises growth in North Central Nigeria. A total number of 362 copies of the questionnaire had been distributed to respondents, while 262 copies were returned, 2 cases of the returned questionnaire were removed due to inappropriate filling. This study adopted the Partial Least Square Structural Equation Modelling (PLS-SEM). The result revealed that technological opportunity and Intellectual property right have positive effects on growth of small and medium enterprises in the North-Central States of Nigeria. The study recommends that by enhancing the technological capabilities and productivity of the SMEs' operators, the government should implement policies that will strengthen its intervention in SME operations through knowledge and skills. The establishment of national policies and laws aimed at improving government spending on R&D will lead to an increase in research institutions and their funding. As a result, technological opportunities will grow. SMEs should engage with customers to understand their pain points and needs. Look for technology-driven solutions that can address these pain points and improve their overall experience with their products or services. It also suggested that SMEs with special products, talents, and production methods that set them apart from rivals should be preserved. The majority of inventive and creative goods and services rely on these individuals' intellectual property rights, which include copyrights, patents, trademarks, and related rights. SMEs are crucial to the expansion of economies in both developed and developing nations worldwide. Thus, by defending their patent, they will continue to promote innovation and raise the general level of knowledge in society.

Keywords: Technological Opportunity, Intellectual Property Rights, SMEs Growth.

INTRODUCTION

In today's growing multidimensional world, small and medium enterprises (SMEs) are engaged more on using technology to stimulate growth, client value and market differentiation as such, these businesses are embracing innovation technologies for invention, change and diversification and this is eventually the case in a recovering global economy (Peter, 2011). SMEs are important business organs which form a strong constituent of the global economy. In most emerging countries economic growth and employment are led by SMEs.

Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) and the Bureau of Statistics (NBS) conducted a poll in 2018 and the findings revealed that, SMEs account for over 96% of all enterprises in Nigeria, over 80% of employment, and close to 50% of the country's GDP. The creation of sufficient financial income, foreign exchange, increased employment, and the opening of Nigeria's borders to international competition are the keys to the country's economic emancipation. These goals are firmly reliant on the planned and disciplined growth of the SMEs sector, which has the potential to propel the Nigerian economy toward industrialization. Technological opportunities and the protection of intellectual property rights have helped developing nations' SMEs flourish by maximizing profits, lowering costs per unit, and increasing manufacturing efficiency. (Al-Mubarak & Aruna, 2013).



Through a variety of means, technological opportunities are crucial to the growth of SMEs. First off, capturing these chances might result in product or service differentiation, giving SMEs a competitive edge. (Song et al., 2017). Secondly, Technological opportunities has the potential to increase operational performance and cost-effectiveness while fostering growth. (Damanpour, 2014). Additionally, leveraging technological opportunities can facilitate market expansion, both domestically and internationally, by addressing unmet needs or entering new niches (Eisenhardt & Martin, 2000).

Intellectual property rights impact SMEs growth through various mechanisms. Firstly, IP protection, such as patents, copyrights, and trademarks, provides SMEs with exclusive rights to their innovations, preventing unauthorized use by competitors (Hall & Helmers, 2010). This protection encourages SMEs to invest in research and development, leading to innovation-driven growth (Maskus & Penubarti, 2004). Moreover, IP rights can serve as strategic assets, enabling SMEs to establish partnerships, attract investors, and negotiate licensing agreements (Fosfuri & Tribó, 2008).

Nonetheless, despite government and non-governmental interventions of programs and policies in providing access to finance, capacity development, and linkages to SMEs in North Central Nigeria, SMEs growth is slow and declining in employment, revenue, market share, and product development, necessitating the closure of some SMEs. SMEs are often unable to hire more employees (Olagunju & Abdulraheem, 2018). SMEs are unable to tap into their full revenue potential (CBN, 2019). SMEs struggle to compete effectively in both local and international markets (Olokundun et al., 2017). SMEs fall behind in terms of creating innovative products that can attract a broader customer base (Adegbite, 2019). These could be caused by technological opportunities and intellectual property rights.

Furthermore, there are limited empirical studies on the effect of technological opportunity and intellectual property rights on the growth of SMEs in North Central Nigeria that needs to be explored. Olusegun et al, (2019) studied the Impact of technological opportunity on SMEs growth in Abeokuta in Ogun state, Nigeria. The result showed that, technological opportunity has a strong, significant, linear and positive relationship with growth of SMEs. And also, Oyedele et al, (2020): Investigated intellectual property rights as a Pathway to Sustainable Business Performance: Empirical Evidence from SMEs in Nigeria. Their findings revealed that intellectual property rights, have a direct positive effect on SMEs growth in Ogun state. Their research worked focused only on SMEs in Ogun State in western Nigeria, and only looked at either technological opportunity or intellectual property rights, but this research work focus on SMEs in North Central Nigeria, studying both technological opportunity and intellectual property rights. Thus, this study examined the effect of technological opportunities and intellectual property rights on SMEs growth in North Central Nigeria.

LITERATURE REVIEW

Concept of Technological Opportunities

Technological opportunities refer to the ease with which innovations and technical improvement can be accomplished, and they can be jointly represented by increases in information spillover, cross-firm research, and research scope. (Olsson, 2005). Technological opportunity is the potential for technological progress in general or within a particular field. Technological opportunities include fresh concepts, emerging technologies, or market niches that SMEs can take advantage of to develop cutting-edge goods, solutions, or procedures. These possibilities are brought about by advances in science, modifications in consumer tastes, modifications in industry rules, or new trends that might be used to achieve a competitive advantage. (Shane, 2001).

Concept of Intellectual Property Right

Yamin (2003) defines intellectual property as the group of immaterial rights defending intellectual property that has commercial value. In addition to geographical markers, trade secrets, publicity rights, moral rights, and rights against unfair competition, this category also covers trademarks, copyrights, and patent rights. Plant breeders are also covered by intellectual property. The phrase "intellectual property right" (IPR) refers to works of the mind to which the law grants the designated owners the sole right of appropriation. The corpus of laws known as IPR Law is responsible for overseeing all pertinent aspects of intellectual



property rights, including ownership, registration, protection, licensing, assignment, and lifetime (Udoma & Osagie, 2016).

For SMEs' growth trajectories, effective management of intellectual property rights can have significant effects. By giving SMEs a distinctive selling concept and discouraging copycats, IP protection helps improve SMEs' market position. (Hu & Jefferson, 2009). Furthermore, IP rights can enable SMEs to enter new markets, expand product lines, and attract foreign investment (Cohen et al., 2000). Licensing or selling IP assets can generate additional revenue streams, facilitating financial stability and growth (Maskus, 2000).

Small and Medium Enterprises Growth

Growth is associated with the firm survival and achievement of organizational goals. It is measured in terms of employment, revenue, market share and product development (Pasanen, 2007). Organizational growth has gained interest among different academics mainly because it contributes to economy through new job creation. Growth is considered an indicator of organizational performance and it is associated with the achievement of financial goals. The turnover of the firm is the most frequent measure of growth, which addresses taxation concerns, whereas the number of employees is another measure of growth, which addresses the job concerns. There is interconnection between these two growth indicators within the context of SMEs, and they are used due to their visibility and simplicity to obtain within organizations (Fadahunsi, 2012).

Generally, the term “business growth” is used to refer to various things, such as increase in total sales volume, increase in production capacity, increase in employment, increase in production volume, increase in the use of raw material and power. These factors indicate growth, but do not provide a specific meaning of growth. Business growth is typically defined and measured using absolute or relative changes in sales, assets, employment, productivity, profits and profit margins. Delmar et al (2003) posited that various scholars use growth indicators such as assets, market share, physical output and profits to measure business performance. Yet they argued these indicators are usually not used as sales and employment, because their applicability is limited; thus, market share and physical output vary within different industries and are therefore difficult to compare; total assets value depends on industrial capital intensity and is sensitive to change over time; and, lastly, profits are simply appropriate in measuring size over a long period of time. Furthermore, Delmar *et al.* (2003) claimed sales and employment are two important indicators when measuring firm growth. Employment is often used, because it is comparatively easy to access and measure as well as because it lies within interest for policy makers (Barkham *et al.*, 1996).

Empirical Review

Kim et al. (2021) conducted a longitudinal study in South Korea to investigate the relationship between the use of technological opportunity and SMEs growth. They collected data from 150 SMEs in the manufacturing sector and analyzed the firms' performance indicators over a three-year period. The results demonstrated that SMEs leveraging AI technologies achieved higher productivity levels and innovation rates, leading to substantial growth in terms of market share and profitability

Olusegun et al, (2019) studied the Impact of technological opportunity on SMEs growth in Abeokuta in Ogun state, Nigeria. A sample of 126 respondents was identified, Linear Regression analysis was used to test the research hypothesis and the result showed that, Technological opportunity have a strong, significant, linear and positive relationship with growth of SMEs.

Smith et al. (2018) conducted a comprehensive study to investigate the impact of technological opportunities on SMEs' growth in the United States. Their research utilized data from a sample of 500 SMEs across various industries. They employed a panel regression model to analyze the relationship between technology adoption and SMEs' revenue growth over a five-year period. The study found a positive and statistically significant correlation between technology adoption and SMEs' growth. SMEs that effectively utilized technological advancements experienced higher revenue growth rates compared to those lagging in technology adoption



Akinyele et al. (2021). Studied intellectual property rights and sustainability of business growth. Empirical evidence of SMEs in Odeda, Nigeria. The study revealed that intellectual property rights play a significant effect on sustainability of SMEs business growth. A total number of 133 respondents was used. The analysis of data was done using regression and correlation models and chi square. However, this study used PLS-SEM for data analysis.

Pinzon-Castro et al. (2015). Investigated the relationship between intellectual property and SMEs growth: A Mexican SMEs perspective. They studied 125 SMEs in Mexican, the result obtains showed that intellectual property rights had a positive and significant influence on SMEs growth. But this study investigated SMEs in Nigeria.

Kim and Park (2020) investigated the influence of Intellectual Property Rights on the growth of technology-based SMEs in South Korea. The research revealed a significant positive relationship between IPR protection and the growth of such SMEs, particularly in terms of innovation and market expansion.

Resource- Based View Theory

Resource-based theory has been developed to understand how organizations achieve sustainable competitive advantages. The theory focuses on the idea of costly-to-copy attributes of the firm as sources of business returns and the means to achieve superior performance and competitive advantage (Barney, 1986; Conner, 1991; Hamel & Prahalad, 1996). A firm can be understood as a collection of physical capital resources, human capital resources and organizational resources (Barney, 1991). Resources that cannot be easily purchased, that require an extended learning process or a change in the corporate culture, are more likely to be unique to the enterprise and, therefore, more difficult to imitate by competitors. It is argued that performance differentials between firms depend on having a set of unique inputs and capabilities (Conner, 1991). According to resource-based theory, competitive advantage occurs only when there is a situation of resource heterogeneity (different resources across firms) and resource immobility (the inability of competing firms to obtain resources from other firms) (Barney, 1991). Therefore, this paper is underpinned by the resource-based view theory, because technological opportunity and intellectual property rights are resources that will provide SMEs with competitive advantage for growth.

METHODOLOGY

This study adopted a cross-sectional research design using a structured questionnaire to collect data from respondents. The sample size in this study was determined by using the prescribed formula of Mendenhall (1973) under the simple random techniques. A sample of 362 was estimated from a population of 3812 (NBS and SMEDAN 2017).

The questionnaire utilised for this study was adapted from various sources to fit the aims of this work. The questionnaire was developed by the researcher based on the work of (Fink, 2003) to elicit response from the owners and managers of SMES on the effect of technological opportunity, intellectual property rights on small and medium enterprises growth in North Central Nigeria.

Data analysis was conducted using Partial Least Square Structural Equation Model (PLS-SEM). A path model was therefore, estimated, to evaluate the causal relationship between technological opportunity (OP), Intellectual property right (IPR), and SMEs growth. This study adopted the Partial Least Square Structural Equation Modelling (PLS-SEM). Through the application SMARTPLS software.

RESULTS AND DISCUSSIONS

Response Rate

Table 1: *Summary of Response Rate*

Item	No of copies
Copies of Questionnaire distributed	364
Copies of Questionnaire Returned	362
Copies of the Questionnaire Removed	2

Usable copies of the Questionnaire	360
Response Rate	99.4%

Table 1 presents the response rate of distributed questionnaires. A total number of 362 copies of the questionnaire had been distributed to respondents, while 362 copies were returned, 2 cases of the returned questionnaire were removed due to inappropriate filling. Therefore, only 360 copies of the questionnaire were used for further analysis, constituting 99.4% response rate, which is suitable for further analysis (Tabachnick & Fidell, 2013).

Measurement Model

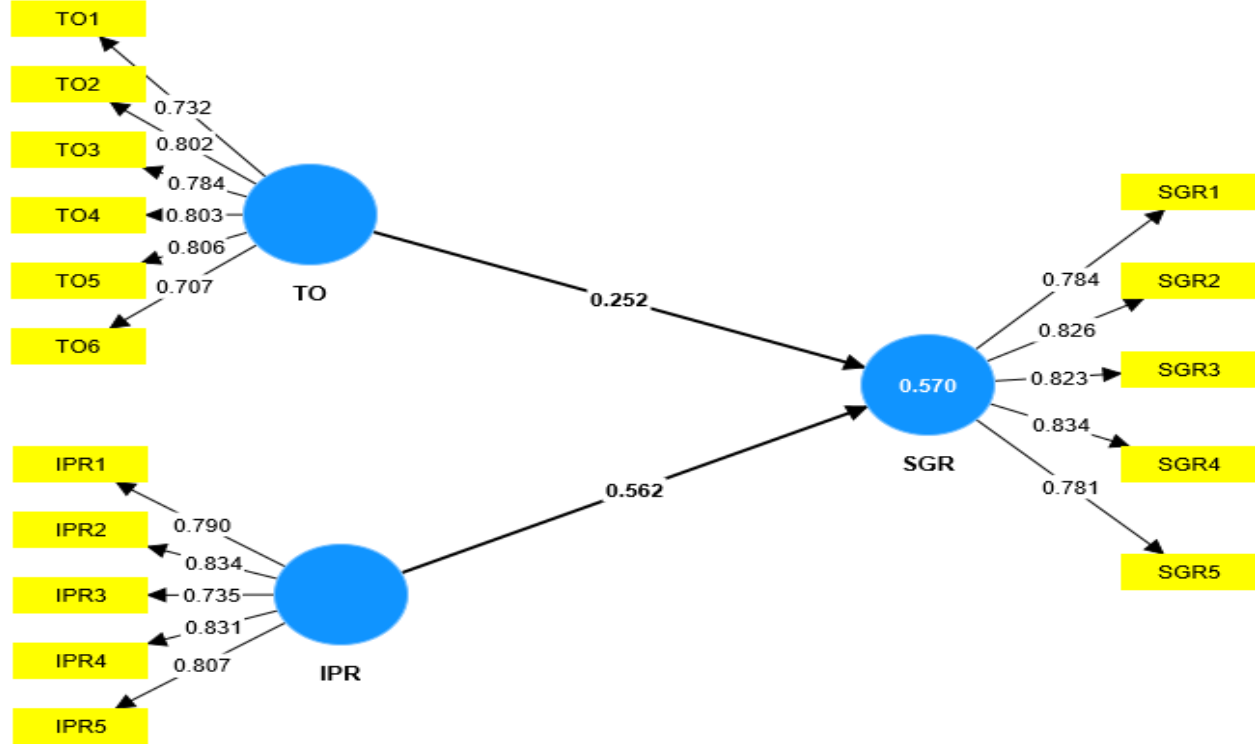


Fig. 1 Measurement Model

Table 2: Construct Reliability and Convergent Validity

Construct	Items	Loadings	CR	AVE
Intellectual Property right	IPR1	0.790	0.899	0.640
	IPR2	0.834		
	IPR3	0.735		
	IPR4	0.831		
	IPR5	0.807		
Technological Opportunity	TO1	0.732	0.899	0.598
	TO2	0.802		
	TO3	0.784		
	TO4	0.803		
	TO5	0.806		
	TO6	0.707		
SMEs Growth	SGR1	0.784	0.905	0.656
	SGR2	0.826		
	SGR3	0.823		
	SGR4	0.834		
	SGR5	0.781		

Note: AVE represents Average Variance Extracted; CR represents Composite Reliability.



Table 2 shows that all the items measuring the constructs loaded well. The CR of variables used in this study ranges from 0.899 to 0.903. Going by the rule of thumb of 0.70 and above for the acceptable values of composite reliability (CR), the study concluded that all these constructs are reliable as all their respective composite reliability's values are above the threshold. Also, AVE with 0.5 signifies that the latent construct explains a half of the variance of its items or factors.

Table 3: *Discriminant Validity: Heterotrait-Monotrait Ratio of Correlations (HTMT)*

Construct	IPR	SGR	TO
IPR			
SGR	0.839		
TO	0.782	0.720	

The HTMT measures factors' discriminant validity. Discriminant validity problems are present when HTMT values are high than 0.90 (Hair, et. al, 2019). Table 3 shows HTMT report; all values are below the minimum threshold of 0.90 therefore the construct of the study achieved discriminant validity.

Table 4: *Direct Path Coefficient*

Hypotheses	Beta Value	Standard Deviation	T Stat	P-Value	Decision
TO -> SGR	0.252	0.079	3.172	0.002**	Supported
IPR -> SGR	0.562	0.076	7.396	0.000**	Supported
R Square	0.570				

*** p< 0.01; **p< 0.05; *p <0.1

From Table 4, it can be deduced that Technological opportunity has a positive and significant effect on SMEs growth in North Central Nigeria at P value <0.05. This means a unit change in Technological opportunity will lead to 25.2% change in SMEs growth. As a result, Technological opportunity has significant positive effect on SMEs growth in North Central Nigeria.

Again, from Table 4, it can be seen that Intellectual property right has a significant effect on SMEs growth. This means that a unit increase in Intellectual property right will bring about a 56.2% increase in SMEs growth.

DISCUSSION OF FINDINGS

Technological opportunity has a significant positive effect on SMEs growth in North Central Nigeria. This result is consistent with the findings of Olusegun et al, (2019), Smith et al. (2018), and Kim et al. (2021). The technological opportunity's positive and significant effect on SMEs growth holds numerous economic implications. SMEs that embrace technology opportunity can enhance their efficiency, expand their market reach, drive innovation, and gain a competitive edge. These benefits, in turn, lead to job creation, increased revenues, economic diversification, and enhanced export potential.

Intellectual property right has a significant positive effect on SMEs growth in North Central Nigeria. This result is consistent with the findings of Akinyele et al. (2021), Kim and Park (2020) and Pinzon-Castro et al. (2015). The intellectual property rights positive and significant effect on SMEs growth holds many economic implications. Intellectual property rights enable SMEs to charge premium prices for their innovative products and services. Patents, for instance, provide a monopoly on the invention, allowing SMEs to set higher prices and generate greater revenue. Increased profitability results from a combination of higher prices, reduced competition, and enhanced market share. As SMEs grow and expand their operations due to the protection and monetization of intellectual property, they require a larger workforce. This leads to job creation, reducing unemployment rates and contributing to economic stability.

CONCLUSION AND RECOMMENDATIONS

The main objective of this study is to evaluate the effect of technological opportunity and Intellectual property right on growth of small and medium enterprises in the North-Central States of Nigeria. It was found that technological opportunity and Intellectual property right have positive effects on growth of



small and medium enterprises in the North-Central States of Nigeria. The study recommends that by enhancing the technological capabilities and productivity of the SMEs' operators, the government should implement policies that will strengthen its intervention in SME operations through knowledge and skills. The establishment of national policies and laws aimed at improving government spending on R&D will lead to an increase in research institutions and their funding. As a result, technological opportunities will grow. SMEs should engage with customers to understand their pain points and needs. Look for technology-driven solutions that can address these pain points and improve their overall experience with their products or services.

It also suggested that SMEs with special products, talents, and production methods that set them apart from competitors should be preserved. The majority of inventive and creative goods and services rely on these individuals' intellectual property rights, which include copyrights, patents, trademarks, and related rights. SMEs are crucial to the expansion of economies in both developed and developing nations worldwide. Thus, by defending their patent, they will continue to promote innovation and raise the general level of knowledge in society.

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Relationship Between Stock Market Capitalization and Performance on the Nigerian Economy

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Abstract

This paper examines relationship between stock market capitalization and performance on the Nigerian economy. Problems identified include the difficulty experienced in raising needed capital to finance key sectors of the Nigerian economy; the stock market is shallow in addition to low activities etc. The objectives included primarily to determine the extent of relationship between stock market capitalization and performance on the Nigerian economy, to access the effect of stock market capitalization and make policy recommendations. Hypothesis tested was that, there is no significant relationship between stock market capitalization and the performance of the Nigerian economy (2012-2022). Data was collected from secondary sources and was analyzed using multiple regression statistics. From the findings, results showed that there is a strong relationship between stock market capitalization and performance on the Nigerian economy with 91 percent (91%) degree of relationship. 2018 was identified as significant, as the year which marks the entrance of equity stocks in the capital market and by 2021, market capitalization hits ₦13 trillion. The paper concluded that, when the stock market is reasonably traded by public and private sectors with protected legal frameworks, the Nigerian economy will be more expanded for high growth. It was recommended among others, that the Federal Government of Nigeria should set up a stimulus account to boost the stock market and to enforce Degree No. 45 of 1999 for the establishment of the Commodity Exchange Market.

Keywords: Stock market, Nigerian Stock Exchange, Market Capitalization, Performance of the Nigerian Economy, Securities.

INTRODUCTION

The stock or capital market is a specialized market the world over. It is the market that drives the Nigerian economy, where securities and other long-term instruments for investments, like project financing, debt instruments are traded using the Nigerian Stock Exchange (NSE) as the market place. The market instruments used in the market for trading include- shares and stocks, bonds, debentures, and other long-term financial assets that are sold and bought. The participants in the Nigerian Stock market comprises of - the Nigerian Stock Exchange (NSE), the Central Bank of Nigeria (CBN), Commercial Banks, Stock Brokers/Dealers, Discount Houses, Development and special financial institutions, institutional investors as well as private investors.

The Stock Market Capitalization can be defined as the total worth of securities of quoted companies in the Nigerian capital market. Yasmin and Yusuf (2009) in their own contribution defined market capitalization as “A measurement of corporate size”. It can also be referred to as the value of a company, reflecting the number of outstanding stocks multiplied by the number of current stock price. The number of outstanding stocks in the other hand can as well be described as the stocks currently held by investors including restricted ones which are owned by the companies’ sponsors/subscribers to the memorandum. More so, it is the total amount of funds used in financing a firm’s balance sheet and it is calculated in value of units of shares which is one of the financial development indicators.

The Nigerian economy has on-going growth of development vis-a-vis the Nigerian Stock Market, which came to its peak at the period of recapitalization of the banking industry in 2004 (Soludo’s Central Bank of Nigerian (CBN) led administration). The recapitalization reform floated the stock market with billions of banking stocks, and the market for the first time heats its peak with over thirteen trillion naira (₦13.09) as stock market capitalization.



The decline in market capitalization in 2007 as a result of the low level of activities in the Nigerian Stock Market arising from financial meltdown, that blew every facet of the global economies, provoked the desire to inquire into the extent of relationship between stock market capitalization and performance of Nigerian economy. According to Ezeabasili (2009), for the past two decades, the value of stock listed in the world stock markets had risen from 4.7 trillion Dollars in 1980 to over 40.0 trillion Dollars in 2017 and the emerging market value increased from less than four percent (4%) to seven percent (7%) within the same period.

By comparison, the performance of the Nigeria Stock market and its capitalization with other world stock markets using All-share index and the Dow-Jone representing the world markets and the New York stock market index in particular for the year ended 2003 showed that out of 98 world economics, Nigeria was ranked 31st representing 55 percent (55%), while Bulgaria came 1st representing over 200.1 percent (200.1%), and 98th position representing 73.9 percent (73.9%) (Vuitton 2009). Similarly, at the continental level (Africa), the Nigeria stock market lost its first position to Kenya's stock market by finishing fifth in the financial year with a gain of 18.9 percent (18.9%) behind Kenya with a gain of 36.5 percent (36.5%) respectively. Also, during this period, the South Africa stock market with the largest size has a market capitalization of approximately 957 billion US. Dollars, while Egyptian Stock market was adjudged the most innovative in Africa, within the period under consideration.

Statement of the Problem

The Nigeria capital market is the market where stock exchange hands between the issuing companies and the prospective investors. The needed funds are to increase capacity utilization, production, consumption of goods and services, employment opportunities and standard of living in such a given economy.

However, based on the high expectation, it turns out to become very difficult to raise the needed funds from the stock market through the Nigeria Stock Exchange (NSE) to finance the desired projects to expand economic development. This scenario prevails as a result of the shallowness of the stock market capitalization which is one of the indicators often used as a measure of market size (i.e the total values of all listed securities). Furthermore, the problem of low stock market capitalization continued to decline occasioned by the low volume of stocks/ securities traded in the Exchange when compared with other Exchanges mostly in the developed countries. Besides, it is noted that medium scale entrepreneurs are unable to raise capital from the stock market as they cannot cope with the stringent measures of the capital market. The Nigeria capital market is still very low in its activities due to ignorance on the side of the investing and general public. Furthermore, the problem of infrastructural development in the Nigeria capital market is not helping matters as well. A country with over 156 million people, scattered in 36 states including the Federal Capital Territory, Abuja (July 2017 census estimate) with a total land mark of 910,768 square kilometers, has only a total of 14 Stock Exchanges with epileptic electricity supply, coupled with low level of awareness of the activities of the stock market in particular. Based on the above, as earlier stated the study seeks to examine the relationship between the stock market capitalization and performance on the Nigerian economy.

Objectives of the Study

The primary objective of this study is to determine the extent of relationship of stock market capitalization and performance on the Nigerian economy. Other objectives include:

1. To assess the attendant effect of stock market capitalization on the performance of Nigerian economy.
2. To recommend possible strategies for solving the problems affecting the relationship of stock market capitalization and performance on the Nigerian economy.

Hypothesis: There is no significant relationship between stock market capitalization and the performance of the Nigerian economy between 2018 to 2022.

LITERATURE REVIEW

The Lagos Stock Exchange was incorporated on 15th September, 1960 having met the required incorporated conditions then. However, the establishment processes continued until 5th June, 1961 when its door was formally opened for business transactions. The Lagos Stock Exchange was renamed the



Nigerian Stock Exchange (NSE in 1977) following the recommendations of Okigbo Panel Report on financial system Review Committee of 1976. Olowe (2017) described Stock Exchange as an organized market where listed securities such as stocks, bonds, debentures and derivatives are traded. It is a privately sponsored institution, limited by guarantee, and it's the establishment of the Federal Government of Nigeria (FGN).

Just like any other Exchanges around the globe, the Nigerian Stock Exchange (NSE) is a pool for raising long term funds for productive and financial investments in the economy which stimulates industrial growth with other functions. Moses (2004) enumerates these functions to include;

- i. To make capital available for domestic firms both at the primary and secondary markets in order to promote new investment and greater contributions to the nation's gross domestic product (GDP).
- ii. To attract portfolio investment from foreign investors who are always in the market searching for higher returns on their investment.
- iii. To mobilize domestic savings by offering wider range of alternative saving channels to savers, and
- iv. To facilitate unloading of governments shares in privatized companies under privatization program.

Onoh (2018) and Olowe (2017) in their contributions admitted that the stock market is the hub of the Nigerian capital market. It is a market where companies listed in the Nigerian Stock Exchange offer their stocks thereby creating surplus funds for corporate investors, governments and others to raise capital for projects and for both new issues and trading with existing stocks. The Nigerian Stock Market is basically for long-term funds unlike the money market which is for short-term funds. It is also classified into two, primary and secondary markets. The former is concerned with new issues of shares, debentures and others which can be done through public or offer for subscription, private placement, offer by introduction, and right issue. The later on the other hand is concerned with resale or repurchase of shares and bonds previously acquired from new issue.

Growth of the Nigerian Stock Market

The growth and development in the capital market can be traced to two dimensions. First the period of private sector securities (equities, performance shares, and debentures) which out- numbered the governments' dominated securities. The second dimension was the privatization of public enterprise in 2018 (ten years after private placement). Within this decade, many Nigerian enterprises had started quotation in the Nigerian Stock Exchange. By comparison, with the developed markets around the globe, the Nigerian market is an emerging one compared with the United State of America's market which has a composite price movement of 65actively traded stocks, consisting of 30 industrial stocks, 20 transportation stocks, and 15 utilities stocks respectively.

Olugunde (2017) had argued that for any stock market to perform the functions for which it was established, such market must be efficient in its operational character. Fisher and Jordan (2009) in support of this position, based on the Efficient Market Hypothesis (EMH) is of the view that today's price should reflect all current information, as the best estimate for tomorrow's present price value. In effect, the stock market is efficient if the depth of activities in relation to turnover of securities traded in the market is high, both in volume and value occasioned by long-term judgment. Ikoku (2009) concluded by saying that stocks are perpetuities as such stock markets are better judged over a long-run.

Performance of Stock Market on the Nigerian Economy

Ikoku (2009), Udom (2009), and Umoren (2007) in their studies have discovered that from independence in 1960 to 1987, the Nigerian Stock Market had been dominated by government securities and industrial stocks as there was no trading on equity stocks whatsoever. Based on that, equity trading as a proportion of total market capitalization and proportion of gross domestic product (GDP) all amounted to zero. From 2002, the market commenced trading on equities in addition to existed governments stocks and industrial loans at the floor of the Nigerian Stock Exchange.

Also, the Nigerian economy after independence in 1960 have had a truncated history. Between 1960 to 1970, gross domestic product (GDP) grew at an average of 3.1 percent annually. Similarly, during the oil boom of 1970 to 1978, the gross domestic product again recorded a significant growth as it doubles the previous period by 100 percent to close at 6.2 percent annually too (Federal office of statistic 2009). More so, from 1980 to 1998, aftermath of the structural adjustment program (SAP) in 1986 and the economic liberalization from 1994, the gross domestic product declined in growth from its peak of 6.2 percent to 4.2 percent. (FOS 209)

In 2004, Nigerian capital market picked up again when the Federal Government in her budget presentation announced the removal of capital gained tax as a relief of chargeable assets from shares and stocks of every description. This development encouraged more investments in the stock market and the resulting effect was an up-shoot of market capitalization (Udom, 2010) Arising from above, the performance of the Nigerian economy improved remarkably, and was attributed to widening of the stock market. This induced both local and foreign investors due to removal of restriction on ownership of assets, reduction of foreign exchange rate as well relaxing other controls and rigidities in the system.

METHODOLOGY

This study was carried out to determine the extent of relationship between stock market capitalization and performance on the Nigerian economy. The performance of the Nigerian economy is considered as a function of several stock market variables. The dependent variables are the performance of Nigerian economy while the independent variables are led by stock market capitalization, volume of shares traded, value of share traded, Nigerian Stock Exchange (NSE), All-share index, and number of institutions. Multiple regression analysis was used to examine the extent of relation between the two variables used. The variables of interest with respect to stock market capitalization and performance of stock market capitalization and performance of Nigerian economy are presented in an equation as follows:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + e_1$$

Where Y = the performance of the Nigerian economy

a = constant term (other characteristic variable(s))

b₁.....b₅ = regression coefficients **x₁ = stock market capitalization** **x₂ = volume of stock traded** **x₃ = value of stock traded** **x₄ = NSE All-share index** **x₅ = number of institutions**

e₁ = Error term

The linear model as the leading equation used was based on the performance of the coefficients of multiple determinations and the number of significant variables. The justification for the use of regression equation for the study lies in the fact that it is a prediction method which assumes a cause effect between variables. In other words, regression analysis identifies the relationship between variables in the form of an equation in which one can predict one variable (dependent) on the basis of another (independent) variable(s).

Data Presentation, Discussion and Findings

Data Presentation:

Table 1: Growth in the number of listed securities for the period of 2012 - 2022

Serial No./Year	Period	Government Stocks	Industrial Loans	Equities Stocks &SSM	Total
0	2012	51	35	102	188
1	2013	47	40	111	198
2	2014	43	43	131	217
3	2015	40	57	142	239
4	2016	36	62	153	251
5	2017	37	71	174	282
6	2018	35	64	177	276
7	2019	28	67	181	276



8	2020	16	39	113	176
9	2021	22	60	182	264
10	2022	19	59	186	264
Total		331	592	1,620	2,543

Sources: NSE Factbook various issues (2023)

Results of Regression Analysis (Double Log Form)

Variables B		Std. Error	T.Cal	Sig.
Constant	23,415.163	6,322.094	6.105	0.000
Market Capitalization	0.229	0.009	0.010	0.001
Volume of stock traded	7.309	3.142	2.121	0.100
Volume of stock traded	23.427	34.131	8.151	0.124
NSE-All-Share Index	224.760	101.210	11.950	0.198
Number of listed companies	1.496	0.212	0.102	0.010
R2	0.913			
F-ratio	69.240			

This section focuses on the result of the presentation and analysis of data collected. Based on the analyses and testing of hypothesis in connection with data obtained mainly from the secondary sources, it reveals that there is a strong relationship as per the performance of the Nigerian economy as a result of the positive coefficient of the various market indicators which are anchored by stock market capitalization. The regression results showed a high regression square (R-square) value of 0.913 or 91 percent. Based on this, the hypothesis was rejected in favour of the alternative as it tends to portray that a marginal increase in market indicator(s) will also bring about a marginal positive performance on the Nigerian economy. Even though government stocks and industrial loans dominated the Nigerian stock market after its inception without the participation of equity stocks; the Nigerian stock market was still doing fine in the continent and can be relatively compared with other stock markets in the world. The year 2012 marks the entrance of equity stocks in the stock market with 102 stocks traded as a proportion of total market capitalization of 0.0624 which is a little above 6 percent. After this period, the stock market capitalization was fluctuating until 2017 when it reached its peak recording over ₦13.00 Trillion as a result of the influx of the banking stocks in the system. The result also showed that the Nigerian stock market cannot be pushed aside both at the international and the local levels as its All-share index can be compared favourably with that of the developed economies around the globe as viewed by Lowe (2018).

CONCLUSION AND RECOMMENDATIONS

From the findings, results showed that, there is strong relationship measured above ninety-one percent (91%) between stock market capitalization and the performance of the Nigerian economy. As such the recapitalization exercise in the financial system as measured, has stimulated growth in the economy, causing the market to respond to the forces of demand and supply. Arising from such performance, the Nigerian stock market is one of the strongest in Africa and also the best emerging market in the world. Therefore, with protected legal frame work, the stock market is capable of stimulating expanded economy for economic growth and development.

The following recommendations were made:

1. For the stock market capitalization to achieve better performance to regain its 2017 glory, when for the first time market capitalization hit over ₦ 13 trillion; the federal government should set up a stimulus account to boost up the market, so that the stock broker and stakeholders can access the funds, for more investment.



2. More innovative formal looking regulations and reforms should be enforced in the sub-sector. Besides proactive supervision, modified legal framework and institutional drivers of growth and development should be given rightful attention.
3. The federal government of Nigeria should use its power to enforce decree no. 45 of 1999 for the establishment of other stock exchange like the commodity exchange to compliment the effort of the stock exchange.

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Strategic Human Resource Management and Performance of Manufacturing Firms in North Central, Nigeria

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Abstract

Strategic human resource management (SHRM) can be thought as a broader perspective of human resource management (HRM) in realizing firm strategies and goals affecting all HRM functions such as strategic recruitment and selection, strategic planning, strategic training and development, strategic compensation and reward systems, strategic succession and strategic appraisal. The study examines the effect of Strategic human resource management and performance of manufacturing firms in Nigeria. Despite the effort placed on strategic human resource management by manufacturing firms in Nigeria to enhance performance, the performance of these manufacturing firms has remained low. The main objective of this study was to examine the effect of SHRM on the performance of manufacturing firms in Nigeria. The survey research design method was adopted and the Structural partial least square equation modeling (Smart-PLS) method of analysis was employed to analysed the data that was gotten from primary source through the administration of questionnaire to the respondents. Finding revealed that recruitment has a positive and insignificant effect on organisation performance. While compensation has a positive and significant effect on performance, of manufacturing firms in Nigeria. The study recommends that managers of manufacturing firms ought to leverage on compensation packages that can be used to motivate employees to put in their best resulting to the overall organization performance.

Keywords: Strategic Human Resource Management, Employees' Recruitment, Compensation, Organizational Performance

INTRODUCTION

Human capital is one of the most important resources of contemporary firms because people possess tacit knowledge which the organization can use to leverage its competitive advantages. This attribute of human capital fulfills the VRIN (valuable, rare, inimitable, and non-substitutable) criteria of a competitive resource as advocated by Barney (1991) thus making strategic management of human resources a central feature of contemporary competitive organizations. Strategic Human Resource Management (SHRM) implies a managerial orientation that ensures that human resources are utilized in such a way that delivers value to the organization by giving it competitive advantages thus leading to the attainment of organizational goals, vision, and mission (Kiiru, 2015). The notion of SHRM evolved in the 1990s with an amplified prominence on a proactive, integrative and value-driven approach to human resource management that focuses on issues such as the fit between human resource management practices and organizational strategic goals, the incorporation of human resource management in the organizational strategic management, the participation of human resource role in senior management teams, the devolvement of human resource practices to line managers and taking of strategic approach to employee compensation, selection, performance appraisal and the value that is added to the organizational performance by human resource management (HRM) (Arthur, 1994; Huselid, 1995; MacDuffie, 1995; Schuller, 2002; Kiiru, 2015; Begum, 2016).

The key rationale of these changes has been to improve the cost-effectiveness, efficiency and performance of public organizations. Government-owned entities have therefore been under immense pressure to follow private sector managerial practices such as performance management, customer orientation, and a heightened strategic focus (Truss, 2008). Truss further observes that improved HRM helps facilitate the acquisition, training and retention of esteemed employees thus serving to improve organizational cost-effectiveness and creates a performance-driven culture via the adoption of a more strategic HR function. However, the attendant benefits associated with SHRM notwithstanding, the question that begs for an answer is the extent to which public institutions especially in developing countries have employed SHRM practices in their operations.



Strategic Human Resources Management Practices SHRM practices are those decisions and actions which concern the management of employees at all levels in the business, and which are related to the implementation of strategies directed towards sustaining competitive advantage (Dimba, 2010). Even though advancement in the direction of identifying precisely which HR practices are linked with better organizational performance has been unsatisfactory, it is recognized that there are four main areas in which human resources strategies may be developed. These include recruitment, training, compensation, and performance management (Armstrong, 2002; Foot & Hook, 2009).

Pfeffer (2000) opines that a number of HR practices are constantly superior to others and that all organizations ought to adopt them. He further argues that increased utilization of management practices, for instance selective recruitment, incentive pay, employment security, employee participation, performance management, training and promotion from within, results in increased output across organizations. Likewise, Osterman (2004) noted that a number of modern work practices, such as job rotation, job design, total quality management, and quality circles, result in inefficiency in organizations. These practices identified by Pfeffer and Osterman are also referred to as high performance work practices, or simply best practices.

Abdulkadir (2009). observes that whereas the domain of traditional HRM covers the acquisition, development, reward and motivation, maintenance and turnover of employees; the typical areas of concern in SHRM include HR planning and capability audits, recruitment and selection of employees, skill development and training, career progression, performance appraisal, Formulating employment conditions, and compensation and reward regardless of whether the firm is in the public or private sector. In this study, the researchers have focused on four categories of SHRM practices deemed critical to overall performance of the organization: recruitment and Compensation.

Despite the effort placed on human resource management by manufacturing firms in Nigeria to enhance performance, the performance of most manufacturing firms has remained low (Gerhart 2000). It is on this basis that the researcher sought to examine the effect of strategic human resource management on the performance of manufacturing firms in Nigeria.

- i. Evaluate the effect of employees' recruitment on the performance of manufacturing firms in Nigeria
- ii. Determine the effect of compensation on the performance of manufacturing firms in Nigeria

LITERATURE REVIEW

Concept of Strategic Human Resource Management

The emergence of SHRM is a result of organizations' strategic management tendencies. In today's management practices, all business functions try to link their work methods and practices with firm strategy to achieve higher organizational performance. So, as it is stated by Miles and Snow (1984), SHRM emerges when HR departments try to harmonize their strategies, processes and practices with firm strategies. If you do not observe such a link between HRM and firm strategies, HRM stay as a functional process in the organization.

For companies, strategic human resource management practices can be thought as a tool to achieve competitive advantage. Because strategic human resource management practices are aligned with firm strategy to achieve higher organizational performance (Wright and McMahan, 1992; Jackson and Schuler, 1995). According to Schuler (1992), SHRM is related to effective use of human resources of companies to achieve strategic needs of organizations. According to Wright and McMahan (1992), SHRM is "the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals.

As it is stated by many researchers, SHRM vertically tries to link human resource practices and strategies with the organizations' strategies and strategic management processes. On the other hand, horizontally, it tries to coordinate and harmonize human resource management strategies and practices in itself (Schuler and Jackson, 1987; Guest, 1989; Wright and Snell, 1991; Schuler, 1992). As a result of this organizations and academicians have begun to think HRM in a broader perspective to realize firm strategies and goals.



The strategic thinking affected all HRM functions which called later such as strategic recruitment and selection, strategic planning, strategic training and development, strategic compensation and reward systems, strategic succession and strategic appraisal. All these HR functions and processes tried to integrate with both horizontally HR strategies and vertically business strategies and goals.

Concept of Recruitment

Ashok and Priyanka (2014) define recruitment as the process of using internet to identify and attract potential employees to the organization. Taylor (2021) also defined recruitment as an online process of attracting suitable workforce via electronic means. Base on this two definition, E-recruitment attracts and provides convenience in selection process where it instantly matches applicant's qualification, skills, experience with job description, consequently informing the prospective candidate for its selection prospects.

Parry and Wilson (2019) recruitment is an exercise carried out by the application of various electronic means. They view online, internet or web-based recruiting as the use of internet to identify and attract prospective employees such as advertising a vacant position and attracting a good number of applicants through organization's websites and internet job board (Borstorff et al., 2017). Anna (2012) made it known that "recruitment system is a back-office system for administrating the recruitment process and is normally designed to allow applicants to submit their data electronically". Thus, recruitment serve as a platform concerned with recruitment activities performed using various electronic application and the internet, including online recruitment and E-collection system.

Concept of Employee Compensation

DeNisi and Griffin (2001), compensation is a reward system that a company provide to individuals in return for their willingness to perform various jobs and tasks within organizations. They further stated that relevant and commensurate rewards need to be provided to the employees' so that they feel valued and their expectations on exchanging their skills, abilities and contribution to the organization are met.

Chabra (2001), refers to Compensation as a wide range of financial and non-financial rewards given to employees' in exchange for their services rendered to the organization. According to him, it is paid in the form of wages, salaries and employee benefits such as paid vacations, insurance, maternity leave, free traveling facility, retirement benefits, etc. He indicated that the term 'wage' is used to denote remuneration to workers doing manual or physical work. Thus, wages are given to compensate the unskilled workers for their services rendered to the organization. Wages may be based on hourly, daily, weekly or even monthly bases.

Organizational Performance

According to Kaplan & Norton (1996), organizational performance is a complex, multidimensional construct that cannot be measured in the short-run by the traditional financial measures such as profit without taking organizational goals into consideration. Pearson and Robinson (2002) argue that the traditional measures of financial performance give inadequate or inaccurate perspective to the status of the business and its ability to keep improving and contend that an organization should relentlessly try to find ways to improve and enhance its qualitative measures. These propositions are supported by Waiganjo et al (2012) who have argued for a wider performance construct that incorporates aspects of non-financial measures such as effectiveness, efficiency, quality, and company image. The Institutional and Organizational Assessment Model (IOA); a framework used for Organization Performance Assessment (OPA), views the performance of an organization as a multidimensional idea, which is a balance between effectiveness, relevance, efficiency, and financial viability of the organization (Kiiru, 2015).

The framework also posits that organizational performance should be examined in relation to the organization's motivation, capacity and external environment. Thus, organizational performance should be evaluated using various indicators such as effectiveness, efficiency, customer satisfaction and financial leverage depending on the nature of the organization (IDRC, 2002). The United Nations Development Programme (UNDP, 2010) defines organizational effectiveness as the extent to which a firm achieves its



immediate objectives or fulfills its mission. Scott (2003) describes it as a measure of performance against a defined standard.

Empirical Review

Muhammad (2015) investigates the impact of eight strategic human resource management practices on the four competitive priorities (i.e., cost, quality, delivery and flexibility) of the manufacturing performance when controlled for information sharing and relationship with employees. A sample of 182 usable survey questionnaires is collected from 90 organizations of 15 manufacturing sectors based in Karachi. The method of exploratory and confirmatory factor analyses was used to assess the reliability and validity of the measurement model. The structural equation modeling method was then applied to examine the theoretical framework. The results of the structural model show that all of the eight strategic HRM practices collectively demonstrate a very good model fit between the theory and the sample drawn however, both performance appraisal and employment security have been found statistically significant to predict these four priorities in isolation too.

Thite et al (2015) investigate the influence of E-recruitment on the performance of organizations in Nigeria with specific focus on telecom industry. Survey research design was adopted, employees of Telecom organizations in Lagos, Nigeria constitute the study population and total of 165 copies of structured questionnaire were distributed using purposive random sampling. 120 copies of questionnaire were retrieved from the target respondents. Inferential statistics was used to analyze the data, specifically; ordinary least squares linear regression method was employed with the aid of Statistical Package for Social Science (SPSS) version 20. The result revealed that e-recruitment has significant influence on organizational performance. Thus, it was recommended that organizations should adopt e-recruitment as a part of their operational components of their HR strategy in this fast changing and highly competitive world.

Alam (2014) examined the recruitment on organizational effectiveness in Islamabad. A quantitative research method was used, the study population comprised of employees of different organization in Islamabad. After conducting a pilot testing, 120 questionnaires were distributed and 108 questionnaires were returned. Correlation test and regression analysis were employed for analysis and it was established that the correlation between recruitment and organizational effectiveness was positive as E-recruitment was found influence organizational effectiveness positively. Thus, it was concluded that recruitment process helps in identify best candidate for the jobs and helps creating a huge pool of candidates to select the most talented individuals for the organization

Okoye (2022) examined compensation and organizational performance, a study of Muoka foam in Lagos state. Questionnaire was used to collect data from the staff as it concerns safety management. The population and sample size of the study was 875. Purposive sampling techniques were adopted. The study used survey research design due to the nature of the work. Primary and secondary sources of data were used in the study. Correlation analysis was used to analyze the collection questionnaire. From the analyses tested, the study found out that, salary increase has significant effect on organizational performance. Promotion has significant effect on organizational performance. Recognition has significant positive effect on organizational performance. The study recommended that once in a time salary should be increase for the committed staff to encourage showing that their efforts are being recognize.

Friedrich and Wahba (2021) investigated the effect of compensation on organizational effectiveness through the employee's personal traits as mediator. Survey research design was adopted; all 700 employees of Sewedy electronics in Egypt form the target population. Accordingly, 450 copies of questionnaire were distributed randomly in the EPC Company. 372 copies of questionnaire were collected back and data collected were analyzed using regression analysis. It was revealed that e-compensation has a direct positive effect on EPC company organizational effectiveness. Meanwhile, the analysis also revealed the existence of the mediation effect of employee's personal traits between E-HRM and organizational effectiveness.

Rao and Alshar (2021) investigated the impact of compensation on employees' experience and satisfaction in Jordanian Banks. The study was carried out using a survey design and the target population comprised of all employees working with eight banks (Jordan bank, Cairo bank, Arab bank, Islamic bank, Ahli bank,



Citi bank, Audi bank and Kuwait bank) out of 26 banks in which HRM system is being implemented. Six hundred survey questionnaires were mailed to employees of the eight banks and 290 questionnaires were returned, while two hundred fifty-seven (257) of these were found to be properly filled and the data collected were analyzed employing Chi-square test at 5% level of significance using SPSS statistical software. The result showed that, employee experience played a major role in reaction of the employee (satisfaction or dissatisfaction) due to implementation of e-compensation system in Jordanian banks.

Resource Base-View Theory

The theory that best suits this study is the Resource Based View (RBV) theory, which was founded on the work of Penrose (1959). There is strong evidence that supports the Resource Based View (Crook, Ketchen, Combs, & Todd, 2008) which indicates that firms compete in an ever changing and dynamic business environment. Organizations can attain and achieve a sustained competitive advantage through their employees according to Barney (2001). This can be realized when a firm has a human resource pool that cannot be imitated or substituted by its rivals or competitors. The RBV as a basis of competitive advantage lies primarily in the application of the bundle of valuable resources at the disposal of the firm. The firm has to identify the key potential resources which should fulfill the criteria of being valuable, rare, in-imitable and no substitutable by the firms' competitors (Galbreath, 2005) in the area in which the firm operates. Resources are stocks of available factors that are owned or controlled by the firm, and capabilities are an organizations' capacity to deploy resources. Essentially, it is the bundling of the resources that builds capabilities.

Human Capital Theory

Human capital theory was developed by Becker (1962) and Rosen (1976), argues that individual workers have a set of skills or abilities which they can improve or accumulate through training and education. Human capital theory is associated with the resource-based view of the firm as developed by Barney (2001). This proposes that sustainable competitive advantage is attained when the firm has a human resource pool that cannot be imitated or substituted by its rivals. Boxall (2008) refers to this situation as one that confers 'human capital advantage'. But he also notes (Boxall 2006 and 2009), that a distinction should be made between 'human capital advantage' and 'human process advantage'. The former, results from employing people with competitively valuable knowledge and skills, much of it tacit. The latter, however, follows from the establishment of difficult to imitate, highly evolved processes within the firm, such as cross-departmental co-operation and executive development.

However, Davenport (2009) has some cautionary words about the asset-based content of human capital theory. He argues that workers should not be treated as passive assets to be bought, sold and replaced at the whim of their owners – increasingly, they actively control their own working lives. Workers, especially knowledge workers, may regard themselves as free agents who can choose how and where they invest their talents, time and energy. He suggests that the notion that companies own human assets as they own machines is unacceptable in principle and inapplicable in practice; it short-changes people by placing them in the same category as plant and equipment. Important though human capital theory may be, interest in it should not divert attention from the other aspects of intellectual capital social and organizational capital – which are concerned with developing and embedding the knowledge possessed by the human capital of an organization. Schuller (2010) contends that: The focus on human capital as an individual attribute may lead – arguably has already led – to a very unbalanced emphasis on the acquisition by individuals of skills and competences which ignores the way in which such knowledge is embedded in a complex web of social relationships.

METHODOLOGY

Survey research design was adopted for this study and this is because the information or data needed for the study required the use of structured questionnaire that will be administered to the respondents who are staff in the manufacturing firms in North Central, Nigeria. Also, the study conveniently sampled 350 manufacturing firms within North Central, Nigeria across the sector. However, the reasons for selecting 350 manufacturing firms across the North Central was based on availability of data on their operations, their proximity to the researcher and research assistants in the zone and their perceived longterm operation

in the industry. The selected manufacturing firms have stayed long enough in the business and a pilot study has shown that they have a good record bookkeeping. The study considered those selected manufacturing firms that were established earlier before the period of the study and those within the period of study that is still in operation to date.

The study also used accidental sampling method to administer questionnaire to the personal managers of selected manufacturing sector in North Central, Nigeria. The reason for using accidental sampling method is that there is no formal register for all the personnel managers of manufacturing sector in North Central, Nigeria by government organization or body. Therefore, the researcher selected personnel manager in any organization and issued out questionnaire. This selection is accidental because any personnel manager that the researcher comes across within the cause of administering the questionnaire, the researcher gave the questionnaire.

To test the reliability of the questionnaire to ensure that it can address appropriately the questions being answered. Cronbach's alpha was used to measure the internal consistency.

Table 1: Scale reliability of variables

Variables	Cronbach's Alpha
Organization Performance	0.865
Recruitment	0.758
Compensation	0.768

Source: Researcher's Computation (2023)

The above table indicated the reliability of the instruments of the variables which have Alpha value above 0.6, which means they are reliable. The statistical tools used are multiple regression and simple percentages. The multiple regressions were used to determine whether there is an effective relationship between the variables.

This is expressed in this study as follows:

$$Y = \alpha + \beta_1 x \dots \dots \dots 1$$

Where y = dependent variable, α = intercept, β_1 is coefficient and x is the independent variable.

However, the above model is expressed as:

$$PF = \alpha + \beta_1 RECT + \beta_2 ECOMP + \mu \dots \dots \text{equation 2}$$

Where:

PF = Performance (efficiency, effectiveness and economies)

β = Coefficient

α = Intercept

μ = Error terms

RECT = Employees recruitment

ECOMP = Compensation practices

Result and Discussion

Table 4.1: Descriptive Statistic

	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
RECT	4.65	4.6	3	5	0.65	1.57	-1.44
COMP	4.47	5	2	5	0.66	0.20	-1.00
ORGPREF	4.32	4.7	3	5	0.86	1.56	-1.20

Source: SMART PLS Output, 2023

Table 4.2 above provided statistical description of the variables as expressed in the data collected in terms of the mean, minimum, maximum, standard deviation, skewness and kurtosis values. Recruitment (RECT) had minimum and maximum values of 3 and 5 respectively. The average value stood at 4.65 and a standard deviation value of 0.65, while skewness and kurtosis values stood within the normality range. Compensation (COMP) showed minimum and maximum values of 2 and 5 respectively with an average value of 4.47 and a standard deviation value of 0.66. Organisational performance (ORGPREF) also had

minimum and maximum values of 3 and 5 respectively, mean value of 4.32 along with a standard deviation value 0.86.

Construct Reliability

To establish internal consistency of the study constructs, the Cronbach's alpha and composite reliability were examined. According to Hair, et al., (2019) the minimum threshold for measuring composite reliability (CR) and Cronbach's alpha is 0.7.

Convergent Validity

This explains the extent to which constructs converges to explain the variance of its items. It is assessed by evaluating the average variance extracted (AVE). The minimum value of the AVE should be higher than 0.50. All the constructs satisfied this requirement as shown in the table below and as such are valid for the study.

Table 4.2: Construct Reliability and Validity of the Indicators

	Cronbach's Alpha	rho_A	Composite Reliability	Av. Variance Extracted (AVE)
RECT	0.758	0.837	0.842	0.536
COMP	0.768	0.866	0.788	0.548
OGPERF	0.865	0.877	0.897	0.637

Source: SMART PLS Output, 2023

Discriminant Validity

Discriminant validity is the extent to which a construct is empirically distinct from other constructs in the structural model. Traditional methods such as Fornell-Larcker and cross loadings were used to assess discriminant validity however, Henseler et al. (2015) show that the Fornell-Larcker criterion does not perform well, particularly when the indicator loadings on a construct differ only slightly. As a replacement, Henseler, et al., (2015) proposed the Heterotrait-monotrait (HTMT) ratio of the correlations. The HTMT is defined as the mean value of the item correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct. Discriminant validity problems are present when HTMT values are higher than 0.90 (Henseler, et al., 2015).

Table 4.3: Heterotrait-Monotrait Ratio (HTMT)

	RECT	COMP	ORGPERF
RECT	1.00		
COMP	0.855	1.00	
ORGPERF	0.523	0.831	1.00

Source: SMART-PLS Output, 2023

Collinearity Test

Collinearity test was conducted to ensure the absence of multicollinearity which could lead to bias in the results. This was assessed through the variance inflation factors (VIF). As a rule, VIF values shouldn't exceed 5 to indicate absence of multicollinearity (Hair, et al., 2019). From table 4.4 below, all the constructs satisfied this assumption and as such there was absence of multicollinearity among the predictor constructs.

Model Goodness of Fit (GoF)

Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair, et al. (2017) suggested. This study used the standardised root mean square residual's (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu & Bentler (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.027. This indicates the model fits. Aside the chi-square, the other measure indicates a goodness of fit on the model of the study.

Table 4.4 Model of Goodness of fit Summary

	Saturated Model	Estimated Model
SRMR	.027	.025
d_ ULS	1.931	1.887
d_ G	1.566	1.585
Chi-Square	2515.931	2496.245
NFI	.492	.496

Source: SMART-PLS Output, 2023

Table 4.5: Path Coefficient of the Model

Variables	Beta	T Statistics	P Values	Decision	F² Values
Recruitment->Organisational Performance	0.021	0.299	0.755	Accepted	0.000
Compensation->Organisational Performance	0.433	8.348	0.000	Rejected	0.161

Source: SMART-PLS Output, 2023

Hypothesis One

H₀₁: Recruitment has no significant effect on organisational performance of manufacturing firms in Nigeria. The result from table 4.5 shows that recruitment has positive and insignificant effect on organisational performance of manufacturing firms in Nigeria, with $\beta = 0.021$ and $p = 0.755$. Thus, hypothesis one was supported and therefore accepted at 5% level of insignificance. Since there is enough statistical evidence to accept the alternative hypothesis, the study concludes that recruitment has positive and insignificant effect on organisational performance of manufacturing firms in Nigeria.

Hypothesis Two

H₀₂: Compensation has no significant effect on organisational performance of manufacturing firms in Nigeria.

The result of the test as shown in table 4.5 revealed that compensation positively and significantly affected organisational performance of manufacturing firms in Nigeria, with $\beta = 0.433$ and $p = 0.000$. Thus, hypothesis two was not supported and therefore rejected at 5% level of significance. There is adequate evidence to reject the null hypothesis and the study therefore conclude that compensation has positive and significant effect on organisational performance of manufacturing firms in Nigeria.

Table 4.6: R² and Predictive Relevance of the model

	R Square	Q² (=1-SSE/SSO)	P-value
Organisation Perf	0.694	0.691	0.000

Source: SMART-PLS Output, 2023

The predictive sample reuse technique (Q²) can also effectively show predictive relevance (Chin *et al.*, 2008). Based on the blindfolding procedure, Q² shows how well data can be reconstructed empirically using the model and the PLS parameters. In this thesis, Q² was obtained using cross-validated redundancy procedures. As a guideline, Q² values should be larger than zero for a specific endogenous construct to indicate predictive accuracy of the structural model for that construct. As a rule of thumb, Q² values higher than 0.25, and 0.5 depict small, medium, and large predictive relevance of the PLS-path model, whereas a Q² less than zero means the model lacks predictive relevance. As shown in table 4.6, Q² for both endogenous variables indicate acceptable predictive relevance.

The first finding revealed that recruitment has a positive and insignificant effect on organisation performance. This implies that increase in recruitment will lead to positive and insignificant increase in organisational performance of manufacturing firms in Nigeria. This finding is consistent with that of Dauda (2021), who found similarly findings that recruitment has insignificant effect on organisational performance of first bank in Kano state.



The second finding revealed that compensation has a positive and significant effect on organisation's performance, this indicates that increase in compensation will lead to positive and significant increase in organisational performance of manufacturing firms in Nigeria. The finding is in agreement with that of John, et al., (2022) who found positive and significant effect of salary increase on organisational performance of banking sector of Lagos state.

CONCLUSIONS AND RECOMMENDATIONS

From the first hypothesis, the finding from the study concludes that recruitment affects organisational performance of manufacturing firms but not to large extent and that little level of recruitment can help the to improve performance.

The study also concludes that compensation significantly and positively affects organisational performance of manufacturing firms. This therefore implies that there exists more chance of organisation performing better where there is good compensation package.

The study recommends that managers of manufacturing firms ought to leverage on compensation packages that can be used to motivate employees to put in their best resulting to the overall organization performance.

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Determinants of Consumers' Buying Behavior Towards Nigerian Made Fabric in Abuja

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Abstract

This study examined the determinants of consumer buying behavior towards Nigerian made fabric in Abuja. The study adopted the descriptive research design using the survey method of which questionnaires were administered to a sample of (349) who are resident in Abuja. The responses were analyzed using the simple regression analysis. It was found that brand association had a negative and significant effect while product quality shows a positive and significant effect on consumer buying behavior in Abuja. It was recommended that that management should ensure that the product consistently meets or exceeds the quality standards you have set. Any decline in quality can damage your brand's reputation and erode consumer trust. Finally, the management should create a compelling brand identity that reflects your company's values, mission, and vision and develop a memorable brand logo, tagline, and messaging that resonate with your target audience.

Key Words: Consumer buying behavior, product quality, and brand association.

Introduction

The era of globalization and changes in business activities have become necessary for any organization in this competitive world to adopt innovative of survival. Therefore, the globalization of world trade and collapsed of international borders has led to local markets being flooded with many foreign made products. Hence, widening the range of alternatives of consumers and as well increasing the competition in local markets. Any developing country that seeks to secure sustained economic growth and some level of independence must put structures in place in order to ensure that importation is reduced and local resources are effectively utilized (Oladele & Arogundade, 2017). Manufacturers and providers of services with the "Made in Nigeria" label is thus, confronted with a condition where differentiated product or goods in line with customers' needs and company capabilities, price, quality and quantity has never been more essential (Oyeniyi, 2019).

The Nigerian business environment is characterized by both opportunities and challenges. Nigeria is one of the largest economies in Africa, with a diverse range of industries and sectors that offer potential for growth and investment (Seyed & Mohammad, 2014). They also stated that it's essential to note that the business environment can change over time, and specific details may have evolved since my last update. For accurate and up-to-date information, it's recommended to consult more recent sources or contact local business experts and authorities.

According to Sangroya and Nayak (2019), people engaged in consumption do not merely buy certain products to satisfy basic needs. In fact, consumer buying habits are at a much deeper level. Owning a certain brand can help consumers to express and build their own self-concept. Specifically, consumers will only purchase certain trademark when they find a match between the brand image (communicated through advertisement, design of retail shop, or even package design) and his/her own self-concept. The value of a brand therefore also depends on its ability to help consumer to build and create self-concept. consumer behaviour occurs when consumers are stimulated by external factors and come to a purchase decision based on their personal characteristics and decision making process. Through packaging, consumers recognize a product, evaluate the quality, lower purchase risks and obtain certain experience and satisfaction out of product differentiation (Shah & Rajan, 2017).

Statement of the Problem

It is important for marketers to study consumers' perception about the value derived from the purchase of product/service and how such affect their behaviour towards the product in today's highly competitive



market, especially in Nigeria where consumers give more preference to imported products as against the made in Nigeria products due to perceived value derived from foreign ones (Asiegbu, 2019).

In the context of the Nigerian textile industry, understanding consumers' buying behavior towards domestically produced fabric is of paramount importance for both the government and local manufacturers. Despite the significance of the textile sector to the Nigerian economy, it has faced numerous challenges, including stiff competition from imported fabrics and the decline in consumer preference for locally made products. This has remained worrisome to many stakeholders including researchers and hence motivated this study which examined the determinants of perceived quality and brand awareness affect consumers' buying behavior towards Nigerian made fabric in Abuja.

LITERATURE REVIEW

Concept of Consumer Buying Behavior

Nwulu and Ateke (2022) defined consumer buying behavior as a systematic process relating to buying decisions of the consumers which consist of the following activities: identification to buy the product; information search relating to the product; listing of alternative brands; evaluating the alternative (cost-benefit analysis); purchase decision and post-purchase evaluation by the marketer. Nevertheless, since businesses would not stop engaging the unscrupulous marketing practices, consumer movements are meant to shape consumer behaviour during and after purchases. It is still important to note that in Nigeria consumerism seems not to have achieved much success in shaping consumer behaviour.

Iyanna et al. (2022) opined that consumer buying behaviour involves the thoughts and feelings people experience and the actions they perform in consumption processes. It also includes all the things in the environment that influence these thought, feelings and actions. These include comments from other customers, advertisements, price, information, and packaging, product appearance and even government legislations such as ban on importation of bag materials. They further reported that consumer behaviour centres on activities that individuals engage in during searching for, evaluating, selecting, buying, consuming, and disposing product and/or service that are capable of satisfying their need and desires, including others decision processes that precede and determine them. Sunday and Bello (2016) opined that consumer behaviour refers to the decision-making process of individuals who are directly involved in obtaining and using goods and services and how it leads to actual purchase, use and disposal of goods and services.

Asen et al. (2021) defined consumer buying behaviour as conduct that consumer displays in searching for, purchasing using, evaluating and disposing of products and services that they expect will satisfy their services and needs. Consumers are social beings and cannot be tested under the lens of a microscope hence the need to understand through the pathway of psychology the various inner-workings that cause the consumer to make purchase, such triggers may lie in the external environment but others may be an offshoot of the cognitive processes that take place internally and inform the consumers mind. Consumer choice, on the other hand has to do with the actual purchase action that the consumer makes and a pattern of his/her purchases when studied is that which brings us to the field of consumer behaviour. The consumer makes his/her choice informed by information from various sources and this information is sorted out through comparisons

Perceived quality

Asshidin et al. (2021) state that perceived quality is simply a customer's overall evaluation of a standard method of receiving customer services. Perceived quality is the assessment of a market of their recent consumption experiences. The perceived value of a product or service is the level of product quality relating to the price paid by a customer. They further explained that the perceived value of a product as the price rating for the perceived quality and the quality rating for the price paid. The perceived value structure allows for a comparison of firms based on their price-to-value ratio.

Marakanon and Panjakajornsak (2021) defined perceived quality as the customer's perception of the overall quality or superiority of a product or service. Perceived quality of a product as becomes "the estimation



made by the consumer relying on the whole set of basic as well as outer dimension of the product or the service. Product perceived quality directly influences to purchase intention. Customers have some perceptions about the product quality, price and styles before going to purchasing the product. After using of product, purchase intention increases as well as decreases, because it has direct relations which affect each other's. If the quality is high, purchase intention of customer is also high.

Brand Awareness

Appu and Quester (2021) state that brand awareness is the extent to which a brand is recognized by potential customers, and is correctly associated with a particular product. Expressed usually as a percentage of target market, brand awareness is the primary goal of advertising in the early months or years of a product's introduction. Brand awareness is related to the functions of brand identities in consumers' memory and can be reflected by how well the consumers can identify the brand under various conditions. Brand awareness includes brand recognition and brand recall performance.

Parameswaran and Jacob (2021) refers to brand awareness as the ability of the consumers to correctly differentiate the brand they previously have been exposed to. This does not necessarily require that the consumers identify the brand name. Instead, it often means that consumers can response to a certain brand after viewing its visual packaging images. Brand recall refers to the ability of the consumers to correctly generate and retrieve the brand in their memory. A brand name that is well known to the great majority of households is also called a household name.

Empirical Review

Ballester and Aleman (2022) examine the relationship between perceived quality, brand prestige and brand purchase intention of mobile phone brands in Kenya. A survey was used to collect data from a sample of 322 respondents. Data were analyzed by employing correlation, Analysis of Variance (ANOVA) and multiple regression analysis. The results revealed that brand quality and brand prestige are positively associated with consumer brand purchase intention. The generalizability of the findings is limited as the study focuses only on Kenya. Based on the findings, companies involved in branding of mobile phones should focus on improving the usefulness of the brand quality and prestige. The study made a contribution in terms of allowing us to understand the factors that can contribute to the adoption of mobile phone brands.

Kurnianingsih and Riorini (2021) analysed the effect of perceived quality on customer satisfaction. The study used purposive sampling data collection techniques. The study was analysed using the Structural Equation Model (SEM) analysis method. The results of this study indicate that perceived quality has no positive effect on customer satisfaction while perceived value of cost has a positive effect on customer satisfaction. To this end, it was recommended that coffee shop management should strive to provide consistently high product quality, higher than similar coffee shops and also provide a good transaction experience. The study was multivariate in nature whereas the present study is bivariate in nature.

Abdul-Aziz (2021) examines the impact a brand awareness on the behaviours of consumer's patronage with special regards to their purchase behaviours. Survey research design was adopted with a sample size of fifty (50) respondents was selected from Adabraka region of Accra in Ghana, through non-probability sampling technique. The results revealed that consumers are becoming more enlightened and fashionable and would therefore prefer well developed brand. The study concludes that MTN's insurance brand lacks easy recognition and popularity in the minds of consumers. The study recommended that MTN calls for massive improvement on the services rendered, innovation and differentiation and further research on how to improve its brand.

Shehzad et al. (2021) conducted a research on the Influence of brand awareness on Consumer Choice. In this study the researchers adopted the descriptive research design to conclude the inferences of hypothesized testing. A sample size of 300 respondents was selected through the non-probability convenient sampling technique. The findings show that brand awareness has a significant positive relationship with consumer buying behaviour. It also revealed that the university students are brand



conscious and prefer branded products. The study recommended that the firms should make their products more memorable, easily recognizable, and superior in quality and reliability. This will improve the buying behaviour of the customers.

Consumer Buying Behaviour Theory

Consumer buying behaviour theory was propounded by Alfred Marshall, in the year 1994. The theory explains how a consumer spends his income on different goods and services, so as to attain maximum satisfaction. Kioumarisi, et al. (2009) noted that the theory of consumer buying behaviour centers on the process by which individuals search for, select, purchase, use, and dispose of goods and service, in satisfaction of their needs and wants. Buying behaviour is the decision process and acts of people involved in buying and using products (Arnould & Zinkhan, 2002). Consumer buying behaviour refers to the buying behaviour of the ultimate consumer. A firm need to analyze buying behavior. Buyer's reactions to firms marketing strategy have great impact on the firm's success. The marketing concept stresses that firms should create a marketing mix that stratifies (gives utility to consumers), therefore need to analyze the what, where, when and how consumer buy. Marketers can better predict how consumers will respond to marketing strategy (Rundh 2005). Package attracts consumers' attention and buying pattern to a particular brand, enhance its image, and influence consumer's perception and choice about a product. The literature review provided the basic theoretical evidence with regard to the link between packaging and buying behaviour. Apparently, the theory is suitable for this research because it champions buying behaviour, it has the interest of the masses at heart, hence the phrase "in the public interest, convenience and necessity". It shows how packaging affects buying behaviour of consumers. This theory highlights the need to think about the safety of consumers of products and services before they are given out to the public.

METHODOLOGY

The study adopted descriptive research design employing the use of primary data. Data were collected using 5 point likert scale structured questionnaire. Considering the fact that the exact number of customers of Nigerian made fabric in Abuja cannot be ascertained, the study population is therefore infinite. So, Cochran formula will be adopted to determine the sample size of 349. The questionnaire was administered to 349 customers of Nigerian made fabric in Abuja. The study used the internal consistency method of reliability to ascertain the reliability of the research instrument to measure the instrument of the study. The internal consistency measure provides the Cronbach alpha estimate of the instrument used to justify the instrument reliability and suitability of the study. Data of the study was analyzed using the multiple regression analysis with the aid of a statistical software SPSS. Data obtained for the purpose of this

The model for the regression analysis is specified thus:

$$CBB = \beta_0 + \beta_1 PQ + \beta_2 BA + e \quad \dots\dots\dots (i)$$

Where:

CBB= Consumer Buying Behaviour, PQ= Perceived Quality, BA =Brand Awareness, e = Error term , β_0 = Intercept, $\beta_1\beta_2$ = Coefficient of independent variables.

RESULTS AND DISCUSSION

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
PQ	334	1	5	3.82	1.127	-.814	.133	-.230	.266
BA	334	1	5	2.27	1.315	-.420	.133	-1.084	.266
CBB	334	1	5	2.97	1.216	.032	.133	-.998	.266
Valid N (listwise)	334								

The table above indicates the behavior of all the variables under study. The average perceived quality (PQ) recorded was 3.82 while the maximum and minimum value stood at 5 and 1 respectively. Also, the skewness value which stood at -.814 indicates that the variable is normally distributed since it is less than 1. Also, brand awareness (BA) recorded a minimum and maximum of 1 and 5 respectively, while the mean value stood at 2.27. With a skewness value of -.420, the variable also indicated normal distribution.



Consumer buying behavior (CBB) also recorded minimum and maximum values of 1 and 5 respectively. The average value recorded for it was 2.97 and the skewness value recorded was -.034 which indicates the variable is normally distributed.

Correlations

		PQ	BA	CBB
PQ	Pearson Correlation	1	.107	.025
	Sig. (2-tailed)		.050	.649
	N	334	334	334
BA	Pearson Correlation	.107	1	-.249**
	Sig. (2-tailed)	.050		.000
	N	334	334	334
CBB	Pearson Correlation	.025	-.249**	1
	Sig. (2-tailed)	.649	.000	
	N	334	334	334

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

Perceived quality (PQ) showed a moderate and positive relationship with brand association (BA) which stood at 0.107 which is significant at 5% level of significance. Perceived quality (PQ) showed a weak positive relationship with consumer buying behavior (CBB) which stood at 0.025 and is significant at 5% level of significance. Brand awareness (BA) showed a negative relationship with consumer buying behavior (CBB) which stood at -.249 and is significant at 5% level of significance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.254 ^a	.165	.059	1.180

a. Predictors: (Constant), BA, PQ

The result, as shown in the tables above revealed an R-square value of 0.165 which implies that 16% of the variation in consumer buying behavior (CBB) could be explained by the combination of the three independent variables in this study. The remaining 84% variation could be explained by other factors or variables not included in this study.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.860	2	15.930	11.440	.000 ^b
	Residual	460.898	331	1.392		
	Total	492.757	333			

a. Dependent Variable: CBB

b. Predictors: (Constant), BA, PQ

The f-statistics stood at 11.440 and also the probability of the f-statistics was found to be significant at 2% level of significance ($p < 0.000 < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.527	.267		13.200	.000
	PQ	.056	.058	.052	.978	.000
	BA	-.235	.049	-.255	-4.760	.008

a. Dependent Variable: CBB

The regression line $CBB = 3.527 + 0.056 PQ$ indicates an increase in perceived quality (PQ) will lead to an increase in consumer buying behavior (CBB). The probability of t-statistics stood at 0.000 which is greater than 0.05 level of significance and as such the study accepts the alternative hypothesis and rejects the null



hypothesis which states that perceived quality has no significant effect on consumer buying behavior (CBB).

The regression line $CBB = 3.527 - 0.235 BA$ indicates that a decrease in brand awareness (BA) will lead to a decrease in consumer buying behavior (CBB). The probability of t-statistics stood at 0.000 which is greater than 0.05 level of significance and as such the study accepts the null hypothesis and rejects the alternative hypothesis and which states brand awareness has no significant effect on consumer buying behavior (CBB).

CONCLUSION AND RECOMMENDATIONS

Based on the findings above, the study concludes that product perceived and brand association are key motivators for consumer buying behavior. And therefore, the study recommends that the management should ensure that the product consistently meets or exceeds the quality standards you have set. Any decline in quality can damage your brand's reputation and erode consumer trust. Finally, the management should create a compelling brand identity that reflects your company's values, mission, and vision and develop a memorable brand logo, tagline, and messaging that resonate with your target audience.

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Questionnaire

Brand Awareness					
I have difficulty in imagining this brand in my mind					
I can recognize this brand among competing brands					
This brand is the only brand recalled when I need to make a purchase decision on the product					



	This brand comes up first in my mind when I need to make a purchase decision on the product					
	The brand is regarded by my friends					
	This product is safe to use/consume					
	Perceived Quality					
	I can expect superior performance from this brand					
	This brand is very reliable					
	This brand is better as compared to other brand(s) of the product in terms of the form/appearance					
	I don't have difficulties in finding the information that I need from the label of the package.					
	The picture quality of the product packaging influences my purchase decision					
	Compared to its competitors, how do you rate the quality of our product					
	Consumer Buying Behavior (CBB)					
	Packaging determines if I will spend my money on the product.					
	Quality influence decision about what brand to purchase					
	When purchasing products in this category, do you consider brands before or at the time of purchase					
	I evaluate the product based on its packaging.					
	Packaging determines my behavior when searching for a product.					
	My preference for the product is determined by the packaging of the product.					



Effect of Cost Leadership Strategy on Small and Medium Enterprise (SMES) Growth in Abuja

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Abstract

Stagnation in the overall growth of SMEs especially in Abuja has remained worrisome despite internal and external efforts by stakeholders to stabilize the sector. This led to this study which examined the effect of cost leadership strategy on the growth of SMEs in Abuja. Primary data was collected using 5-point Likert scale structured questionnaire for the study, the study employed purposive sampling techniques to select the sample size of 215 SMEs that are into production in Abuja. The study employed the Partial Least Square Structural Equation Modelling (PLS-SEM) to model the regression analysis, based on the analysis the study revealed that cost leadership has negative and significant effect on SMEs growth in Abuja, the study recommended that SMEs should continue to seek low-cost without compromise to the quality of products and services offered. This will ensure increase in patronage by way of retaining existing customers and wooing newer ones. This will translate into increased sales and profit which could be deployed for expansion purposes.

INTRODUCTION

Strategic Management is a concept that concerns making decisions and taking corrective actions to achieve long-term targets and goals of an organization (Bakar et al, 2011). It is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce & Robinson, 2008). The business environment in which firms operate is dynamic and turbulent with constant and fast paced changes that often render yester-years strategies irrelevant (Ofunya, 2013). Strategies should therefore be put in place to cushion the businesses from the uncertainty that comes along with an unpredictable environment. Strategic management addresses the reason why some organizations succeed while others fail (Melchorita, 2013; Porter, 2001). Strategic management involves identifying the organization's current mission, objectives, and strategies, analyzing the environment, identifying the opportunities and threats, analyzing the organization's resources, identifying the strengths and weaknesses, formulating and implementing strategies and evaluating the results (Robbins & Coulter, 1996).

Competitive advantage as the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Also, it provides the understanding that resources held by a firm and the business strategy will have a profound impact on generating competitive advantage. Powell (2001) views business strategy as the tool that manipulates the resources and create competitive advantage, hence, viable business strategy may not be adequate unless it possesses control over unique resources that has the ability to create such a unique advantage. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high-grade scores or inexpensive power, or access to highly trained and skilled personnel (Clulow et al.2003). New technologies such as robotics and information technology can provide competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business.

Competitive strategies are a broad formula on how business is going to compete in an increasingly dynamic environment. The intensity of competition in the SMEs is underlined in the economic structure and goes well beyond the behaviour of current competitors. The state of competition depends on the bargaining power of buyers and sellers, the threat of new entrants, potential substitute products and rivalry among existing competitors that determine the inherent profit potential of an industry (Pimtong, et al., 2012). Competitive strategy involves cost leadership, differentiation and focus strategies. However, this paper will address the cost leadership aspect of competitive approach to organisation performance. Cost leadership strategies involves cutting down costs throughout the value chain to try and achieve the minimum cost



structure possible where the products are made of high value, but with limited standard features with the intention of gaining competitive advantage thus increasing market share (Sumer & Bayraktar, 2012). Cost leadership is one of Porter's five generic strategies that a business could implement in order to secure a sustainable competitive advantage over its competitors within the industry, thereby earning a higher profit. The five strategies are comprised of three basic classifications: cost leadership, differentiation, and focus, which target either a broad or a narrow market segment (Porter, 1980).

Statement of the Problem

In the bid to survive amidst intense competition, SMEs develop or choose from existing strategies to implement. Firms therefore choose strategies based on their resources and desired target market. Smaller firms especially in Abuja often opt for low-cost strategies especially in broader markets due to limited resources at their disposal. However, despite the choice of low-cost strategies by these SMEs, these firms have remained stagnant in terms of growth. This is evidenced in the fact that, they have remained at a single point of operation without expansion to other areas or products to warrant increase in sales, number of employees and subsequently profit. This makes one to wonder whether cost leadership strategy adopted by these SMEs have any effect on their performance and hence this study which examined the effect of cost leadership strategy on growth of small and medium enterprise (SMEs) in Abuja.

LITERATURE REVIEW

Concept of Cost leadership

Cost leadership strategy is a strategy to produce products with per-unit costs that are produced significantly low-priced compared with goods offered in the market (Amalia, 2015). According to Porter's Generic Competitive Strategies, cost leadership, a firm sets out to become the low-cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors (Peteraf, 1993). A low-cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average.

The goal of cost leadership strategy is to offer products or services at the lowest cost in the industry. The challenge of this strategy is to earn a suitable profit for the company, rather than operating at a loss and draining profitability from all market players. Companies such as Walmart succeed with this strategy by featuring low prices on key items on which customers are price-aware, while selling other merchandise at less aggressive discounts. Products are to be created at the lowest cost in the industry (Amit & Zott, 2001). An example is to use space in stores for sales and not for storing excess product. This strategy involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. This is achieved by having the lowest prices in the target market segment, or at least the lowest price to value ratio (price compared to what customers receive). To succeed at offering the lowest price while still achieving profitability and a high return on investment, the firm must be able to operate at a lower cost than its rivals. There are three main ways to achieve this (Kotler & Armstrong 2010). This strategy emphasizes efforts to produce standard products with a noticeably affordable unit cost is a low-cost strategy undertaken by companies to gain competitive advantage. Besides, the advantages of a company can be reflected when it is able to offer more economical prices compared to its competitors. Various combinations of level of differentiation and level of costs will give different results of strategic positions.

Some scholars assume that cost leadership strategies are only viable for large firms with the opportunity to enjoy economies of scale and large production volumes. However, this takes a limited industrial view of strategy. Small businesses can also be cost leaders if they enjoy any advantages conducive to low costs. For example, a local restaurant in a low rent location can attract price-sensitive customers if it offers a limited menu, rapid table turnover and employs staff on minimum wage. Innovation of products or processes may also enable a startup or small company to offer a cheaper product or service where incumbents' costs and prices have become too high (Monroe, 2004). An example is the success of low-cost budget airlines who despite having fewer planes than the major airlines, were able to achieve market share growth by offering cheap, no-frills services at prices much cheaper than those of the larger incumbents.

Concept of Growth

There are several factors that lead to a firm growth. The age of the firm has an impact. Evans (2009) found that old firms, smaller firms have faster growth, and also have a positive coefficient of the interaction between size and age also found that age had negative effect on company's growth. Nelson and winter (2011) noted that firms have routines which are transferred from one person to the other. Thus, successful routines which have been producing growth in the past would likely to continue in producing growth in the future. The interrelation of profitability and growth is illustrated by the fact that a basic operating principle is that growth can best be evaluated by examining profit and total sales. It is important that all firms must remember the need to maintain a balance between profitability and growth: it is crucial for any business to grow as well as be profitable in order to sustain and stay relevant in the marketplace (Chowdhry, 2016).

There is a general opinion that the use of growth as a measure of firm performance is based on the understanding that growth is an antecedent to the attainment of sustainable competitive advantages. Sales growth rate was used to capture firm performance because EO is essentially a growth orientation (Fitzsimmons, 2005; Lumpkin & Dess, 1996). Therefore, it is appropriate to measure the effectiveness of EO by using an indicator that reflects the success of a firm at converting entrepreneurial opportunities into growth road maps (Simon, et al., 2011). The belief is that firms that are undergoing growth phases have higher rates of survival and they enjoy the benefits associated with economies of scale which in turn will affect their profitability (Fitzsimmons, 2005).

Neneh and van Zyl (2014) emphasized that Growth is an organizational outcome resulting from the combination of firm-specific resources, capabilities and routines, a firm's growth opportunities are highly related to its current organizational production activities and its firm's growth is also uncertain due to environmental conditions such as competition and market dynamics and a firm's growth is the most vital source of new jobs and is considered a valuable measure of entrepreneurial success. Hardeep and Anupama (2013); Sakari (2015) viewed growth as an increase in amount, number or size. In the business or economic sense, it means an increase in the value of goods or services produced and sold by a business or country. Levie and Autio (2013), Alarape, (2013) add that if entrepreneurs do not have any intention of growing their businesses, their businesses will most probably not grow, given that achieving growth is very difficult. SMEs growth means expanding firm's products or expanding its target markets, or some combination of each. Any increase in the volume of activities of enterprises is a clear indication of growth. Businesses grow for a number of reasons including innate desire to grow, taking advantage of a gap in the market or to gain a competitive advantage (Fatoki, 2012). Growth is often measured in terms of turnover and profit, but can also occur in knowledge, in human experience, and in efficiency and quality (Elumeh, et al., 2016).

Empirical Review

Atikiya et al., (2015) investigated the effect of cost leadership strategy on performance of manufacturing firms in Kenya. A survey questionnaire and an interview guide was used to collect data from 131 firms drawn from 12 key industrial subsectors located within Nairobi and its environs. The study adopted two tools of analysis namely; Pearson's correlation to indicate positive correlation between the input and the output variable and regression analysis to explain the nature of relationship between the input and output variable. F-statistics was also used to determine the validity of the model while R-squared was used to help determine the model goodness of fit. The study adopted descriptive and explanatory research design. The findings revealed that performance of manufacturing firms are significantly influenced by cost leadership strategy. Arising from the findings, the study concludes that the managers of manufacturing firms adopt cost leadership strategy to increase their competitiveness and performance.

Chepchirchir et al., (2018) examined the effect of cost leadership strategy on organizational performance of logistics firms at Jomo Kenyatta International airport, Kenya. This research was guided by Porters five forces theory. The study was informed by explanatory research design. It targeted a population of 151 respondents and a sample size of 110 top and middle level management forming the study population. The study data came from 10 logistics firms with active websites operating at JKIA Nairobi. The respondents identified were selected using simple random sampling technique. A questionnaire based on



the variables of the study was used to collect data from respondents. Analysis of data involved use of descriptive and inferential statistics. It was found out that cost leadership had a significant positive effect ($p < 0.05$) on logistics firms performance. It was found out that as a result of utilising this approach, there was increased sales volume and profits. Further, there was reduction of costs associated with operations that resulted to increased profit margin. The paper recommends that there is need for all logistics firms to consider integrating cost leadership aspects in all their departments and sections of the organisation.

Surono et al., (2020) examine the effect of cost leadership strategy and differentiation strategy on company's performance. It was conducted in companies listed in the Jakarta Islamic Index from 2014 to 2018. Purposive sampling was used to obtain samples from 12 companies. Analysis was done by multiple linear regression with the help of the IBM SPSS 23 statistical program for windows with a quantitative descriptive approach. The results show that the cost leadership strategy influences company's performance compared to differentiation strategy. The implementation of a low-cost strategy is significantly relevant to the condition of people who are sensitive to price and are not much aware about brand products in decision making. The design of a unique item model does not determine success in marketing a product, the relative price offered is quite high and only in certain market segments the product is of public interest. Product quality is defeated by the quantity of goods, people prefer how much goods are obtained than the durability of the products consumed.

Nyauncho et al., (2015) investigated the effects of cost leadership strategy on performance of LPGC in Eldoret town. In doing this, the study adopted Porter's Generic Competitive Strategies which states that, cost leadership is a firm sets out to become the low-cost producer in its industry. The study used a survey design and targets a population of 175 which comprise of 10 station managers, 40 departmental heads, 20 supervisor and 105 employees. A sample size of 64 was selected using stratified sampling. The study used questionnaires and interview schedule as data collection instruments. Data analysis was carried out using descriptive statistics such as Spearman rank correlation, means. Pearson's product moment correlation coefficients were used to assess the degree of linear relationship among competitive strategies and between competitive strategies and performance of the liquefied petroleum gas companies. Normality of the variable was tested for cost-leadership using skewness and Kurtosis. Homogeneity of variances was tested using Levene's test of equality of variances across gender of respondents. The study established that the company uses cost minimization of operational costs ($M=427$, $SD=1.058$) Minimization of procurement costs ($M=4.54$, $SD=0.770$), evaluation of labour costs ($M=4.17$, $SD=0.966$) and Conducts costing of its promotion activities ($M=3.98$ $SD=1.2050$). The study concluded that, cost leadership influences the performance of LPGCs performance enabling the company to reduce price leading to high volume of sales visa a-visa profit margin, increase in service delivery, less return inwards, reduced operational costs and reduced wastages. The study recommended that, Liquidified petroleum companies should carry out through market research to identify the gaps in the markets. The gaps should be varied that is product gap, market gap and promotion gap before designing the competitive strategies.

Kubai et al., (2021). determined the influence of cost leadership strategy on performance of the insurance companies in Kenya. Specifically, the study aimed at establishing the influence of price of premiums, maturity period, market segment and nature of products. The study adopted the descriptive research design method to ascertain and describe the characteristics of the variables. A sample size of 55 insurance companies was reached, and a semi-structured questionnaire was used to collect primary data from the respondents. Data was analyzed using the SPSS software, from which appropriate findings were presented. The study findings showed that the cost leadership strategy was largely applied in the insurance companies in Kenya, and most of them have realized great performance. Nonetheless, the study found that most insurance companies' distribution channels for products are moderately entrenched and hence firms may not have been perfectly efficient in reducing associated costs. The study recommends that insurance firms should devote more resources to execution of cost leadership programs, adoption of effective premium pricing, and enhanced use of proprietary technology in enhancing the products' quality. The study as well recommends that insurance forms should come up with effective strategies that will help them to gain a large market segment in Kenya in order to enhance their performance, as this will effectively help them in overcoming competition in their industry.



Abdullahi et al. (2017). examined cost leadership strategy on performance hotels. After extant literature review the research used quantitative survey approach to analyze the hypothesized relationships. The paper employs census sampling to collect data from the manager/owner of hotels Kano State Nigeria. The data were analyzed using partial least square (PLS) method one of the 2nd Generation statistical tool of analysis. The findings of this study indicate that cost leadership strategy have direct significant positive relationship with hotels performance, The result signifies the appropriateness of PLS in analysis and has contributed better understanding of cost leadership strategy influence on hotels performance. Similarly, finding of this study can assist practitioners and policy makers in Hotels industry support the idea of business level strategy in designing strategic plan for superior performance. Finally, study implications for theory and practice, limitations, conclusions as well as direction for future research were provided and discussed.

Ali et al. (2018) examined strategic management practices and performance of small and micro enterprises in Nairobi city county, Kenya the study used a descriptive research design. The population of study were youth owned SMEs in the 17 sub-counties in Nairobi City County that are operational. This consisted of 100 respondents who were the proprietors of the enterprises. A sample of 30 respondents was taken which formed 30% of the target population which was evenly spread across the sub-counties. The primary data was collected by use of self-administered semi-structured questionnaire. Data analysis was done by use of descriptive statistics such as frequencies, percentages, mean scores and standard deviation with the aid of SPSS and presented through tables, charts, graphs, frequencies and percentages. The study realized that the Michael Porter's generic strategies of competitive advantage used in the study which include low cost leadership strategy, differentiation strategy, focus strategy and combination strategy significantly influenced the organizational performance of SMEs in Nairobi City County, Kenya. The variables explained 85.11% of the changes in organizational performance of the SMEs. A unit increase in low-cost leadership strategy adoption by SMEs led to a 0.655 increase in organizational performance of the SMEs, a unit increase in differentiation strategy adoption led to a 0.876 increase in performance of the enterprises, a unit increase in focus strategy transformed to a 0.945 increase in performance of the firms while a unit increase in application of combination strategy by the SMEs led to a the study used a descriptive research design. The population of study were youth owned SMEs in the 17 sub-counties in Nairobi City County that are operational. This consisted of 100 respondents who were the proprietors of the enterprises. A sample of 30 respondents was taken which formed 30% of the target population which was evenly spread across the sub-counties. The primary data was collected by use of self-administered semi-structured questionnaire. Data analysis was done by use of descriptive statistics such as frequencies, percentages, mean scores and standard deviation with the aid of SPSS and presented through tables, charts, graphs, frequencies and percentages. The study realized that the Michael Porter's generic strategies of competitive advantage used in the study which include low-cost leadership strategy, differentiation strategy, focus strategy and combination strategy significantly influenced the organizational performance of SMEs in Nairobi City County, Kenya. The variables explained 85.11% of the changes in organizational performance of the SMEs. A unit increase in low-cost leadership strategy adoption by SMEs led to a 0.655 increase in organizational performance of the SMEs, a unit increase in differentiation strategy adoption led to a 0.876 increase in performance of the enterprises, a unit increase in focus strategy transformed to a 0.945 increase in performance of the firms while a unit increase in application of combination strategy by the SMEs led to a 0.860 increment in their overall performance.

Njuguna et al. (2020) sought to determine cost leadership strategy and organisational performance of insurance firms in Nyeri County, Kenya. It was anchored on Porter's Five Forces Model and the Dynamic Capabilities Theory. A census study approach was used to subject all the twenty (25) insurance companies operating in the county to study. Purposive sampling was used to identify the respondents who included branch managers, finance officers, marketing managers, claims managers and actuaries of all the insurance firms being studied. This procedure led to a total of 125 respondents. The study assessed non-financial performance of the insurance companies for 5 financial years 2014-2018. Primary data was collected through questionnaires while secondary data was gathered using a document review guide to review financial statements, management reports and other key publications in the company. Both descriptive and inferential statistics were used in the analysis. The Pearson correlation analysis results established that cost leadership ($r=0.791$, $p= 0.01$) has a very strong and positive correlation with organisational performance.



Similarly, the results of the multiple linear regression analysis showed that cost leadership ($\beta=880$, $p=0.004$) has a positive effect on organisational performance. Thus, a conclusion was made that pursuit of cost leadership strategies delivers positive results to the organisation. The study recommends that insurance companies work on improvement of the adoption of proprietary technology and innovative distribution channels for products which were found to be only moderately entrenched. This could be limiting their efficiency in effectively controlling the operating and distribution costs.

Sebastian (2014) examined the effects of cost leadership strategy and sustainable competitive advantage of Naivas supermarket in Kenya. The increasing global nature of competition requires that the firm utilizes all of its valuable resources in order to survive and succeed. Therefore, Naivas as a retail chain needs to identify and build on the cost drivers and key success factors that are sustainable and will set it above other supermarkets in the industry as competition intensifies. The study was carried out through a case study design of Naivas Supermarket where primary data was collected using an interview guide and secondary data obtained from the company website, Industry periodicals and company publications. Personal interviews were done with Naivas Supermarket Human Resource Manager, Operations Manager, Purchasing & Supplies Manager, ICT Manager, Business Development & Marketing Manager and Finance Manager at the company's head office in Nairobi's Sameer Industrial Park using an interview guide. Content analysis technique was used to analysed the data. The study found that Naivas supermarket had to a large extent applied the cost leadership strategy on its operations by defining its low- and middle-income market niche, but more needs to be done to enhance the efficiency of the cost leadership business model. The study further established that the retail chain business environment is moderately changing and is characterized by dominant privately owned firms which inform the kind of competitive strategies adopted. It was found that for cost leadership strategy to be effective, high investment in technology, customer focus, selling a wide range of products, improving employee morale, effective management and good relations with suppliers were all key success factors in actualizing the strategy to ensure a sustainable competitive advantage. The study also established as critical for senior managers to undergo occasional training and scenario exposures to be up to speed with dynamic industry environmental factors. The study recommended further research could be carried out on cost leadership and differentiation strategies in the retail chain business owing parallel strategies often adopted. Additionally, there is need to explore on the challenges of applying cost leadership in a controlled market economy.

Resource Based View Theory

The resource-based view (RBV) is one of the widely known theories related to firm performance. Following the work of Wernerfelt (1984), RBV became an influential theory within the field of strategic management. The foundation of the RBV can be traced back to earlier works that emphasized on the significance of resources in enhancing firm performance (Chandler, 1962; Penrose, 1959). The RBV postulated that the basis for competitive advantage of a firm depends on the organization's ability to utilize the bundle of valuable intangible and tangible resources available for the organization (Barney, 1991; Rumelt, 1984; Wernerfelt, 1984). Resource based view/theory originated from the effort of Penrose (1959) describing firm as combination of resources. Therefore, firm performance largely relies on the capability of the firm to best utilize the available resources. Later Barney (1991) provided a more description of RBV theory, and defined firm resources as assets, capabilities, procedures, characteristics and knowledge that can be used by the firm to formulate and implement competitive strategies. Organizational resources are assets or entities that can be used by the organization strategically to maintain competitive advantage (Daft, 2009). This is in line with Peteraf (1993) that situation essentially can persist competitive advantage include superior resources (heterogeneity inside an industry), retroactive competition, imperfect resource mobility and proactive to competition. Resources contributed to competitive advantage when they are diverse from different angle of the firms, not easily to be share from one firm to another and cannot be replicate before or after implementation of the firm's competitive place (Peteraf, 1993). Thus, RBV in this study explain how hotels can used cost leadership in achieving greater performance.

METHODOLOGY

The study adopted a descriptive survey research design. Primary data was collected using 5-point Likert scale structured questionnaire for the study. The study employed the Partial Least Square Structural

Equation Modelling (PLS-SEM) to model the regression analysis. The PLS path modelling method was developed by Wold (1982). The PLS algorithm is a sequence of regressions in terms of weight vectors. The weight vectors obtained at convergence satisfy fixed point equations. PLS-SEM is a non-parametric method that does not require that the data meet certain distributional assumptions. However, the parametric significance tests (e.g., as used in regression analyses) cannot be applied to test whether coefficients such as outer weights, outer loadings and path coefficients are significant. Instead, PLS-SEM relies on a nonparametric bootstrap procedure to test the significance of various results such as path coefficients, Cronbach's alpha, HTMT, and R^2 values. (Efron & Tibshirani, 1986; Davison & Hinkley, 1997). The population of the study consists of all the register SMEs in Abuja however, the study employed purposive sampling techniques to select the sample size of 215 SMEs that are into production in Abuja. The model for the path analysis is specified thus:

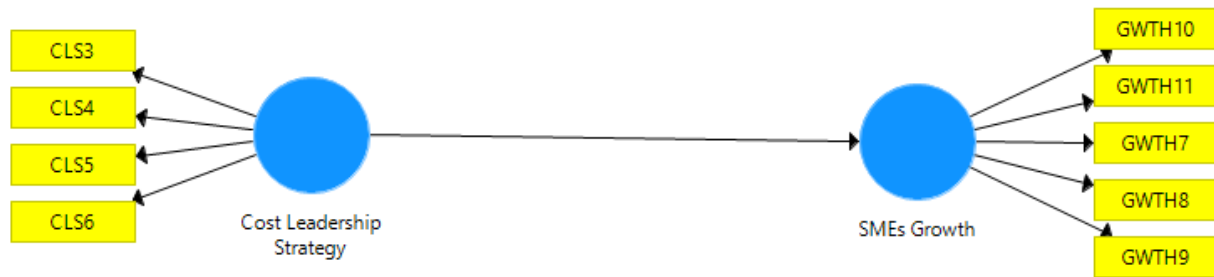


Fig 1: Theoretical Model on effect of cost leadership strategy on SMEs growth in Abuja.

Results and Discussion

Two hundred and fifteen (215) questionnaires were distributed, 211 were properly filled and returned giving a response rate of 98%. Subsequently, all further analyses were done using 211 responses data.

Table 4.1: Descriptive Statistics

variable	Mean	Median	Min	Max	SDV	Kurtosis	Skewness
CLS	2.39	4.75	1.00	5.00	0.77	0.75	-1.28
GWTH	2.16	5.00	1.00	5.00	0.65	-0.18	-0.89

Source: SMART, PLS Output, 2023.

Table 4.1 above-described data on the study variables in terms of the mean, minimum, maximum, standard deviation, skewness and kurtosis values. Cost leadership strategy (CLS) revealed an average value of 2.39 with a standard deviation value of 0.77. However, the minimum and maximum values stood at 1.00 and 5.00 respectively. Growth (GWTH) had a minimum value of 1.00 and a maximum value of 5.00 with an average value of 2.16 and the standard deviation value stood at 0.65. All the skewness and kurtosis values were less than 1 which shows that there is a normal distribution of data.

Assessment of Measurement Model

In assessing the measurement model, the study begins by assessing the item outer loadings. As a rule, loadings higher than 0.708 are recommended, as they indicate that the construct explains more than 50 percent of the indicator's variance, thus providing acceptable item reliability (Hair, et al., 2019). However, Hair, et al. (2019) posited that low but significant indicator loading of 0.50 can be included hence justifying why indicators with loadings less than 0.708 and above 0.50 were not deleted from the model as seen below.

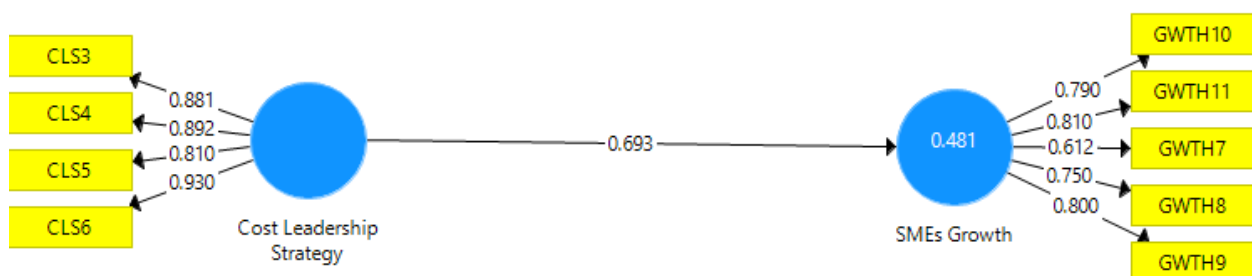


Fig 2: Indicator Loadings

Table 4.2: Reliability of study scale

S/N	Variables		Factor Loadings	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE)	No of Items
1	Cost leadership Strategy (CLS)	CLS3	0.881	0.902	0.932	0.774	4
		CLS4	0.892				
		CLS5	0.810				
		CLS6	0.930				
2	SMEs Growth (GWTH)	GWTH7	0.612	0.810	0.869	0.572	5
		GWTH8	0.750				
		GWTH9	0.800				
		GWTH10	0.790				
		GWTH11	0.810				

Source: SmartPLS Output, 2023

Composite reliability of Jöreskog's (1971) was applied to test for internal consistency of the study. All the values fall within the Hair, et al., (2019) rating of good consistency. The Cronbach alpha value were above 0.60 which is the minimum threshold as recommended by Sekaran (2010). To test for the convergent validity, the average variance extracted (AVE) was used. All the latent variables showed values greater than 0.50 which indicates that the constructs explain at least 50 percent of the variance of its items. According to Henseler et al., (2015) the Fornell-Larcker criterion does not perform well when explaining discriminant validity, particularly when the indicator loadings on a construct differ only slightly. As a replacement, they proposed the Heterotrait-Monotrait (HTMT) ratio of the correlations which is the mean value of the item correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct (Voorhees et al., 2016). Discriminant validity problems are present when HTMT values are high than 0.90 for structural models (Henseler, et al., 2015).

Table 4.3: Heterotrait-Monotrait Ratio (HTMT)

	Cost leadership Strategy	SMEs Growth
Cost leadership Strategy		
SMEs Growth	0.803	

Source: SmartPLS Output, 2023

The variance inflation factor (VIF) was used to evaluate collinearity of the formative indicators. All the VIF values were less than 5 indicate the absence of critical collinearity issues among the indicators of formatively measured constructs (Hair, et al., 2019).

Model Goodness of Fit (GoF)

Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair, et al. (2017) suggested. This study used the standardised root mean square residual's (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu & Bentler (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.030. This indicates the model is fit.

Assessing the Structural Model

Having satisfied the measurement model assessment, the next step in evaluating PLS-SEM results is to assess the structural model. Standard assessment criteria, which was considered include the path

coefficient, t-values, p-values and coefficient of determination (R^2). The bootstrapping procedure was conducted using a resample of 5000.

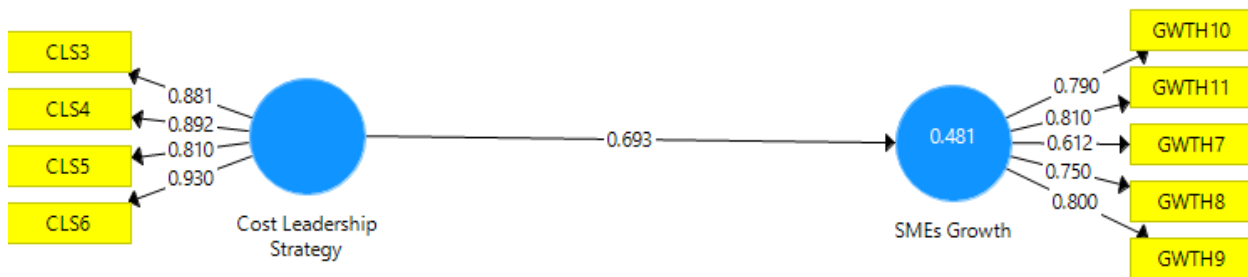


Fig. 3: Path Coefficients of the Regression Model.

The R-square value stood at 0.481 indicating that cost leadership strategy is responsible for 48% variation in SMEs growth in Abuja. The remaining 52% variation could be explained by other factors not included in the study. Based on Hair, et al., (2019), the R-square is considered strong. The result of the path analysis is presented in the table below:

Table 4.4: Path Coefficients

Hypothesis	Variable	Path Coefficient *** (Beta)	t-value	p-value	Findings
Ho ₁	Cost Leadership	-0.693	41.731	0.000	Reject

Source: SmartPLS Output, 2023

The finding from the analysis revealed that cost leadership has negative and significant effect on SMEs growth in Abuja. This implies that the low-cost strategy being pursued by these firms has not yielded the desired level of performance. This could further imply that SMEs in the quest to minimize cost, end up jeopardizing quality and this must have led to decline in patronage and lowered level of sales and by implication lower profit. This decision was reached based on the t-value of 41.731 which is greater than 1.964 and a beta value of -0.693 with a p-value of 0.000. Thus, implying that the null hypothesis lacks sufficient ground to be accepted and as such the alternative hypothesis which states that cost leadership strategy has significant effect on SMEs growth in Abuja is accepted. This finding agrees with that of Abdullahi et al. (2017) who revealed that cost leadership strategy of hotel in Kano has significant effect on the performance of the hotel.

CONCLUSION AND RECOMMENDATIONS

The study examined the effect of cost leadership strategy on SMEs growth in Abuja. Based on the finding of this study, it was concluded that cost leadership strategy has negative and significant effect on growth of SMEs in Abuja. In addition, it was concluded that SMEs jeopardize quality in their quest to minimize cost and this has led to decline in patronage which have halted growth and in other instances, decline in growth. Based on the foregoing, the study recommends, that SMEs should continue to seek low-cost without compromise to the quality of products and services offered. This will ensure increase in patronage by way of retaining existing customers and wooing newer ones. This will translate into increased sales and profit which could be deployed for expansion purposes.

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Compensation And Employee Job Performance of Deposit Money Banks in Kogi State, Nigeria

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Abstract

This study examined the effect of compensation (measured by financial and non-financial compensation) on employee's job performance of Deposit Money Banks (DMBs) in Kogi State, Nigeria. The study adopted a survey research design. The population used for the study comprised of 1382 out of which a sample size of 310 (including the attrition rate) was determined using Yamane (1967) sample sizes determination formula and convenient sampling technique was used to select the respondents. The study utilized adapted questionnaire as the instrument for data collection. The data collected for the study was analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) in determining the measurement, structural models and hypotheses testing through SmartPLS 3.0 software. The study found that financial compensation has positive and significant effect on employee job performance, while non-financial compensation has positive but insignificant effect on employee job performance of DMBs in Kogi State, Nigeria. The study concludes that compensation influence employee's job performance of Deposit Money Banks (DMBs) in Kogi State, Nigeria. It is therefore recommends that the management of DMBs in Kogi State, Nigeria should continue to maintain their financial compensation practice to their employees by way making prompt payment of all the financial entitlement of their staff and ensure proper management of payroll in order to gain employees commitment on their jobs. The management of DMBs in Kogi State, Nigeria should also pay attention to all non-financial compensation such as leaves, good working environment, welfares etc to their employees in order to motivate them to stay and be committed to their jobs.

Key words: Compensation, Financial Compensation, Non-financial, Employees Performance, Deposit Money Banks.

INTRODUCTION

In today's dynamic and competitive business environment, the success of organizations, particularly in the financial sector, heavily relies on the performance and productivity of their workforce. Employee job performance is a critical factor that directly influences an organization's ability to achieve its strategic goals and maintain a competitive edge. In this context, compensation stands out as a significant factor that can greatly impact employee motivation, engagement, and overall job performance.

Deposit Money Banks (DMBs) play a vital role in the financial ecosystem of any economy. They provide essential financial services, including deposit-taking, lending, and payment processing, contributing to economic growth and stability. Within this context, the importance of a motivated and high-performing workforce becomes paramount. Kogi State, located in North Central Nigeria, is home to several DMBs, each striving to provide quality financial services to their customers while competing for market share. The performance of these DMBs is intrinsically tied to the capabilities and productivity of their employees. Therefore, understanding the factors that influence employee job performance within the specific context of DMBs in Kogi State is of utmost importance.

Compensation is a multifaceted concept that includes various forms of financial and non-financial rewards offered to employees in exchange for their contributions to the organization. It encompasses elements such as basic salary, bonuses, benefits, promotions, and recognition. The relationship between compensation and employee performance has been extensively studied, with researchers highlighting the pivotal role that compensation strategies play in shaping employees' motivation and commitment to their work (Dessler, 2020).

In the Nigerian context, particularly within Kogi State, there exists a growing need to investigate how compensation practices influence employee job performance within the unique dynamics of DMBs. Factors such as local economic conditions, cultural norms, and industry-specific challenges may influence the design and effectiveness of compensation strategies in this region. As such, research focused on the



relationship between compensation and employee job performance in DMBs in Kogi State holds the potential to offer valuable insights into enhancing workforce productivity and achieving organizational objectives.

In the academic literature, studies such as those by Gerhart and Fang (2014) have explored the connections between pay and individual performance, emphasizing the importance of sorting effects. Additionally, the works of Locke (1976) and Pfeffer (1998) have delved into broader factors influencing job satisfaction and organizational performance. However, the context of DMBs in Kogi State provides a unique setting that warrants specific attention to compensation strategies and their impact on employee job performance. By investigating the relationship between compensation and employee job performance within DMBs in Kogi State, this study aims to provide actionable insights for both academic and managerial audiences.

Statement of the Problem

Over the years employee performance in the banking sector in Nigeria has become a subject of concern as they remain key to the management of the banks and other stakeholders, this leads the banks to always be in search of and adopt the best compensation practices to motivate the employees to always work actively to meet up with their expectations by performing at the highest level in such a way that offers a competitive advantage to the bank and protect the interest of the investors and customer. Yet employee performance in most deposit money banks in Nigeria is still below expectation and becomes worrisome to the management of deposit money banks.

Furthermore, the current state of affairs in the nation in general and banking sector as relating to the workforce compensation makes it necessary to temper this optimism with caution. Whenever the workers are asking for another pay rise, the questions often asked is “what do workers want from their employers?” Can there be an end to the glamour for increases in minimum wage? Why do workers work and what induces them to give input in their best? Money only plays the role of common denominator of all things. In Nigeria various compensation packages are used and these involve monetary (extrinsic) and non-monetary (intrinsic) compensation. For example, in the context of monetary reward salary increase is sought to be highly essential for employees’ satisfaction.

There is increasingly a need for organization to be in a position of understanding appropriate compensation system that motivates their employees for higher organization performance. What appropriate compensation that should form the employment package is currently challenging organisational performance. The general problem inherent in the organizational set up, particularly, in the banking sector; is overtime at work, irregular promotional structure and lack of recognition of workers’ achievements. All these tend to dampen workers’ morale and consequently affect their productivity (Ndidiama et al., 2022). This call for investigation and has create the mind set of this study to examine the effect of compensation on employee performance of deposit money banks in Nigeria.

Therefore, the main objective of this study is to examine the effect of compensation on employee’s performance in Kogi State, Nigeria. To achieve this objective, the study was guided by the following specific objectives to:

- i. access the effect of financial compensation on employee’s performance in Kogi State, Nigeria; and
- ii. determine the effect of non-financial compensation on employee’s performance in Kogi State, Nigeria. The study therefore formulated the following hypotheses in line with the objectives:

LITERATURE REVIEW

Compensation

According to Afriyie, et al. (2020), compensation is the form of pay or incentive given to an employee for performing services for an employer. It is often based on wages, salaries, incentives, or bonuses. Afriyie, et al. (2018) viewed compensation as an outcome in the exchange among employees and themselves as an entitlement for being an employee of the organization or as a reward for a job well done. It does not



necessarily mean that anyone who gets paid has done the job well. Employees may not live up to expectations but can still get paid because of the Trade Union Congress (TUC) laws and regulations (Qureshi& Sajjad, 2015). Camuffo, et al. (2019), affirmed that an employee is compensated based on his/her skills, knowledge, experience, and education.

Financial Compensation

Financial compensation is also known as compensation that is concerned with monetary terms which comprises financial rewards and financial incentives. According to Armstrong (2013) financial rewards provide financial recognition to people for their achievements in the shape of attaining or exceeding their performance targets or reaching certain levels of competence or skill while financial incentives aims at motivating people in achieving their objectives, improve their performance or enhance their competence or skills by focusing on specific targets and priorities (Armstrong, 2013).

Non-Financial Compensation

Non-financial compensation is a type of employee benefit that holds no inherent monetary value. There are many types of non-financial compensation that employers can choose to provide employees ranging from ones that provide convenience to ones that ensure overall health and wellness. Non-financial compensation is any employee compensation that doesn't involve cash. Many companies find creative ways to offer employee benefits that make them feel valued and appreciated. Often, this form of compensation can be a great method for establishing trust and loyalty between an employer and an employee (Samuel, et al., 2019). According to Samuel et al. (2019) non financial compensation includes: developmental opportunities, recognition and flexible schedules.

Developmental opportunities: Employers can choose to provide developmental opportunities to employees. This can be a useful form of non-financial compensation as it benefits both an employer and an employee. When an employer offers opportunities for employees to develop their skills so they can continue to advance within the company, an employer also benefits from possessing more motivated and skilled employees. Such opportunities may include paid education or certification, developmental classes with experts or informative conferences and retreats (Samuel, et al., 2019).

Employee Job Performance

According to Garba (2022) employee performance contains quality and quantity of results driven by individual or group struggle completion. In other meaning job performance can be described as the ability of individuals to achieve their respective work aims, then meet their expectations, achieve benchmarks or accomplish their organizational goals, (Alabi, et al.,2022). Employee performance embodies the whole belief of the employee about their conduct and contributions to the accomplishment of the organization and compensation practices, performance evaluation and promotional practices are determinants of employee performance, (Riatmaja&Wibawanto, 2022).

Empirical Review

Thapa (2020) examined the effect of financial and nonfinancial compensation towards employee job satisfaction with their education, working department. To produce numeric analysis and testing hypothesis, the researchers used ANOVA Test to measure education level, job position and, working departments with employees' job satisfaction. The Ordinary Least Square (OLS) Method was used to measure the effect of financial and non-financial compensation towards employees' job satisfaction. The analysis was performed through SPSS 26. The testing included 150 respondents of assistant, officer and, managerial level from administration, operation and, credit departments of commercial banks from Maharajung to BalajuRingroad Kathmandu. The study found that both financial and nonfinancial compensation had a significant effect on employee job satisfaction. The finding also shows that the job satisfaction is significantly depends on their current education, job position and, working department too. Similarly, the impact of financial compensation towards job satisfaction was higher than that of non-financial compensation in employees' job satisfaction.



Riatmaja and Wibawanto (2022) determine the effect of compensation on the performance of employees of startup companies in Yogyakarta with motivation as an intervening variable; to determine the effect of financial compensation on employee performance, to determine the effect of non-financial compensation on employee performance. This research was conducted by taking startup employees in Yogyakarta randomly as many as 73 employees. The study used Multiple Linear Regression Analysis model and path analysis. The study found that there is a significant influence between non-financial compensation and employee performance; there is a significant influence between financial compensation and non-financial compensation on employee performance with notibvasi as an intervening variable.

Alabi et al. (2022) examined the relationship between non-monetary rewards and employee performance in money deposit banks in Lagos State, Nigeria. This study adopted a cross-sectional design. The study's population comprised five (5) deposit money banks licensed by the Central Bank of Nigeria. The study employed convenience sampling technique to select five financial institutions in the state and simple random sampling technique was used to select respondents for the study. Based on Yamane's formula, the sample size was 352 employees and data collection is through structured questionnaire. The formulated hypotheses were tested with Pearson Correlation. The findings reveal that all the dimensions of non-financial reward significantly affect employee performance among the selected financial institutions at a 0.05 level of significance.

Expectancy Theory

Vroom's Expectancy Theory was propounded by Victor H. Vroom in 1964. The theory argues that the strength of a tendency to act in a specific way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual to make this simple (Victor, 1964). Expectancy theory says that an employee can be motivated to perform better when there is a belief that the better performance will lead to good performance appraisal and shall result into realization of personal goal in form of some reward future events (Dunn, 2009). The theory focuses on three things efforts and performance relationship, performance and reward relationship, rewards and personal goal relationship (Salaman et al, 2005)

Lunenbug (2011) asserts that people are motivated to work to achieve a goal if they believe that that goal is worthy and there is the probability that what they do will help them in achieving their goals. Vroom's theory is based on three major variables: Valance, expectancy and instrumentality. Valance is the strength of an individual's preference (or value, incentive, attitude, and expected utility) for a particular output. Expectancy is the probability that a particular effort will lead to a particular first-level outcome while instrumentality is the degree to which a first-level outcome will lead to a desired second level outcome.

RESEARCH METHODOLOGY

The objective of this study is to examine the effect of compensation on employee's performance in Kogi State, Nigeria. The study adopted a survey research design. The study covered 8 deposit money banks in Kogi, Kogi State Nigeria. The deposit money banks covered are; Access Bank Plc, First Bank of Nigeria Limited, First City Monument Bank Limited, Guaranty Trust Bank Plc, United Bank for Africa (UBA), Zenith Bank Plc, Fidelity Bank Plc, and Ja'iz Bank Plc. The population of this study comprised of one thousand three hundred and eighty-two (1,382) employees of the eight selected banks. The justification for choosing the above banks is based on their staff strength. And the justification for focusing on the employee is based on their experience on the research variables. The sample size of 310 was determined using Yamane (1967) sample sizes determination formula. Out of 310 copies of questionnaire administered, 257 copies (69% of total questionnaire administered) were useful for the analysis. The data was analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) in determining the measurement, structural models and hypotheses testing through SmartPLS 3.0 software (Hair, et al., 2017). Validity and reliability of the measures were first of all ascertained before testing the hypothesized relationships using alorism and bootstrapping techniques (Hair, et al., 2014).

RESULT AND DISCUSSION

Measurement Model Evaluation

The convergent validity was used to evaluate the measurement model using convergent validity. Convergent validity is determined by examining the factor loadings, composite reliability, and average variance extracted (AVE) (Gholami, et al, 2013). All the questionnaire items used in this study has achieved the acceptable factor loadings of above 0.6 except questionnaire item number one of financial compensation which recorded low factor loading, as a result the questionnaire item number one of financial compensation was deleted from the analysis; composite reliability (CR) of all the constructs were all above 0.7 and Average variance extracted (AVE) were all above 0.5 as recommended by Hair et al. (2019). The above is depicted in the table 1 below:

Table 1: Convergent Validity

Variables	Indicators	Loadings	Cronbach's alpha	Composite Reliability	Average Variance Extracted (AVE)
Financial Compensation	FCP2	0.901	0.937	0.955	0.841
	FCP3	0.886			
	FCP4	0.946			
	FCP5	0.935			
Non Financial Compensation	NCP1	0.716	0.830	0.878	0.592
	NCP2	0.697			
	NCP3	0.795			
	NCP4	0.815			
	NCP5	0.817			
Employee Performance	EJP1	0.934	0.966	0.974	0.882
	EJP2	0.936			
	EJP3	0.960			
	EJP4	0.951			
	EJP5	0.914			

Source: SmartPLS Output, 2023

Structural Model and Hypotheses Testing

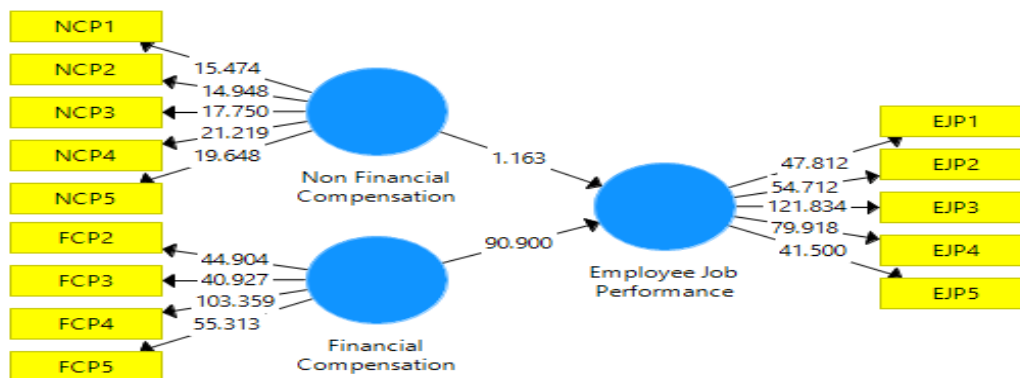


Fig. 1: Structural Model and Hypotheses Testing

Source: SmartPLS Output, 2023



Table 2: Results of the Structural Model Analysis (Hypotheses Testing)

Hypotheses	Relationship	Beta (β)	Standard Error	T Statistics	P value	Decision	R ²	Adj. R ²
HO1	FCP->EJP	0.970	0.011	90.900	0.000	Rejected	0.657	0.656
HO2	NCP->EJP	0.021	0.018	1.163	0.246	Accepted		

Source: SmartPLSOutput, 2023

The Figure 1 and table 2 above depicted the result of hypotheses tested. The standard beta and the corresponding t-values and p-values were used in assessing the structural model in this study. This was done through the bootstrapping procedure. The bootstrapping result from the Smart PLS in respect to financial compensation reveals that path coefficient of financial compensation and employee job performance (FCP->EJP) is positive and statistically significant with strong beta (β) value of 0.970 (97%), high t-value of 90.900 and the p-value of 0.000 (β -value = 0.970, t-value = 90.900 & p-value = 0.000). This result has provided sufficient ground for rejecting the null hypothesis which states that financial compensation has no significant effect on employee job performance of DMBs in Kogi State, Nigeria. Therefore this null hypothesis is hereby rejected. In addition, the result has proved that the relationship between financial compensation and employee job performance is positive and significant at 0.05 significant levels.

The hypothesis tested with respect to the non-financial compensation and employee job performance (NCP-> EJP), the bootstrapping result from the Smart PLS reveals that path coefficient of non-financial compensation and employee job performance is positive but insignificant with a weak beta (β) value of 0.021 (2%), t-value of 1.163 and p-value of 0.246 (β - value = 0.021, t-value = 1.163 & p-value = 0.246). This result has provide evidence for accepting this null hypothesis which states that non-financial compensation has no significant effect on employee job performance of DMBs in Kogi State, Nigeria. Therefore the null hypothesis is accepted. In addition, this result shows that the relationship between non-financial compensation and employee job performance is positive but insignificant at 0.05 significant levels. Furthermore, in respect to the R² value that shows the predictive relevance of the model. The R² value shows the variance in the dependent variable as explained by the independent variables. The result shows R² value of 0.657 (66%) accounted by the predictive variables on the criterion variable of the model. That is, the coefficient of determination (R²) of 0.657 indicates that about 66% of the variation in employee job performance of DMBs in Kogi State, Nigeria can be explained by the combined effects of financial compensation and non-financial compensation, while the remaining 44% variation in employee job performance of DMBs in Kogi State, Nigeria, can be explained by other factors not considered in this study.

From the analysis above, the study found that financial compensation has positive and significant effect on employee job performance of DMBs in Kogi State, Nigeria. This implies that financial compensation practice adopted by DMBs in Kogi State, Nigeria, increases their employee's job performance significantly. This finding is in line with the finding of Garba (2022) who in his study found that financial compensation has positive and significant effect on employee job performance.

The study also found that non-financial compensation has positive but insignificant effect on employee job performance of DMBs in Kogi State, Nigeria. This implies that non-financial compensation offered to the employees of DMBs in Kogi State, Nigeria is positive but not significant. This may be because DMBs in Kogi State, Nigeria placed more attention to financial compensation than non-financial compensation of their employees. This finding agree with the finding of Alabi et al. (2022) who in their study found that all the dimensions of non-financial reward significantly affect employee performance among the selected financial institutions.



CONCLUSION AND RECOMMENDATIONS

This study examined the effect of compensation (measured by financial and non-financial compensation) on employee's job performance of Deposit Money Banks (DMBs) in Kogi State, Nigeria. From the findings of this study, it is concluded that compensation influence employee's job performance of Deposit Money Banks (DMBs) in Kogi State, Nigeria.

Based on the findings and conclusion drawn from this study, the study recommends that:

- i. The management of DMBs in Kogi State, Nigeria should continue to maintain their financial compensation practice to their employees by way making prompt payment of all the financial entitlement of their staff and ensure proper management of payroll in order to gain employees commitment on their jobs.
- ii. The management of DMBs in Kogi State, Nigeria should also pay attention to all non-financial compensation such as leaves, good working environment, welfares etc to their employees in order to motivate them to stay and be committed to their jobs.

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Role of Innovation and Entrepreneurship in Influencing the Competitive Advantage and Economic Contribution of Small and Medium-Sized Enterprises (SMEs) in Kaduna State.

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Abstract

This study embarked on an in-depth examination of the roles of innovation and entrepreneurship in influencing the competitive advantage and economic contribution of Small and Medium-sized Enterprises (SMEs) in Kaduna. Through a quantitative research paradigm, structured questionnaires were distributed to proprietors and managerial personnel of SMEs, capturing firm demographics, innovation practices, entrepreneurial orientation, and other pertinent variables. The empirical evidence robustly indicated that innovation plays a pivotal role in shaping the competitive advantage and economic contribution of SMEs in Kaduna. Conversely, entrepreneurship, while crucial, did not exhibit a similar influence in this specific context. The findings underscore the need for SMEs in Kaduna to prioritize innovation and for stakeholders to re-evaluate entrepreneurship initiatives tailored to the region's unique dynamics. This research offers invaluable insights for policymakers, entrepreneurs, and investors, emphasizing the nuanced roles of innovation and entrepreneurship in Kaduna's SME ecosystem.

Keywords: Innovation, Entrepreneurship, Competitive Advantage, Economic Contribution.

Introduction

Kaduna State, a prominent metropolis in Nigeria, has emerged as a nexus of entrepreneurial energy and innovation within the West African panorama. Over the preceding decade, this city has experienced an exponential growth in entrepreneurial endeavours, with Small and Medium-sized Enterprises (SMEs) at the epicentre of this economic metamorphosis (Rodriguez-Abitia, Vidrio, & Montiel-Sanchez, 2018). Recognized globally as the linchpins of burgeoning economies, SMEs in Kaduna not only bolster job creation but also fortify the economic diversification and resilience of the region.

The global scholarly discourse accentuates the intricate relationship between innovation and entrepreneurship. Innovation, conceptualized as the genesis and implementation of avant-garde solutions to cater to market exigencies, is pivotal in fortifying the competitive prowess and sustainability of SMEs (Marhraoui & El Manouar, 2017). In tandem, entrepreneurship, epitomized by the genesis of business ventures and an inherent risk appetite, propels the assimilation and proliferation of these innovative stratagems (Khan, Majava, & Sadaf Khan, 2021).

Yet, the odyssey of SMEs, especially in nascent economies like Nigeria, is fraught with impediments. Financial bottlenecks, technological assimilation challenges, and intricate regulatory landscapes often thwart their innovative and entrepreneurial trajectories (Edison, Wang, Jabangwe, & Abrahamsson, 2018). The overarching milieu, encompassing governmental directives, infrastructural provisions, and societal perceptions, can either galvanize or stymie the ascent of these enterprises (Kornprobst & Douady, 2017). In the Kaduna milieu, deciphering the intricacies of this symbiosis between innovation and entrepreneurship is paramount. As Kaduna aspires to etch its mark as a crucible of innovation in Nigeria and beyond, an in-depth exploration into the tribulations and prospects encountered by its SMEs becomes indispensable. This research endeavours to navigate the confluence of innovation and entrepreneurship within Kaduna's SME landscape, aiming to illuminate the pivotal catalysts, challenges, and ramifications of these economic growth bedrocks in the locale.

Statement of the Problem

Kaduna, a vibrant metropolis in Nigeria, has emerged as a hub of entrepreneurial dynamism and innovation, particularly in the West African context. Over recent years, this city has experienced a remarkable ascent in entrepreneurial ventures, with Small and Medium-sized Enterprises (SMEs) being the



linchpin of this economic resurgence. These SMEs, often celebrated as the economic mainstays of emerging markets, have been instrumental in fostering job creation, economic diversification, and enhancing the resilience of the local economy.

While the global academic discourse underscores the intricate relationship between innovation and entrepreneurship, a conspicuous empirical gap persists in understanding the unique challenges and dynamics faced by SMEs in Kaduna. Notably, while global studies have delved into the challenges inherent in the symbiosis of innovation and entrepreneurship (Marhraoui & El Manouar, 2017; Khan, Majava, & Sadaf Khan, 2021), there is a palpable dearth of focused empirical investigations that cater specifically to the SME landscape of Kaduna. This gap is particularly evident when considering financial constraints, technological integration barriers, and the labyrinthine regulatory environment (Edison, et al., 2018). Although research, such as that by Mile, Ijirshar, & Ijirshar (2022), has illuminated challenges in the broader Nigerian milieu, the SME ecosystem of Kaduna remains conspicuously under-researched.

Furthermore, the overarching environment, encompassing policy directives, infrastructural provisions, and societal perceptions, exerts a profound influence on the trajectory of SMEs. While the impact of this macro-environment on SMEs is acknowledged in the literature (Kornprobst & Douady, 2017), a discernible environmental gap emerges when attempting to fathom how these factors distinctly shape the fate of Kaduna's SMEs. As Kaduna ambitiously endeavours to carve its niche as an innovation epicentre, it becomes imperative to delve deeper into its unique environmental dynamics. While studies such as that by Shojaiifar, Fricker, & Gwerder (2019) have spotlighted the challenges SMEs face in assimilating novel technologies, the specific environmental determinants in Kaduna, which can either galvanize or stifle SME growth, remain conspicuously under-explored.

In summation, despite the plethora of research on SME dynamics in diverse contexts, a pronounced empirical and environmental gap persists concerning Kaduna's SME landscape. Bridging these gaps is paramount, as it can furnish invaluable insights for policymakers, investors, and entrepreneurs, thereby charting a strategic roadmap for sustainable entrepreneurial growth in Kaduna.

In the rapidly evolving entrepreneurial landscape of Kaduna, the roles of innovation and entrepreneurship stand out as potential catalysts for change. As SMEs continue to shape the economic fabric of the region, understanding the combined impact of these two critical variables becomes paramount. This research seeks to explore the multivariate influence of innovation and entrepreneurship on the competitive advantage and economic contribution of SMEs in Kaduna.

Research Hypotheses:

H₀₁: There is no significant multivariate effect of innovation on the combined dependent variables (competitive advantage and economic contribution) of SMEs in Kaduna.

H₀₂: There is no significant multivariate effect of entrepreneurship on the combined dependent variables (competitive advantage and economic contribution) of SMEs in Kaduna.

LITERATURE REVIEW

Concept of Innovation

Innovation, at its core, is the process of introducing novel solutions to meet market demands. It transcends mere invention, encapsulating the successful implementation of novel ideas, processes, or products in the marketplace (Tidd & Bessant, 2018). In the context of SMEs, innovation is often the linchpin of their adaptability and survival, allowing them to navigate the complexities of competitive markets. It encompasses not only product and service innovations but also novel business models, processes, and organizational structures. The rapid evolution of technology and global markets necessitates a continuous innovative spirit for SMEs, especially in emerging economies like Nigeria, where market dynamics can be both an opportunity and a challenge (Chesbrough, 2020).

Entrepreneurship

Entrepreneurship is the act of creating, developing, and scaling a business venture. It's more than just starting a new business; it embodies a mindset of recognizing and seizing opportunities, taking calculated risks, and orchestrating resources to create value (Drucker, 2014). For SMEs, entrepreneurship is the driving force that propels them forward, allowing them to identify market gaps, leverage innovative solutions, and adapt to changing environments. In regions like Kaduna, where economic landscapes are rapidly evolving, entrepreneurial agility becomes paramount. This agility, fueled by an entrepreneurial mindset, enables SMEs to pivot, adapt, and thrive amidst uncertainties (Shane, 2012).

Competitive Advantage of SMEs

Competitive advantage refers to the unique edge that organizations possess over their competitors, enabling them to generate greater value for their stakeholders and capture a larger market share (Porter, 1985). For SMEs, this advantage often stems from their agility, niche market focus, and ability to innovate rapidly. In the context of Kaduna, where the entrepreneurial landscape is burgeoning, SMEs that harness innovation and entrepreneurial strategies effectively can carve out a distinct market position, ensuring their longevity and success in the face of competition (Barney, 1991).

Economic Contribution of SMEs

SMEs play a pivotal role in bolstering the economic fabric of any region. Their economic contribution is multifaceted, encompassing job creation, fostering innovation, and driving economic diversification (Acs & Audretsch, 2010). In emerging economies like Nigeria, SMEs are often the backbone of local economies, contributing significantly to GDP, employment, and socio-economic development. In Kaduna, as the city positions itself as an entrepreneurial hub, the economic ripple effects of thriving SMEs can be profound, influencing not just local economic metrics but also shaping the broader socio-economic narrative of the region (Storey, 2016).

Empirical Review

The intricate relationship between innovation and entrepreneurship within SMEs has been a focal point of numerous empirical studies. SMEs, due to their inherent agility and flexibility, often find themselves at the vanguard of innovation. Levy & Powell (2005) in their comprehensive study on SMEs in the European context, highlighted how these enterprises, despite their limited resources, were adept at swiftly adapting to market dynamics, thereby capitalizing on emerging opportunities. Their agility was attributed to flatter organizational structures and a closer customer-business interface, which allowed for rapid feedback and iterative innovation.

Hallberg (2000) further emphasized the role of SMEs in economic development, especially in emerging economies. His study underscored that SMEs, due to their localized operations, had a unique advantage in understanding and catering to niche market segments, often overlooked by larger corporations. The entrepreneurial orientation of SMEs has been another area of significant research interest. Covin & Slevin (1989) explored the entrepreneurial behaviours of SMEs, noting that such enterprises often exhibited higher risk-taking propensities, proactiveness, and innovative tendencies. This entrepreneurial spirit, as Wiklund & Shepherd (2003) posited, was directly linked to enhanced business performance, especially in dynamic and uncertain environments. Their study on Swedish SMEs revealed that firms with a strong entrepreneurial orientation were better positioned to navigate market volatilities, thereby ensuring sustained growth and profitability.

However, the journey of SMEs in the realm of innovation and entrepreneurship is not devoid of challenges. Financial constraints, as Beck & Demircug-Kunt (2006) highlighted, often emerge as significant roadblocks. Their cross-country study illuminated how SMEs, especially in developing economies, grappled with limited access to capital, often resorting to informal lending mechanisms. Berger & Udell (2006) further delved into the lending criteria, noting that traditional financial institutions often viewed SMEs as high-risk entities, thereby imposing stringent lending criteria.



The regulatory landscape, too, poses its set of challenges. Acs & Szerb (2007) in their study on European SMEs, underscored the bureaucratic intricacies that these enterprises often encountered. Stel et al. (2005) echoed similar sentiments, highlighting how evolving regulatory norms, especially in the context of international trade, could stifle SME growth.

Technological integration is another critical area of concern for SMEs. Hadjimanolis (2000) explored the technological challenges faced by SMEs in the Mediterranean region, noting that while these enterprises were keen on integrating cutting-edge technologies, they often faced hurdles in terms of skill gaps, financial constraints, and lack of access to technical know-how. Piatier (1984) further emphasized the need for targeted technological interventions to bolster SME growth.

In the context of developing economies, SMEs face a unique set of challenges. Fafchamps (2004) in his study on African SMEs, highlighted infrastructural deficits as a significant impediment. Biggs & Shah (2006) further delved into the skill gaps, noting that SMEs in developing economies often grappled with a dearth of skilled labour, thereby impeding their growth trajectories.

While the empirical landscape on SMEs is rich and varied, there remains a discernible void when it comes to region-specific explorations, especially in locales like Kaduna. The unique socio-economic, cultural, and political dynamics of Kaduna present a compelling research canvas. Oyelaran-Oyeyinka (2007) in his study on Nigerian SMEs, emphasized the need for localized research, noting that while broader insights were valuable, region-specific dynamics often necessitated a more granular exploration. Utecht & Hebert (1999) further underscored this sentiment, highlighting the distinct challenges and opportunities that regional SME ecosystems presented.

Absorptive Capacity Theory

Originating from the works of Cohen and Levinthal (1990), the Absorptive Capacity Theory postulates that a firm's ability to innovate is intrinsically linked to its capacity to recognize, assimilate, and exploit external knowledge. This capacity is not a static attribute but evolves based on the firm's prior knowledge and continuous learning endeavours. For SMEs, this theory is particularly salient as they often operate in dynamic environments where the rapid assimilation of external knowledge can be a key differentiator. Zahra and George (2002) further refined this theory, distinguishing between potential and realized absorptive capacities, emphasizing the dynamic interplay between them in fostering innovation.

Entrepreneurial Orientation Theory

The Entrepreneurial Orientation Theory, rooted in the works of Miller (1983), underscores the strategic posture of firms, emphasizing dimensions like risk-taking, proactiveness, and competitive aggressiveness. This orientation is posited to influence firm outcomes, especially in uncertain and dynamic market conditions. Lumpkin and Dess (1996) expanded on this theory, introducing autonomy and innovativeness as additional dimensions, thereby offering a more holistic view of entrepreneurial orientation. For SMEs, this theory offers insights into how their strategic orientations can influence their market outcomes, especially in contexts where agility and risk-taking can offer competitive advantages.

Resource-Based View (RBV)

The Resource-Based View, introduced by Wernerfelt (1984) and further developed by Barney (1991), posits that firms can achieve and sustain competitive advantage through the strategic deployment and orchestration of their unique resources. These resources, especially when they are valuable, rare, inimitable, and non-substitutable (VRIN), can offer firms a distinct edge in the market. For SMEs, the RBV offers a lens to understand how their often limited, but unique and agile resources, can be strategically leveraged to carve a niche in the market and fend off competitive pressures.

METHODOLOGY

The study adopts a quantitative research paradigm, utilizing a survey research design. This design was strategically chosen, given its efficacy in collecting data from a vast array of SMEs within the Kaduna metropolis. Such an approach ensures a holistic and comprehensive understanding of the innovative and



entrepreneurial undertakings of these enterprises. In Kaduna State, the distribution of SMEs across selected LGAs is as follows: Kaduna North has 13,388.21 SMEs, Kaduna South comprises 8,399.76 SMEs, Chikun has 6,533.15 SMEs, and Igabi contains 3,540.13 SMEs. The combined total for these LGAs amounts to 31,861.25 SMEs.

Given the total recommended sample size of 380 for a population of 31,861 based on the Krejcie and Morgan table, we can calculate the sample size for each LGA using proportional stratified sampling:

1. Kaduna North:	- Population proportion: $\frac{13,388}{31,861} = 0.42$ - Sample size: $0.42 \times 380 = 159.6$. Rounding off, we get 160.
2. Kaduna South:	- Population proportion: $\frac{8,399.76}{31,861} = 0.26$ - Sample size: $0.26 \times 380 = 98.8$. Rounding off, we get 99.
3. Chikun:	- Population proportion: $\frac{6,533.15}{31,861} = 0.20$ - Sample size: $0.20 \times 380 = 76$.
4. Igabi:	- Population proportion: $\frac{3,540.13}{31,861} = 0.11$ - Sample size: $0.11 \times 380 = 41.8$. Rounding off, we get 42.

From the above, the total is 377. To reach 380, we added 1 more SME to Kaduna North, Kaduna South, and Chikun, given that these LGAs have the highest SME populations. Proportional stratified sampling is a robust method that ensures each subgroup (or stratum) is represented in the sample in proportion to its size in the population. This method is particularly suitable for this study as it ensures that the larger LGAs (with more SMEs) have a larger representation in the sample, while the smaller LGAs are not overlooked. This approach is rigorous and provides a comprehensive view of the SME landscape across the selected LGAs in Kaduna State.

Primary data was amassed through the distribution of structured questionnaires. These were meticulously designed and handed out to the proprietors and managerial personnel of SMEs operating within Kaduna. The questionnaire was segmented into various sections, capturing firm demographics, their innovation practices, entrepreneurial orientation, and other pertinent variables.

Variables Measurement

Independent Variables

Innovation: The introduction and implementation of novel solutions to cater to market needs. Measured using a Likert scale where respondents indicate the frequency and effectiveness of their innovative practices.

Entrepreneurship: The initiation of businesses and the willingness to embrace risks. Assessed through questions probing the frequency of new business ventures and risk-taking behaviors.

Dependent Variables

- **Competitive Advantage:** The edge SMEs gain over competitors due to innovation and entrepreneurial activities. Evaluated based on respondents' perceptions of their market position, brand recognition, and other competitive metrics.
- **Economic Contribution:** The impact of SMEs on the economy, including job creation and economic diversification. Quantified by metrics such as jobs created, contribution to local GDP, and revenue growth attributed to innovative ventures.

To rigorously test the research hypotheses, a Multivariate Analysis of Variance (MANOVA) was employed. The choice of MANOVA was informed by the presence of multiple dependent variables in the study. This analytical technique facilitates a comprehensive examination of how the independent variables concurrently influence the various facets of competitive advantage and economic contribution.

Model Specification



$$\begin{bmatrix} CA \\ EC \end{bmatrix} = \begin{bmatrix} a & b \\ c & d \end{bmatrix} \begin{bmatrix} IN \\ EP \end{bmatrix} + \begin{bmatrix} e1 \\ e2 \end{bmatrix}$$

Where:

CA = Competitive Advantage

EC = Economic Contribution

IN = Innovation

EP = Entrepreneurship

a, b, c , and d are the coefficients representing the effect of the independent variables on the dependent variables.

$e1$ and $e2$ are the error terms for the respective dependent variables.

the model seeks to understand how both Innovation (IN) and Entrepreneurship (EP) simultaneously influence Competitive Advantage (CA) and Economic Contribution (EC) of SMEs.

Results and Discussion

Table 1 Multivariate Tests^a

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	1.000	. ^b	1.000	102.000	.
	Wilks' Lambda	.000	3781175131783130400000000000	1.000	102.000	.000
	Hotelling's Trace	3707034442924629000000000000	3781175131783121600000000000	1.000	102.000	.000
	Roy's Largest Root	3707034442924629000000000000	3781175131783121600000000000	1.000	102.000	.000
IN	Pillai's Trace	1.000	. ^b	13.000	102.000	.
	Wilks' Lambda	.000	93179439407269220000000000.00	13.000	102.000	.000
	Hotelling's Trace	1187581090484803100000000.000	93179439407269160000000000.00	13.000	102.000	.000
	Roy's Largest Root	1187581090484803100000000.000	93179439407269160000000000.00	13.000	102.000	.000
EP	Pillai's Trace	.000	.000 ^b	67.000	102.000	1.000
	Wilks' Lambda	1.000	.000 ^b	67.000	102.000	1.000
	Hotelling's Trace	.000	.000 ^b	67.000	102.000	1.000
	Roy's Largest Root	.000	.000 ^b	67.000	102.000	1.000
IN * EP	* Pillai's Trace	.000	.000 ^b	174.000	102.000	1.000
	Wilks' Lambda	1.000	.000 ^b	174.000	102.000	1.000
	Hotelling's Trace	.000	.000 ^b	174.000	102.000	1.000



Roy's Largest Root	.000	.000 ^b	174.000	102.000	1.000

a. Design: Intercept + IN + EP + IN * EP

b. Exact statistic

SPSS OUTPUT, 2023

The **Intercept** serves as a foundational measure, providing a reference point for the model. Across all multivariate tests Pillai's Trace, Wilks' Lambda, Hotelling's Trace, and Roy's Largest Root the significance levels are consistently below the 0.05 threshold, specifically at 0.000. This robustly indicates that, in the absence of predictors, there exists a significant variance in the dependent variables. This finding underscores the necessity of the predictors in offering a nuanced understanding of the dependent variables. Turning our attention to **Innovation (IN)**, the results are unequivocal. With p-values consistently registering at 0.000 across all multivariate tests, there's a statistically significant multivariate effect of Innovation on the combined dependent variables.

In stark contrast, the results for **Entrepreneurship (EP)** reveal a different narrative. Across all multivariate tests, the p-values are consistently at 1.000. This suggests that, within the confines of this model and dataset, Entrepreneurship does not exert a statistically significant multivariate effect on the dependent variables.

The **interaction term between Innovation and Entrepreneurship (IN * EP)** was also scrutinized. The consistent p-values of 1.000 across all multivariate tests indicate that the interaction between Innovation and Entrepreneurship does not significantly modulate the dependent variables. This suggests that the synergistic effect of Innovation and Entrepreneurship does not offer incremental insights beyond their individual contributions.

Table 2 Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	CA	3.917 ^a	254	.015	662231152771484200000000.000	.000
	EC	56211.288 ^a	254	221.304	.	.
Intercept	CA	8804.343	1	8804.343	37811751317831210000000000000.000	.000
	EC	498963.002	1	498963.002	.	.
IN	CA	2.821	13	.217	9317943940726917000000000.000	.000
	EC	48252.111	13	3711.701	.	.
EP	CA	.000	67	.000	.000	1.000
	EC	78.601	67	1.173	.	.
IN * EP ^a	CA	.000	174	.000	.000	1.000
	EC	53.256	174	.306	.	.
Error	CA	2.375E-23	102	2.328E-25		
	EC	.000	102	.000		
Total	CA	11122.290	357			
	EC	660484.660	357			
Corrected Total	CA	3.917	356			
	EC	56211.288	356			

a. R Squared = 0.7235 (Adjusted R Squared = 0.7061)

SPSS OUTPUT, 2023

The table presents a multivariate analysis of the effects of Innovation (IN) and Entrepreneurship (EP) on Competitive Advantage (CA) and Economic Contribution (EC) of SMEs. The corrected model provides



an understanding of the variance in the dependent variables (CA and EC) that can be attributed to the predictors (IN, EP, and their interaction). For CA, the model significantly explains the variance, as evidenced by the F-value of approximately $6.62 \times 10^{226.62} \times 10^{22}$ and a p-value of .000, which is below the conventional alpha level of 0.05, indicating statistical significance. For EC, the sum of squares is 56211.288, but the table does not provide the F-value or p-value, making it challenging to determine the significance of the predictors for EC. The intercept represents the expected mean value of the dependent variables when all predictors are zero. For CA, the intercept is statistically significant, with an F-value of approximately $3.78 \times 10^{253.78} \times 10^{25}$ and a p-value of .000. For EC, while the sum of squares is 498963.002, the F-value and p-value are not provided, making it difficult to interpret the significance of the intercept for EC.

Innovation appears to have a profound impact on CA, as indicated by the significant F-value of approximately $9.32 \times 10^{239.32} \times 10^{23}$ and a p-value of .000. For EC, the sum of squares is 48252.111, but without the F-value and p-value, the significance of Innovation's effect on EC remains undetermined. For CA, Entrepreneurship does not exhibit a significant effect, as evidenced by the F-value of .000 and a p-value of 1.000, suggesting that, in isolation, Entrepreneurship might not be a significant predictor of CA. For EC, the sum of squares is 78.601, but the absence of the F-value and p-value makes it challenging to interpret the significance of Entrepreneurship's effect on EC.

The interaction between Innovation and Entrepreneurship does not seem to have a significant influence on CA, as indicated by the F-value of .000 and a p-value of 1.000. For EC, the sum of squares is 53.256, but the significance of this interaction effect on EC cannot be determined without the F-value and p-value. The R Squared value represents the proportion of variance in the dependent variables explained by the predictors. An R Squared of 0.7235 suggests that the model explains approximately 72.35% of the variance in the dependent variables. The adjusted R Squared, which accounts for the number of predictors in the model, is 0.7061, indicating that about 70.61% of the variance in the dependent variables is explained by the predictors when adjusted for their number.

In essence, while Innovation significantly impacts Competitive Advantage, Entrepreneurship, in isolation, does not. The interaction between Innovation and Entrepreneurship also doesn't significantly influence Competitive Advantage. The effects on Economic Contribution are less clear due to the absence of certain critical values in the table. The model as a whole, however, explains a substantial portion of the variance in the dependent variables.

Test of Hypotheses

H₀₁: There is no significant multivariate effect of innovation on the combined dependent variables (competitive advantage and economic contribution) of SMEs in Kaduna.

Upon examining the multivariate tests for the variable Innovation (IN), it is evident that the p-values consistently register at 0.000 across all tests. This value is significantly below the conventional alpha level of 0.05, which is typically used as a threshold to determine statistical significance. Such a result robustly indicates that the effect of Innovation on the combined dependent variables is not due to random chance. The data provides compelling evidence against the null hypothesis (H₀₁). Therefore, we reject H₀₁, suggesting that there is, in fact, a significant multivariate effect of innovation on the combined dependent variables of competitive advantage and economic contribution for SMEs in Kaduna.

H₀₂: There is no significant multivariate effect of entrepreneurship on the combined dependent variables (competitive advantage and economic contribution) of SMEs in Kaduna.

In contrast to the results for Innovation, the multivariate tests for Entrepreneurship (EP) present a different scenario. The p-values for Entrepreneurship consistently stand at 1.000 across all tests. This indicates a lack of statistical significance in the effect of Entrepreneurship on the combined dependent variables within the dataset and model under consideration. The evidence from the data supports the null hypothesis (H₀₂). As such, we fail to reject H₀₂, implying that, within the context of this study, there might not be a significant multivariate effect of entrepreneurship on the combined dependent variables of competitive advantage and economic contribution for SMEs in Kaduna.

The empirical evidence from the study underscores the pivotal role of Innovation in influencing the combined dependent variables for SMEs in Kaduna. In stark contrast, Entrepreneurship, at least within the confines of this study, does not exhibit a similar influence.

Discussion of Finding

The empirical findings of this study shed light on the multifaceted relationship between innovation, entrepreneurship, and their combined effects on the dependent variables of competitive advantage and economic contribution within SMEs in Kaduna.

The results unequivocally indicate a significant multivariate effect of innovation on the combined dependent variables. This aligns with the empirical review, where the agility and adaptability of SMEs have been emphasized, especially in the context of innovation. As highlighted by Levy & Powell (2005), SMEs, with their inherent flexibility, are often at the forefront of innovation, swiftly adapting to market dynamics and capitalizing on emerging opportunities. The current study's findings resonate with this observation, suggesting that innovation plays a pivotal role in shaping the competitive advantage and economic contribution of SMEs in Kaduna. This is further supported by the Entrepreneurial Orientation Theory, which underscores the innovative tendencies of SMEs as a determinant of business outcomes (Miller, 1983).

On the other hand, the study's findings regarding entrepreneurship present a contrasting narrative. The lack of a significant multivariate effect of entrepreneurship on the dependent variables is intriguing. This is particularly noteworthy in light of the empirical review, where the entrepreneurial orientation of SMEs has been emphasized as a significant determinant of business outcomes (Covin & Slevin, 1989; Wiklund & Shepherd, 2003). However, the current study's findings suggest that, within the specific context of Kaduna, entrepreneurship, in isolation, might not exert a similar influence. This could be attributed to various region-specific challenges, such as financial constraints (Beck & Demircuc-Kunt, 2006) and regulatory intricacies (Acs & Szerb, 2007), which might modulate the effect of entrepreneurship on SME outcomes.

The findings also offer significant theoretical implications. From the perspective of the Absorptive Capacity Theory (Cohen and Levinthal, 1990), the significant effect of innovation suggests that SMEs in Kaduna possess the capacity to assimilate and exploit external knowledge, thereby driving their competitive advantage and economic contribution. This capacity, as the theory posits, is dynamic and evolves based on prior knowledge and continuous learning endeavours.

Conversely, the lack of a significant effect of entrepreneurship can be viewed through the lens of the Resource-Based View (RBV). As Wernerfelt (1984) and Barney (1991) posited, firms can achieve competitive advantage through the strategic deployment of their unique resources. It's plausible that, within the context of Kaduna, the resources aligned with entrepreneurship might not be as valuable, rare, inimitable, or non-substitutable (VRIN) as those aligned with innovation, thereby leading to the observed results.

The study offers a nuanced understanding of the roles of innovation and entrepreneurship within SMEs in Kaduna. While innovation emerges as a significant determinant of competitive advantage and economic contribution, entrepreneurship's role appears to be more subdued. These findings, set against the backdrop of the empirical and theoretical reviews, underscore the complex interplay of factors that shape SME outcomes. As Oyelaran-Oyeyinka (2007) emphasized, region-specific dynamics necessitate granular exploration, and this study contributes to that discourse, offering insights into the unique SME ecosystem of Kaduna. Future research might delve deeper into the underlying factors that modulate the effects of innovation and entrepreneurship in this region, thereby offering more comprehensive insights.



CONCLUSION AND RECOMMENDATION

The study examined the effects of innovation and entrepreneurship on the combined dependent variables of competitive advantage and economic contribution within SMEs in Kaduna. The empirical evidence presented paints a clear picture of the dynamics at play. Innovation emerges as a significant force, with the data robustly indicating its pivotal role in influencing the combined dependent variables for SMEs in Kaduna. The rejection of the null hypothesis (H01) underscores this, suggesting that innovation is not just a peripheral factor but a central determinant in shaping the competitive advantage and economic contribution of SMEs in the region. This finding resonates with the broader discourse on the importance of innovation in driving business outcomes, especially in the context of SMEs, which often operate in dynamic and rapidly evolving environments.

Conversely, entrepreneurship, a factor often lauded for its potential to drive business growth and outcomes, does not exhibit a similar influence within the confines of this study. The data supports the null hypothesis (H02), suggesting that, at least in the specific context of Kaduna, entrepreneurship might not exert a significant multivariate effect on the combined dependent variables. This finding prompts a re-evaluation of the role of entrepreneurship in this specific context and suggests that while entrepreneurship is crucial, its effects might be modulated by region-specific factors.

In essence, the study offers valuable insights into the SME ecosystem of Kaduna, highlighting the nuanced roles of innovation and entrepreneurship. While innovation stands out as a key driver, the role of entrepreneurship appears more subdued, prompting further exploration and understanding. As SMEs continue to play a crucial role in economic development, especially in emerging economies like Kaduna, such insights are invaluable in shaping policies, strategies, and interventions aimed at bolstering their growth and contribution to the broader economy.

Given the findings of the study, it is imperative for SMEs in Kaduna to place a heightened emphasis on innovation, channelling resources and efforts towards strategies that bolster this aspect, as it has been identified as a significant driver for competitive advantage and economic contribution. Concurrently, there's a pressing need for stakeholders and policymakers in the region to undertake a comprehensive re-evaluation of entrepreneurship initiatives. The current landscape suggests that while entrepreneurship is undeniably crucial, its impact on SMEs in Kaduna might be influenced by unique, region-specific factors. As such, tailoring entrepreneurship programs to better align with these nuances could prove instrumental in maximizing the potential of SMEs in the region.

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Effect of Customer Relationship Marketing on Customer Loyalty in Unity Bank Plc, Abuja Metropolis

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Abstract

Globally, businesses strive to have a stable customer base that does not only guarantee future revenue with high lifetime value but they also try to create loyal customers through various loyalty programs. Despite efforts, Unity Bank customers are still not loyal to the bank as they always regard it as old generation or pensioner's bank. The study investigated the effect of customer relationship marketing on customer loyalty in Unity Bank Plc, Abuja metropolis the population of the study is made up of the customers of the fourteen selected branches of Unity Bank Plc in Abuja metropolis. Data were collected through primary data source from questionnaire responses. 400 Questionnaires was distributed to all customers in Abuja Metropolis. The questionnaire was a structured closed ended 5-point Likert scale questionnaire. The data collected was analyzed using Partial Least Square Structural equation model (PLS-SEM). The findings from the analysis shown that communication has a positive and significant effect on customer loyalty, while trust has a negative and significant effect on customer loyalty. The study concludes based on the research findings that relationship marketing has a significant effect on customer loyalty. This study recommended that Unity Banks managers in Abuja metropolis should give more attention to communication and trust since they have significant effect on customer loyalty.

Keywords: Communication, Trust and Customer Loyalty

INTRODUCTION

Globally, businesses strive to have a stable customer base that doesn't only guarantee future revenue with high lifetime value. The most important causes that a customer being loyal with one company are if the products and services are considered under customer's preferences, if the products and services are considered under customers value and if the customers' experiences, perceptions and beliefs about the company as well as its products and services are highly valued (Ranade, 2012).

The customer is one who is the user of the products or services produced by the company and judge those products' quality. They are the sources of generating profit that always spend a greater share. So, every company must produce the quality products or services with affordable price to attract more customers and make more sales. It is costlier for businesses to acquire a new customer than to retain an existing customer. Therefore, the businesses should be aware of their products as well as their customer's type such as loyal customers, discount customers, impulse customers, need-based customers and wandering customers to treat them well (Management Study Guide 2018). Customer loyalty is view as when a person transacts with a brand (or purchases a specific product) on an ongoing basis (Carter, 2020).

Customer loyalty is related to a service provider's ability to maintain its customers' loyalty and persuade them to recommend its services to potential customers (Zeithaml, 2016). Customer loyalty is a result of customer's retention programs that always giving encouragement to remain active choosing their brand as exclusive brand. Customer loyalty is a strategy that creates mutual rewards to benefit firms and customers (Reichheld & Detrick, 2013). With loyal customers, companies can maximize their profit because loyal customers are willing to purchase more frequently, spend money on trying new products or services, recommend products and services to others, and give companies sincere suggestions (Reichheld & Sasser, 2019). Customer's loyalty as a deeply held commitment to rebuy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior (Haryanto, *et al*, 2016).

Basically Relationship Marketing (RM) has evolved not only as a marketing strategy but has been the foundation on which the companies build their core value and ethics. Relationship Marketing outline the



framework for company to reach out as well as and orient themselves to the outside markets, to the end customer as well as to the business partners, the suppliers and vendors too. Relationship Marketing is not limited to customers and supplier alone but has been extended in scope to cover its employees as well as an effective ways of reaching out to attracting best talent too, (Prachi, 2015). Building a strong customer relationship is a key functionality to retain customers and gain new ones that could also create a mutually satisfying long term collaborative relationship between company and customers. Commitment plays a vital role in helping businesses to acquire and retain customers while maximizing the lifetime value.

Trust is an important factor in relationship marketing as it is the foundation upon which long-term relationships are built. Trust is the belief that the other party will act in a way that is consistent with the expectations of the relationship. When customers trust an organization, they are more likely to remain loyal over time. Trust can be built by providing consistent, high-quality service, and by communicating honestly and transparently with customers.

Communication is another essential component of relationship marketing as it allows both parties to exchange information and feedback, and to better understand each other's needs and expectations. Effective communication can help to build trust and commitment between the customer and the organization. Effective communication can help to build trust and commitment, which in turn can lead to greater customer loyalty. Communication can also help to identify and resolve issues before they escalate, reducing the likelihood of customer defection.

Statement of the Problem

In January 2006 nine different financial institutions with expertise in corporate banking, retail banking as well as investment banking, namely Intercity Bank Plc, Tropical Commercial Bank Plc, Pacific Bank Limited, Centre point Bank Plc, Societe Bancaire Limited, First Interstate Bank Plc, New Nigeria Bank (NNB), Bank of the North Limited and New Africa Bank Plc came together to form Unity Bank Plc, through accession clause in the original merger implementation agreement by the Central Bank of Nigeria (CBN) (Overview of Unity Bank Plc). It commenced operations in January 2006 and has been in existence with competences in investment, corporate and retail banking. Over the years, series of effort has been made by the Unity Bank Plc, such as digital banking, electronic banking and business online banking in order to be among the top banks in Nigeria (unity bank data base, 2019). Despite these efforts, Unity Bank customers are still not loyal to the bank as they always regard it as old generation or pensioner's bank. Also efforts have been made by banking sectors including Unity Bank Plc to meet up with their customers' needs and wants, it has been noticed from CBN annual report of (2015) that there is an increased rate of customers switching from one bank to the other in search of the bank that rendered a better services to their potential customers. This study seeks to examine the effect of customer relationship marketing on how it can solve the issues of customer disloyalty in the Unity Bank Plc in Abuja Metropolis.

The main objectives of the study is to examine the effect of customer relationship marketing on customer loyalty in Unity Bank Plc, Abuja metropolis. The specific objective of the study are to;

- i. Ascertain the extent to which trust affect customer loyalty of Unity Bank Plc in Abuja metropolis; and
- ii. Examine the effect of communication on customer loyalty of Unity Bank Plc in Abuja metropolis.

LITERATURE REVIEW

Concept of Relationship Marketing

Relationship marketing refers to an arrangement where both the buyer and seller have an interest in a more satisfying exchange. This approach aims to transcend the post-purchase-exchange process with a customer in order to make richer contact by providing a more personalized purchase, using the experience to create stronger ties. A main focus on a long-term relationship with customers differentiates relationship marketing from other marketing techniques.



Berry (2013) and Jackson (2015), argued in a conference about the field of service marketing that relationship marketing is a marketing activity for enterprises to obtain, maintain and promote effective relationships with customers. After a long-term study on the marketing process of the service industry, it was concluded that the ultimate goal of enterprise marketing is not only to develop new customers but also to focus on maintaining existing customers. Ultimately, the goal is to improve the long-term interests of both parties through cooperative relationships. The study also argues that the cost of maintaining an old customer is far lower than the cost of developing a new customer and that maintaining a relationship with old consumers is more economical than developing new customers.

Concept of Trust

Trust has been defined as a willingness to rely on an exchange partner in which one has confidence (Moorman et al, 2013). A betrayal of this trust by the supplier or service provider could lead to defection. Schurr and Ozanne (2015) defined the term as the belief that a partner's word or promise is reliable and a party will fulfil his/her obligations in the relationship. Other authors have defined trust in terms of opportunistic behaviour (Dwyer et al., 2017), shared values (Morgan & Hunt, 2014), mutual goals (Wilson, 2019), uncertainty (Crosby et al, 2019), actions with positive outcomes (Anderson & Narus, 2018) and making and keeping promises (Bitner, 2015).

Calonius (2018) emphasized that an integral element of the relationship marketing approach is the promise concept. He argued that the responsibilities of marketing do not only, or predominantly, include giving promises and thus persuading customers as passive counterparts in the marketplace to act in a given way, but also in keeping promises, which maintains and enhances evolving relationship. Fulfilling promises that have been given is equally important as a means of achieving customer satisfaction, retaining the customer base, and securing long-term profitability (Reichheld & Sasser, 2019). Besides fanning the fire of trust. Indeed, one would expect a positive outcome from a partner on whose integrity one could confidently rely (Morgan & Hunt, 2014).

Kuusik et al, (2009) indicated that trust is one the major factors that affect loyalty. A successful and lasting relationship with customers is built on trust. Trust is defined as thoughts, feelings, emotions, or behaviors manifested when customers feel that a provider can be relied upon to act in their best interest when they give up direct control (Patrick, 2012). Trust is conceptualized in literature as "the willingness to rely on an exchange partner in whom one has confidence" (Kwon & Suh, 2015). Trust is built when a service provider is interested in satisfying the needs of the customer, and provides products and services that create customer value. Effective customer retention helps firms grow in size and popularity, thereby increasing profitability.

Concept of Communication

Effective communication is a critical part of internal service quality. Mount and Back (2019) stated that communication is the most central process in organizations. Employees spend tremendous amounts of time collecting and disseminating information concerning such critical matters as company policy, placement, promotion, and performance feedback. The importance of effective communication has been recognized through numerous studies in various organizational contexts (Clampitt & Downs 2013; Pincus 2016).

Wright (2014) defined communication as an important element in relationship marketing since it can create shared values that could build trust, as well as, customer loyalty. In addition, one of the essential elements of service marketing is communication (Husnain & Akhtar, 2015). The researchers also continue discussing by stating that communication influenced customer loyalty by means of giving useful, precise, accurate information and, providing guidance to the customers, since employees are expected to have a wide knowledge about the business. Researchers have found consistently that the relationship between communication satisfaction and job satisfaction is positive (Mount & Back 2019; Sparks 2014; Susskind et al, 2020). For instance, Bowen (2016) stated that communicating information collected from customers changed employees' attitudes and performance. Also, if the results of customers' comments on service are



communicated and recognition is given to those who serve the customer well, the communication has significant effects on employee job satisfaction.

Concept of Customer Loyalty

Customer loyalty has considered as an important factor which leads to gain competitive advantage over other firms under a highly competitive and dynamic environment. It is a multi-dimensional construct that is built on two components, attitude and behaviour. Oliver (2019) defined customer loyalty as a promise of buyers to purchase particular products, services and brands of an organization over a consistent period of time, irrespective of competitor's new products and innovations and these customers are not compelled to switch. Loyal customers positively view the organization, endorse the organization to others, and would engage in repurchase (Dimitriades, 2016).

Similarly, Lam et al, (2014) defined customer loyalty as an evidence of the repeated patronage of a service provider and the recommendations of a service provider to other customers. Further, it is considered as the intention of the buyers to make the purchases again and again to build a continuous relationship with the organization (Dick & Basu, 2014; Fornell, 2012). Customer loyalty is often related to as the willingness of customers to repeatedly purchase a good or service that is accompanied by psychological bond and hold favorable attitudes toward a good or toward the organization supplying the goods or services (Deng et al. 2010, Gede, Yuda & Sumaedi, 2013, Prakash, 2011; Yeo et al. 2015).

Empirical Review

Firend and Masoumeh (2014) investigated the effect of service quality, trust and customer perceived value on customer loyalty in the Malaysia services sector. The research examined three factors of service quality, trust and perceived value by customers in the banking, insurance, and telecommunications industry. A quantitative approach was employed to measure the relationships between the variables of the study. Statistical tests included descriptive statistics, internal consistency, reliability, validity, correlation and regression were conducted to determine the relationship and to validate the study. The study found that there is positive relationship between service quality and trust, service quality and perceived value, trust and customer loyalty and perceived value and customer loyalty. Consequently, based on the founding's, service quality, trust and perceived value are considered to be antecedents of customer loyalty. However in this study regression analysis was use to determine the relationship and to validate the study, while in the current study The Partial Least Square Structural equation model (PLS-SEM) was used to model the regression analysis used to test the hypothesis to determine if there is an effective relationship between the independent variable and each of the proxies of dependent variable.

Bestoon et al, (2020) highlighted the effects on customer satisfaction and customer loyalty by integrating marketing communication and after sale service into the traditional marketing mix model of Umrah travel services in Malaysia, With growing mobility in a globalized world and an estimate of more than 300 million people going on religious pilgrimages every year, various researchers have been focusing on pilgrimage-driven travel services. In this context and within the Islamic religious tradition, the "Umrah" is used as a case study in this their research work. In addition, the study also investigated the effects of Umrah SMM (promotion, place, people, product, price, process, physical evidence, marketing communication and after sale service) on customer satisfaction and loyalty toward Umrah travel agents in "Malaysia." Convenience sampling technique at four international airports in "Malaysia" was used to obtain data from Umrah travelers who had used Umrah services at least once. A total of 384 usable questionnaires were collected from this study and the data were analyzed using the partial least square. The result indicated that the marketing mix has a significant positive effect on customer loyalty through customer satisfaction both directly and indirectly. This study will be of interest to the Umrah travel industry, for Malaysia and all the other countries, in understanding how marketing mix strategies are essential in maintaining a long-term relationship with customers. The Umrah travel services revealed that the traditional service marketing mix (SMM) of 7P's is inadequate. The purpose of this paper is to address this gap and examine an innovative service marketing mix strategy for "Umrah Service" including marketing communication and the authors would like to thank the marketing managers who were involved in this study as respondents. The authors would also like to thank Tabung Haji in Malaysia. The study used Convenience sampling technique at four

international airports in “Malaysia” was used to obtain data, while the current study is making use of the surveys of a Likert scale of 5 points in Nigeria.

The Active Learning Theory

According to Nord and Peter, (2019) the active learning theory is that any piece of advertising presents a message which the consumer finds to be meaningful. It also postulate that learning comes before attitudinal response and finally a change in behaviour. If a piece of advertising was exposed to consumers, the said consumers first receive the message or stimuli, this is then internalized and thought through. After the processing and decision -making, the customer then responds through action which becomes the purchase of the advertised product.

Active learning theory emphasizes that individuals learn through building their own knowledge, connecting new ideas and experiences to existing knowledge and experiences to form new or enhanced understanding (Bransford et al., 2019). The theory, developed posits that learners can either assimilate new information into an existing framework, or can modify that framework to accommodate new information that contradicts prior understanding. Approaches that promote active learning often explicitly ask students to make connections between new information and their current mental models, extending their understanding. In other cases, teachers may design learning activities that allow students to confront misconceptions, helping students reconstruct their mental models based on more accurate understanding. In either case, approaches that promote active learning promote the kind of cognitive work identified as necessary for learning by constructivist learning theory.

Active learning approaches also often embrace the use of cooperative learning groups, a constructivist-based practice that places particular emphasis on the contribution that social interaction can make. Lev Vygotsky’s work elucidated the relationship between cognitive processes and social activities and led to the sociocultural theory of development, which suggests that learning takes place when students solve problems beyond their current developmental level with the support of their instructor or their peers (Vygotsky 2018). Thus, active learning approaches that rely on group work rest on this sociocultural branch of active learning theory, leveraging peer-peer interaction to promote students’ development of extended and accurate mental models.

METHODOLOGY

This study adopted the survey research design. The population of the study consist of all the customers of the selected branches of Unity Bank Plc in Abuja metropolis. The total population is 564,695 customers drawn from the branches. The sample size of 400 was determined using the following formula proposed by Taro Yamane. Data was collected using structured questionnaire and was analyzed using the Partial Least Squares Structural Equation Modelling (PLS-SEM).

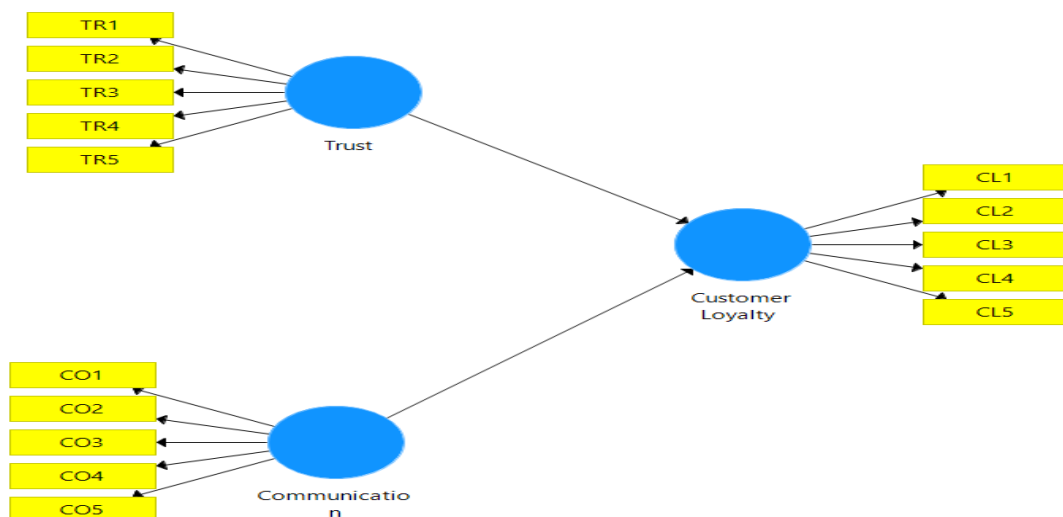


Fig 1: Model Specification.

RESULT AND DISCUSSION

Table 4.1: Administration of Instrument

Description	Responses	Percentage (%)
Completely filled and returned	404	90
Not properly filled but returned	36	10
Total	440	100

Source: Fieldwork, 2023

The study distributed a total of 450 copies of questionnaires which was a 10% increase in the sample size so as to account for unreturned questionnaire which may affect the minimal sample size and as indicated from the table 404(90%) questionnaires distributed were completely filled and returned, 46(10%) were not properly filled but returned. Subsequent analyses were conducted using the 404 instruments returned given a reasonable return rate of 90%.

Table 4.2: Descriptive Statistic

	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
TR	2.52	2.88	3	5	0.65	1.25	-1.31
CO	4.31	4.33	3	5	0.67	-0.29	-0.59
CL	3.65	4.00	1	5	0.91	0.56	-0.93

Source: SMART PLS Output, 2023

Table 4.2 above provided statistical description of the variables as expressed in the data collected in terms of the mean, minimum, maximum, standard deviation, skewness and kurtosis values. Trust (TR) had a minimum and maximum values of 3 and 5 respectively. The average value stood at 2.52 while skewness and kurtosis values stood within the normality range. Communication (CO) also, had minimum and maximum values of 3 and 5 respectively however, it showed an average of 4.31 along with a standard deviation of 0.67. Customer Loyalty (CL) had a minimum and maximum values of 1 and 5 respectively with an average value of 3.65 and a standard deviation value of 0.91.

Assessment of Measurement Model

This study analyzed the data using descriptive statistics like the mean, median, maximum and standard deviation to analyze the characteristics of the variable. The Partial Least Square Structural equation model (PLS-SEM) was used to model the regression analysis used to test the hypothesis to determine if there is an effective relationship between the independent variable and each of the proxies of dependent variable.

Construct Reliability

To establish internal consistency of the study constructs, the Cronbach's alpha and composite reliability were examined. According to Hair et al, (2019) the minimum threshold for measuring composite reliability (CR) and Cronbach's alpha is 0.7.

Convergent Validity

This explains the extent to which constructs converges to explain the variance of its items. It is assessed by evaluating the average variance extracted (AVE). The minimum value of the AVE should be higher than 0.50. All the constructs satisfied this requirement as shown in the table below and as such are valid for the study.

Table 4.3: Construct Reliability and Validity of the Indicators

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Trust	0.768	0.786	0.841	0.517
Communication	0.823	0.820	0.877	0.591
Customer Loyalty	0.879	0.889	0.911	0.673

Source: SMART PLS Output, 2023

Collinearity Test

Collinearity test was conducted to ensure the absence of multicollinearity which could lead to bias in the results. This was assessed through the variance inflation factors (VIF). As a rule, VIF values shouldn't exceed 5 to indicate absence of multicollinearity (Hair et al, 2019). From table 4.6 below, all the constructs satisfied this assumption and as such there was absence of multicollinearity among the predictor constructs.

Table 4.4: Inner VIF Values of the Structural Model

Variables	Customer Loyalty
Trust	2.279
Communication	3.805
Customer Loyalty	

Source: SMART-PLS Output, 2023

Model Goodness of Fit (GoF)

Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair et al, (2017) suggested. This study used the standardised root mean square residual's (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hui and Bentler (1982) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.031. This indicates the model fits. Aside the chi-square, the other measure indicates a goodness of fit on the model of the study.

Table 4.5 Model of Goodness of fit Summary

	Saturated Model	Estimated Model
SRMR	0.133	0.133
d_ ULS	5.778	5.778
d_ G	5.451	5.451
Chi-Square	7338.713	7338.713
NFI	0.397	0.397

Source: SMART-PLS Output, 2023

The study examined the effect of customer relationship marketing on customer loyalty in Unity Bank Plc, Abuja metropolis. The findings from the analysis above indicate that the model is adequately fit to measure the relationship between customer relationship marketing and customer loyalty. Based on the foregoing, the study tested the above four hypotheses and evidenced were provided by the study results that relationship marketing affects customer loyalty moderately as indicated by the coefficient of determination (R^2). The findings on the specific independent variables and how they affect customer loyalty are discussed below:

The first finding revealed that trust has a negative and significant effect on customer loyalty which implies that the application of trust has resulted to increase in customer loyalty as the organization tend to focus more on developing new customers as well as maintaining the existing customer level which results in relationship marketing. Contra to this finding is the work of Firend and Masoumeh (2014) the study found



that there is positive relationship between service quality and trust, service quality and perceived value, trust and customer loyalty and perceived value and customer loyalty. Consequently, based on the findings, service quality, trust and perceived value are considered to be antecedents of customer loyalty. On the other hand, communication has a positive and significant effect on customer loyalty, which allowed the imparting or exchanging information by speaking, writing and some other medium of communication such as phone line or computer from manager to the employees, customer to employees, manager to customer and employees to customer and come up with ideas leads to a pool of trust, innovation, resolve issues, enhancing of relationship marketing, team member loyalty and teamwork. Hänninen et al (2017) The findings of the study suggest that personalized channels would be the most important mediators of the effects of perceived value on loyalty but also bring up the possibility of combining personalized direct communication with new cost-effective digital channels.

CONCLUSIONS AND RECOMMENDATIONS

This study examines the effect of customer relationship marketing on customer loyalty in Unity Bank Plc, Abuja metropolis. The study concludes based on the research findings that trust affects customer loyalty negatively and significantly and communication positively and significantly affect customer loyalty. Based on the findings of this research work, the study has indicated that Unity Bank Plc has been able to achieve customer loyalty through communication and conflict handling. The following recommendations are hereby put forward that Unity Bank Plc should;

- i. Focus on building and maintaining trust with customers: Given that there is a negative and significant relationship between trust and customer loyalty, it is important for Unity Bank to prioritize building trust with its customers. This can be achieved through transparent communication, delivering on promises, and showing a genuine concern for customers' needs.
- ii. Improve communication channels: Since there is a positive and significant relationship between communication and customer loyalty, Unity Bank should focus on improving its communication channels with customers. This can be achieved through regular updates on new products and services, responding promptly to customer inquiries and complaints, and utilizing social media to engage with customers.

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Monitoring of Family-Owned Businesses and Service Delivery: A Study of Selected Transportation Firms in Anambra State

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Abstract

This study focused on the influence of monitoring on service delivery of selected family-owned transportation businesses in Anambra state. The specific objectives of this study were to examine the influence of monitoring on safe service delivery of the selected transport firms in Anambra state. One research question guided the study. Descriptive survey research design was used. The population of the study consisted of 390 workers of five selected transport firms. The instrument use for data collection was questionnaire and the data collected were analyzed using simple percentage and Pearson correlation. The findings revealed that there is significant extent to which monitoring influenced safe service delivery of the selected transport firms. It was recommended that Family-owned businesses Owners should monitor their business so as to improve the system of their operation and minimize mismanagement and improper account. It was also recommended that there should be adequate and proper delivery should be maintained so as to improve the working force of the company.

Keywords: Family-owned Business, Service delivery, Transportation, Firms.

INTRODUCTION

When it comes to the survival of individual, community and national economies businesses are existential issues. In most countries of the world, service delivery is not an exclusive preoccupation of the state but also that of the individuals. In many cases, these individual businessmen and women run the business as family-owned business. In term of success in the service industry however, the key determinants are quality and effectiveness.

A family-owned business can be seen as any business in which two or more family members are involved and the majority of ownership or control lies within a family. Family-owned business is considered to be the oldest form of business organization, and today they are recognized as important and distinct participants in the world economy (Venter, 2007). Kenyon and Ward (2005) show that family businesses are the most prevalent and pervasive form of business through all of history. Family-owned businesses particularly the small to medium sized are the grassroots of the world economy, and clearly the majority of all businesses in the world (Heck and Trent, 1999).

Adebayo (2011) describes family-own business as an interaction between two separate but connected systems - the business and the family - with uncertain boundaries and different rules. Family owned business may include numerous combinations of family members in various business roles, including husbands and wives, parents and children, extended families, and multiple generations playing the roles of stockholders, board members, working partners, advisors, and employees.

But family businesses face a unique set of management challenges stemming from the overlap of family and business issues. In family owned business, conflicts often arise due to the overlap of these roles. In order to succeed, a family business must checkmate egoistic priorities, clearly set out business target, keep lines of communication open, make use of strategic planning tools like adequate monitoring, and engage the assistance of outside advisors when needed (Bowman, 2006).

Bowman (2006) asserts that, one of the problems family businesses face is attracting and retaining non family employees into the family business. This is because such employees may find it difficult to deal with family conflicts on the job, have opportunities for advancement, and have access to the special treatment sometimes accorded family members. In addition, some family members may resent outsiders being brought into the firm and purposely make things unpleasant for such nonfamily employees. But outsiders



can provide a stabilizing force in a family business by offering a fair and impartial perspective on business issues.

One example of family-owned businesses that is unique but shares the above characteristics is family-owned road transportation firms. Although the first roads in Nigeria were built within the early parts of the twentieth century, road transportation did not become a common phenomenon until the 1920s. Ogunbodede (2008) identifies road transportation alongside education and pattern of governance as being among the prominent relics of British Rule.

The first road transport services in Nigeria were provided not only by the colonial government but a few private individuals as well. In the Eastern part of Nigeria for instance, Messrs Summers Transport of Aba, established between 1918 and 1919 was among one of the earliest private transport undertakings. Its operation covered the whole of the Eastern provinces. Another motor transporter which emerged in this region was Messrs Ojukwu Transport. Oladipo (2012) records that motor transporters in eastern Nigeria carried bunker coal from Enugu to the river fleet at Onitsha and while in Onitsha the transporters competed for a share of the palm produce to be transported to the North and carried groundnuts and other produce from Katsina and Kano. They also carried passengers and cotton in competition with the lorries of the Railway Road Motor Service.

In post-colonial Nigeria, with the expansion of road network, there was a positive development in road transportation in that big time Igbo transporters entered into the transport business. They owned luxurious buses which plied different routes to the northern and western part of the country from their base in Igbo land. The pioneers in this respect included individuals like D.D. Onyemelukwe, J.C. Ulas, Louis Philip Ojukwu and Chief Augustine Ilodibe the owner of the popular transport outfit known as “Ekene Dili Chukwu”. Other transporters were Chidi Ebere, Izuchukwu and Chief C.N. Okwunwa. Other entrants into the road transport business in Eastern Nigeria include the owners of Emenike Motors, Micmerah International Agency, G.U.O. Okeke transport service, F.G. Onyenwe, Dan Dollars, The Young Shall Grow Motors and ABC Transport Service (Iweze, 2011 cited in Oladipo, 2012). In recent times, more relatively few large-scale operators of bus fleet, who usually provide long-distance, inter-urban bus services, have also joined the league. Most often, these operators have duly incorporated and more organised business firms.

Another set of road transport service providers is made up of thousands of individual operators of small vehicles units of minibuses, taxis, motorcycles and other adapted vehicles. This group is often unincorporated but belongs to one association or the other. Interestingly, Anambra State is one of the commercial hub of Nigeria which houses most of the leading transportation firms in the country. There are also other indigenous family-owned Transportation firms operating in the state. Armstrong (2008) suggests that the private sector provides more than 90% of all passenger transport services in Nigeria and of this, family-owned firms constitute about 25%.

There is a general consensus among scholars that, transportation is an essential component of the process of economic development (Ogunbodede, 2008; Aworemi and Ilori, 2008; Oladipo, 2012; Igwe et al. 2013). As a form of business, it has impacted positively on the Nigerian state and economy (Oladipo, 2012). This has led to a considerable interest in transportation studies. Among the notable studies on the subject of road transportation is that of Aworemi and Ilori, (2008:132) which reveals that in spite of the rise in the growth of road transportation firms, government policy and economic recessions have since the 80s restrained this growth. In another related study, Ogunbodede (2008:7) discovers, following a review of the efficiency of road transportation in Nigeria from 1960-2006, that the road transport system is inefficient and grossly inadequate after 63 years of Nigerian independence. He further mentioned that the transport system have increasingly been noted since the 1960 to be characterized by inadequate and inefficient services, long waiting time at the bus stop, shortage of vehicles, etc.

Consequent upon these, family-owned transportation firms are seen to have poor resilience, unprofitable or unsustainable in the long term. One thing that is certain though is that about two-thirds to three-quarters



of family-owned transportation businesses either collapse or are sold by the founder(s) during their own tenure. It is estimated that only 5 to 15 percent continue into the third generation in the hands of the descendants of the founder(s) (Neubauer and Lank, 1998)

Statement of the Problem

There is no debating the fact that family-owned business has been in existence for a long time and has been known to foster national economy growth most especially during the critical days. Indeed, it has been described severally as the strength and the power of different nations and ancient economies. Despite the importance and evolution of family-owned business as an aspect of entrepreneurship, it has been bedeviled with the problem of constant failures. Given the sheer number of over one and a half million people operating in the road transportation firms in Nigeria, the group exerts a considerable influence on the country's national life and Anambra State in particular. Yet the problems of inefficiency of family-owned transportation firms appears to be over-looked. Instances abound with regards to service delivery in family-owned transportation firms, where customers uncommonly complain of poor target delivery, untimely delivery, unsafe delivery and poor cost-effective delivery. Unfortunately, few studies exist that show the nature of the relationship that exists between the management of family-owned business and the quality/quantity of their service delivery. This study is an attempt to fill this gap and hence the objective which was to examine the influence of monitoring on service delivery of the selected transport firms in Anambra State.

LITERATURE REVIEW

Concept of Family Business

According to Chrisman, Chang and Litz (2004), a family business and a small business are not necessarily analogous. Family owned businesses are the most prevalent and pervasive form of business through all of history (Kenyon and Ward, 2005). Astrachan and Shanker (2003) defined family business in terms of its percentage of ownership, voting control, power over strategic decisions and involvement of multiple generations.

International Finance Corporation (2012) affirms that, family businesses range from small and medium-sized companies to large conglomerates that operate in multiple industries and countries. Though there are many large corporations that are considered to be family-owned businesses, clear majority of family businesses are small businesses with less than 20 employees (U.S. Small Business Administration, 1997).

There is no single definition of the concept of family business. The European Economic Commission (ECC) family business review (2009) opines that, family business is a term which is exclusively applied to every conceivable area, such as public and policy discussions, legal regulations, as an eligibility criterion for support services, and to the provision of statistical data and academic research. The majority of definitions seem to focus on the vital role of family in terms of determining the management and control methods used in the business. The ECC family review (2009) stated that there is general agreement that a definition of family business has to incorporate three essential elements: the family, the business and ownership. The review went further to posit that, ownership is key to the business life of the firm. It enables a clear distinction to be made between family and non-family businesses. Taking the 'ownership perspective' rather than the 'company size' perspective can help improve understanding of the phenomenon.

According to Cornerstone Business Solution (2005), family owned business as defined by the taxman's perspective is a business that includes a sole proprietorship as well as an entity such as a corporation, partnership, or limited liability company that conducts a trade or business and if the business is an entity rather than a sole proprietorship, the decedent and his or her family members must own any of the following: (i) at least 50% of the entity; (ii) at least 30% of an entity in which members of two families own 70%; or (iii) at least 30% of an entity in which members of three families own 90%."

Taking the three-domain perspective according to the Cornerstone Business Solutions (2005), "the definition of a family owned business is sought within what are termed the three 'domains' which are family, business and ownership. The 'family' domain is based upon people being related by blood, by



adoption or by marriage. The 'business domain' is based upon a structure of a profit-driven economic unit functioning as a commercial enterprise.

The European Commission family business review (2009) takes, "A firm, of any size, to be a family business, if:

- a. The majority of decision-making rights are in the possession of the natural person(s) who established the firm, or in the possession of the natural person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.
- b. The majority of decision-making rights are indirect or direct.
- c. At least one representative of the family or kin is formally involved in the governance of the firm.
- d. Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 percent of the decision-making rights mandated by their share capital."

Going by these, most researchers distinguish family-owned businesses from non-family businesses by asserting that a business is a non-family one if it is owned by one person and no significant influence of family members exists in the major business decisions. They also consider as non-family business that which does not have the characteristics of family businesses.

Service Delivery

One's understanding of service delivery depends on how much one takes away from the definition of service. The World meteorological Organization (WMO, 2014) defines service as any product or activity that satisfies or meets the need of a user or customer. But one has to distinguish between free services offered most by non-governmental organizations (NGOS) and those that come at a cost. It is normally the case that the services offered by family-owned businesses come at a cost because such businesses are profit making ventures.

WMO further asserts that the effectiveness, efficiency and appreciations of the services of an organization depend on the availability, timeliness, dependability, reliability, safety, authenticity, responsiveness, flexibility, sustainability and expandability of the delivered services.

Going by this definition and considering the heuristics of efficiency given above, the performance of a service delivery business be it a transportation firms charged with transportation of customers' goods (haulage, weigh bills) or transportation of persons from one place to another can be evaluated based on four basic criteria namely: timely service delivery, cost-effective service delivery, safe service delivery and accurate target service delivery. The availability, scope, quality and costs of Service delivery are however, defined by service level agreement through mutual negotiations and engagement by the service provider and the customer (WMO, 2014).

Empirical Review

Westhead and Howorth (2006) carried a study on the factor affecting family owned business. The study was guided with three research questions and data was collected through questionnaire. The data collected was analysed using mean and chi-square. The findings show that finance and government policies on entrepreneurs are the major factors affecting the development of family owned business.

Poza (2007) examined the impact of leadership quality on the delivery of family owned business. The data used were collected through questionnaire and was analysed with Chi-square using statistical package for social sciences (SPSS). The study reveals that family owned businesses should not avoid appointing family members to positions of management or power within the family business. Also that manager in a family business must develop business goals and objectives, and then actually execute the goals and objectives. Adams (2004) explored the impact of good management on service delivery of family business. The study used questionnaire and data collected were analysed using bar chart and correlation. The findings showed that good management has a significant impact on service delivery.



Niemanand Bennet (2005) executed a study on the nature of relationship between family Owned business and organizational management. The study was guided by three research questions; the data collected was a primary data through structural questionnaire. The data was analysed with correlation using statistical package for social sciences (SPSS version 16). The findings show that organizational management has a significant effect on family owned business.

Ifekwen and Ogbojafor (2011) evaluated service delivery and monitoring as correlate of family-owned businesses. The aim of the study was to determine the nature of relationship between service delivery, monitoring and family-owned business. Survey research design was used and the population of the study consists of 400 workers of twelve different family owned businesses. Questionnaire was use in data collection and the data collected was analyzed using correlation. The study reveals that monitoring, service delivery has a significant effect on family-own businesses.

Theoretical Framework

This study adopted disruptive innovation theory. Disruptive technology and disruptive innovation are terms used in business and technology literature to describe innovations that improve a product or service in ways that the market does not expect, typically by being lower priced or designed for a different set of consumers (Bower and Christensen, 1995). Disruptive innovations can be broadly classified into low-end and new-market disruptive innovations. A new-market disruptive innovation is often aimed at non-consumption (i.e., consumers who would not have used the products already on the market), whereas a lower-end disruptive innovation is aimed at mainstream customers for whom price is more important than quality.

Disruptive technologies are particularly threatening to the leaders of an existing market, because they are competitors coming from an unexpected direction. A disruptive technology can come to dominate an existing market by either filling a role in a new market that the older technology could not fill (as cheaper, lower capacity but smaller-sized flash memory is doing for personal data storage in the 2000) or by successively moving up-market through performance improvements until finally displacing the market incumbents (as digital photography).

In contrast to “disruptive innovation”, a “sustaining” innovation does not have an effect on existing markets. Sustaining innovations may be either “discontinuous” (i.e. “revolutionary”) or “continuous” (i.e. “evolutionary”). Revolutionary innovations are not always disruptive. Although the automobile was a revolutionary innovation, it is not a disruptive innovation, because early automobiles were expensive luxury items that did not disrupt the market for horse-drawn vehicles.

This theory is relevant to this study because it reviewed the disruptive innovation as a mechanism family-owned business use in improving service delivery.

METHODOLOGY

This study employed a descriptive survey design. The purpose was to collect detailed and factual information describing an existing phenomenon from many respondents. The population of the study is made up of 390 staff in five selected family-owned transportation businesses in Anambra state. The five family-owned transport businesses include; Ekeson Transport Company, God is Good Transport Company, Ifesinachi Transport Company, ABC Transport Company and Okeyson Transport Company. Sample size of 198 was derived using Taro Yamena formula for determining sample size from a definite population.

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

Where n= The sample size

N=Total population

e=Limit of tolerable error

1=Constant

Therefore, given that $N = 390$ (as stated above) and e is assumed to be 5%
Then the sample size is calculated thus,

$$n = \frac{390}{1 + 390(0.05)^2} = \frac{390}{1.975} n = 197.5 \cong 198$$

Cluster and stratified sampling techniques were used in selecting participants. The said participants span across the five selected transport companies. The data used in this study was primary source of data collected through structured questionnaire. In analysis of data, frequency and percentage were employed. Pearson correlation product moment was used to test the hypothesis. The correlation formula is given below:

$$r^2 = \frac{n \sum xy - \sum x \sum y}{(n \sum x^2 - \sum (x)^2)(n \sum y^2 - \sum (y)^2)}$$

$$0 < r^2 < 1$$

In this study, r^2 is used to determine the relationship between the sub-variables of management and service delivery of the selected transport firms in Anambra state.

Decision Rule: Accept the alternative hypothesis when the probability value is less than alpha otherwise reject.

Results and Discussions

Table 1: Analysis of Distributed Questionnaire

Questionnaire	Frequency	Percentage
Distributed questionnaire	198	
Complete and returned questionnaire	186	94
unreturned questionnaire	12	6
Total		100

Source: Field Survey, 2023.

From the analysis above, it is shown that 94 percent of the distributed questionnaire was returned 6 percent of the distributed questionnaire was unreturned. This indicates that high percent of the distributed questionnaire was returned.

Table 2: Distribution of Respondents on adequate monitoring of tasks

	Frequency	Percentage
Strongly agree	76	40
Agree	81	44
Disagree	11	6
Strongly disagree	13	7
Undecided	5	3
Total	186	100

Source: Field Survey, 2023

From the analysis above, it was indicated that 40 percent of the respondents strongly agree that there is adequate monitoring of tasks, 44 percent agree, 6 percent disagree, 7 percent of the respondents strongly disagree while 3 percent of the respondents were undecided that there is adequate monitoring of tasks

Table 3: Distribution of Respondents on adequate monitoring of service charges

	Frequency	Percentage
Strongly agree	79	42
Agree	60	32
Disagree	31	17
Strongly disagree	16	9
Undecided		

Total	186	100

Source: Field Survey, 2023

The analysis above showed that 42 percent of the respondents strongly agree that there is adequate monitoring of service charges, 32 percent agree, 17 percent disagree while 9 percent of the respondents strongly disagree that there is adequate monitoring of service charges.

Table 4: Distribution of Respondents on adequate monitoring of task durations

	Frequency	Percentage
Strongly agree	58	31
Agree	83	45
Disagree	24	13
Strongly disagree	16	9
Undecided	5	3
Total	186	100

Source: Field Survey, 2023

The analysis above showed that 31 percent of the respondents strongly agree that there is adequate monitoring of task durations, 45 percent agree, 13 percent disagree, 9 percent of the respondents strongly disagree while 3 percent of the respondents were undecided that there is adequate monitoring of task durations.

Table 5: Distribution of Respondents on how services are delivered on time

	Frequency	Percentage
Strongly agree	71	38
Agree	80	43
Disagree	11	6
Strongly disagree	15	8
Undecided	9	5
Total	186	100

Source: Field Survey, 2023

The analysis above showed that 38 percent of the respondents strongly agree that service are delivered on time, 43 percent agree, 6 percent disagree, 8 percent strongly disagree while 5 percent of the respondents were undecided that Services are delivered on time.

Table 6: Distribution of Respondents on how services are affordable

	Frequency	Percentage
Strongly agree	62	33
Agree	83	45
Disagree	17	9
Strongly disagree	15	8
Undecided	9	5
Total	186	100

Source: Field Survey, 2023

From the analysis above, it was shown that 33 percent of the respondents strongly agree that Services are affordable, 45 percent agree, 9 percent disagree, 8 percent of the respondent strongly disagree while 5 percent of the respondents were undecided that Services are affordable.

Table 7: Distribution of Respondents on safety driving policy

	Frequency	Percentage
Strongly agree	68	37
Agree	62	33
Disagree	35	19
Strongly disagree	10	5
Undecided	11	6
Total	186	100

Source: Field Survey, 2023

From the analysis above, it was indicated that 37 percent of the respondents strongly agree that there is safety driving policy, 33 percent agree, 19 percent disagree 5 percent strongly disagree while 6 percent of the respondents were undecided that there is safety driving policy.

Table 8: Distribution of Respondents on how services are always delivered to expected destination

	Frequency	Percentage
Strongly agree	76	40
Agree	81	44
Disagree	11	6
Strongly disagree	13	7
Undecided	5	3
Total	186	100

Source: Field Survey, 2023

The analysis indicated that 40 percent of the respondents strongly agree that that Services are always delivered to expected destination 44 percent agree, 6 percent were undecided, 7 percent strongly disagree while 3 percent of the respondents were undecided that Services are always delivered to expected destination

Testing of hypothesis

H_0 : There is no significant influence of monitoring in safe service delivery of the selected Transportation firms in Anambra State.

H_1 : There is significant influence of monitoring in safe service delivery of the selected Transportation firms in Anambra State

Descriptive Statistics

	Mean	Std. Deviation	N
Monitoring	37.2000	37.85763	5
service delivery	37.2000	37.85763	5

Correlations

		monitoring	service delivery
monitoring	Pearson Correlation	1	.9140**
	Sig. (2-tailed)		.002
	N	5	5
service delivery	Pearson Correlation	.9140**	1
	Sig. (2-tailed)	.002	
	N	5	5

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



In testing the hypothesis, it shows that there is significant influence of monitoring in safe service delivery of the selected Transportation firms in Anambra State since the probability value (0.002) is less than the alpha value (0.05). The analysis also shows that there is a strong relationship between monitoring and service delivery with a correlation value of 0.914

Discussion of findings on Monitoring and Safe Service Delivery

Monitoring is an important management tool that enables a firm to track the progress of work and facilitate decision making. In fact, it enables the firms to monitor achievements by a regular and constant collection of information to help in timely decision making, ensure accountability and provide the ground for evaluation and learning. In testing the third hypothesis, it shows that there is significant influence of monitoring in safe service delivery of the selected transportation firms in Anambra state. The analysis also shows that there is a strong relationship between monitoring and service delivery ($r = 0.914 > 0.75; 0.05$). This outcome is in agreement with the study carried out by Niemanand (2001).

Taking the three sub-variables used to measure business monitoring: adequate task monitoring, adequate service charge monitoring and adequate task duration monitoring into considerations, the respondents all agreed that there are serious policing (84% for task monitoring, 74% for service charge monitoring and 76% for task duration monitoring) in the five transportation firms to ensure safe service delivery. This is not surprising because private enterprises do take monitoring seriously as it afford the management the opportunity of determining level of progress or lack thereof, in the achievement of results. It also helps them to keep employees on their toes to attain the target that was set for them. Due to the adequate monitoring of the tasks, the service charge and the task duration, the five firms are able to achieve safe service delivery.

CONCLUSION AND RECOMMENDATIONS

From the discussion of finding the summary was made that there is significant influence of monitoring on safe service delivery of the selected transportation firms. ($r = 0.914 > 0.75; 0.05$). From the discussion of findings, the researcher concluded that there is significant influence of monitoring on safe service delivery of the selected transport firms. Having discussed the findings and drawn conclusion therein, the following recommendation is made;

1. Owners should monitor their business so as to improve the system of their operation, minimize mismanagement and improper account.
2. Adequate and proper delivery should be maintained so as to improve the working force of the company.

Contribution to Knowledge

This study is among the first contribution in the area of Family-owned Businesses within the context of Transportation firms in Anambra State. This study contributed to the body of knowledge by building a concept that integrated different family-owned businesses Transportation firms.

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Questionnaire

	Monitoring	SA	A	D	SD	UD
1	There is adequate monitoring of tasks					
2	There is adequate monitoring of service charges					
3	There is adequate monitoring of task durations					
	Service Delivery	SA	A	D	SD	UD
1	Services are delivered on time					
2	Services are cost-effective					
3	There is safety driving policy					
4	Services are always delivered to expected destination					



Effect of Ownership Structure on Earnings Management of Quoted Financial Firms in Nigeria

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Abstract

In Nigeria, there have been documented instances of financial misconduct within numerous financial institutions. Consequently, there has been an introduction of a corporate governance code, which places particular emphasis on the ownership structure of these firms. This research investigates how the ownership structure affects the manipulation of earnings in publicly traded financial firms in Nigeria. The study encompasses all 53 publicly traded financial firms in Nigeria, with a sample size of 36 firms. Various diagnostic tests, such as the Skewness/Kurtosis Normality Test, Pearson Correlation, Heteroscedasticity test, and Hausman Specification Test, were conducted to assess the hypotheses. The findings indicate that managerial ownership has a significant negative impact on the discretionary accruals of publicly traded financial firms in Nigeria. In contrast, institutional ownership has an insignificant negative impact on discretionary accruals for these firms. Additionally, ownership concentration has an insignificant positive impact on discretionary accruals within financial firms in Nigeria. As part of its recommendations, the study suggests that financial firms in Nigeria should discourage excessive ownership concentration and promote the dilution of ownership to reduce excessive control by a select few individuals, thereby minimizing earnings manipulation within their organizations. Furthermore, the study recommends that these financial firms in Nigeria ensure that their directors hold at least 10-15 percent of shares in their respective firms to foster greater commitment and reduce the extent of earnings manipulation within the organizations.

INTRODUCTION

The ownership arrangement within any organization has a vital role to play in addressing conflicts of interest among stakeholders. It functions as a means of overseeing the activities conducted by managers on behalf of shareholders, a scenario commonly known as agency conflicts. According to Habbash et al. (2014), the ownership structure significantly impacts agency costs, making it a central factor in this context. Numerous studies have affirmed the effectiveness of ownership structure in overseeing a firm's actions. For example, Siregar and Utama (2008) contended that ownership structure shapes the monitoring mechanisms employed by a firm. Additionally, Alshetwi (2016) and Ramadan (2015) argued that ownership structure influences earnings management and reduces managerial opportunism.

The ownership arrangement within a company holds significant importance in determining the efficacy of control measures implemented to mitigate the potential for manipulative earnings practices in Nigerian financial firms. It has been contended that establishing an appropriate ownership structure is a potent means to curb deceptive financial reporting. Kholief (2008) has argued that concentrating ownership minimizes issues related to agency conflicts, and a higher degree of ownership concentration strengthens external oversight of managerial actions. Adebisi and Olowookere (2016) support this viewpoint, asserting that ownership concentration has an adverse impact on the quality of financial reporting.

Balancing ownership in financial firms in Nigeria can effectively manage and alleviate conflicts of interest between shareholders and managers. Jensen and Meckling (1976) contended that companies with high managerial ownership experience reduced agency costs, as this alignment of interests between shareholders and managers, who act as both agents and principals in this context, facilitates this outcome. This perspective finds support in the findings of Alves (2012) and Adebisi and Olowookere (2016), who argued that managerial ownership serves as a deterrent to earnings manipulation and enhances the quality of financial reporting. In contrast, Diniartika and Nafasita (2013) and Yasmeen and Hermawati (2015) maintained that managerial ownership has no discernible impact on earnings management or the quality of financial reporting.

The literature has firmly established the significance of ownership structure in improving earnings quality. For example, Diniartika and Nafasita (2013) have argued that companies with a higher level of institutional



ownership tend to engage less in earnings management. Institutional ownership also assumes a supervisory role in overseeing managerial activities. Typically, major shareholders, often comprised of institutional investors, possess significant influence over managerial decision-making. The underlying principle is that a higher percentage of shares held by institutions translates to more effective control by shareholders. Adebisi and Olowookere's (2016) study supported this idea by demonstrating a negative association between institutional ownership and both the quality of financial reporting and earnings management. Conversely, Madani et al. (2013) and Yasmeen and Hermawati (2015) argued that institutional ownership does not impact the quality of financial reporting within an organization.

Earnings manipulation occurs when management exercises its discretion in the preparation of financial statements and alters transactions to modify accounting reports. This is done with the intent to either mislead stakeholders about the true financial position of the company or to significantly impact contractual outcomes that depend on these accounting results. Earnings management is a practice exclusive to managers, as they bear the responsibility of reporting the company's financial performance.

Furthermore, in the context of agency relationships, managers' interests often clash with those of shareholders. Managers frequently seek to influence contractual outcomes in their favor, primarily because they are employees of shareholders, and their performance is typically evaluated based on the earnings they report. Their rewards are often tied to these reported earnings.

This study has been conducted in light of past instances of fraudulent practices within the financial sector in Nigeria. It aims to investigate whether the presence of block holdings in organizations affects earnings management when compared to organizations with more dispersed ownership structures.

Statement of the Problem

Corporate managers frequently take actions or implement policies that are in conflict with the interests of shareholders. These actions often stem from the individual characteristics of these individuals, who tend to prioritize their own interests and prosperity. Consequently, conflicts of interest between shareholders and managers are a common occurrence in the financial firms of Nigeria.

It has been observed that earnings manipulation played a central role in the global financial crisis of 2000, leading to a loss of trust and confidence among investors in financial reports (Saleem et al., 2016). Rusmin (2010) highlighted that earnings management practices erode the faith investors have in the quality of financial reporting. As a result, stakeholders place significant importance on curbing earnings management. However, ensuring the quality of financial information is challenging due to the substantial monitoring costs involved and the divergence of interests between shareholders and management (Alves, 2012). Consequently, reported earnings may not always accurately reflect the actual earnings of the business.

In the modern corporate landscape, there is a growing dispersion of ownership, resulting in a separation of ownership and control. According to Jensen and Meckling (1976), this separation can lead to a misalignment of interests between owners and managers, a phenomenon commonly referred to as the agency problem. Typically, the agency problem arises from unequal access to information about investment opportunities between owners and managers, leaving owners with limited information to monitor and oversee the activities of managers.

In Nigeria, there have been documented instances of financial scandals involving various financial firms such as Bank PHB Plc, Oceanic Bank Plc, Intercontinental Bank, and the more recent case of Skye Bank, among others. These incidents prompted the introduction of the corporate governance code. One of the key focal points of this code is the ownership structure of companies. This emphasis on ownership structure stems from the recognition of the principal-agent conflict, where managers often prioritize their self-interest and engage in opportunistic behavior that can have adverse effects on reported earnings. Some researchers have argued that managerial ownership can serve as a tool to mitigate agency problems (Parveen et al., 2016), while others have not found a significant relationship between these two variables in their studies (Habbash, 2010; Gabrielsen et al., 2002). Consequently, the notion that managerial



ownership can be utilized to control managerial self-interest leads to the hypothesis that there is an inverse relationship between the percentage of managerial ownership and discretionary accruals. The concentration of ownership may potentially exacerbate agency conflicts by granting substantial power and entrenchment effects, which can be detrimental to minority shareholders (e.g., Morck et al., 1988). Conversely, concentrated ownership might encourage managers to align their interests with those of stockholders, thereby mitigating agency problems (alignment effect) (e.g., Rosenstein & Wyatt, 1997).

Previous studies conducted by Idode et al. (2018), Jacob et al. (2020), Musa and Nafiu (2017), Siraji and Nazar (2021), and Suartama and Sukartha (2020) utilized the less robust ordinary least square regression technique for their panel data analysis. This approach differs from the recommendation by Hausman (1978), who stipulates that panel data (combining cross-sectional and time series data) should be analyzed using either fixed, random, or pooled least square regression methods. Consequently, this discrepancy impacts the reliability of the findings in these earlier studies.

Furthermore, recent empirical research has revealed that the majority of studies on ownership concentration, managerial ownership, institutional ownership, and earnings management, such as those conducted by Hassan and Buvanendra (2019), Nguyen et al. (2020), Siraji and Nazar (2021), Suartama and Sukartha (2020), and Racha (2019), have primarily focused on countries other than Nigeria. Only a few studies, like those by Ahmad et al. (2020), Jacob et al. (2020), and Oladejo (2021), have been conducted within Nigeria. These identified gaps in the existing literature underscore the need for further investigation in this area, which prompted the present study on the impact of ownership structure on earnings management in publicly traded financial firms in Nigeria. This study aims to update the data up to the year 2019, employ the appropriate panel regression technique, and specifically cover the periods corresponding to the implementation of International Financial Reporting Standards (IFRS) in Nigeria.

Objectives of the Study

The primary aim of this research is to investigate how the ownership structure impacts the practice of earnings management in publicly traded financial companies in Nigeria. Specifically, the study aims to achieve the following objectives:

1. Evaluate the influence of ownership concentration on earnings management within quoted financial firms in Nigeria.
2. Analyze the impact of managerial ownership on earnings management in quoted financial firms in Nigeria.
3. Examine the effect of institutional ownership on earnings management in quoted financial firms in Nigeria.

LITERATURE REVIEW

Conceptual Framework

The theoretical framework employed in this study, drawn from Wafa and Younnes (2014) and Yahaya et al. (2019), encompasses three measures: Ownership Concentration (OSC), Managerial Ownership (MO), and Institutional Ownership (IO), which serve as independent variables. The dependent variable is represented by the measure of Absolute Discretionary Accrual (ADA), and there is also a control variable for Firm Size (FSZ).

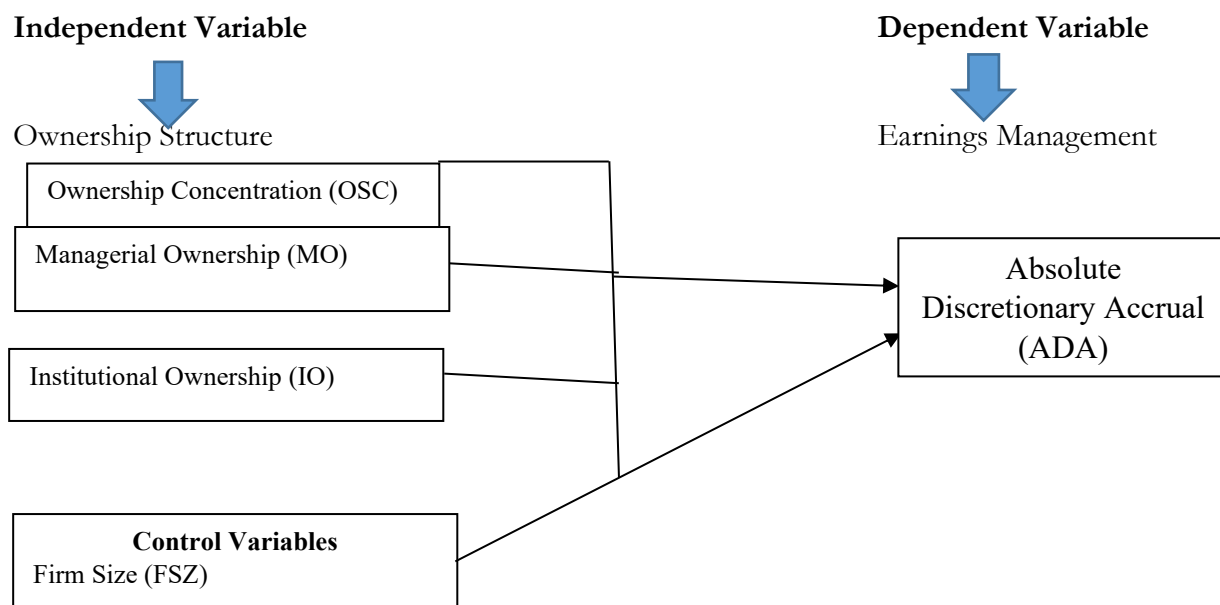


Figure 1: Adapted Framework from Yahaya *et al.* (2019) and Yahaya *et al.* (2019)

Ownership Structure

Ownership structure can manifest at various levels, including insider ownership and outsider ownership. It encompasses the distribution of shares among different stakeholders within a company. Ownership structure encompasses several facets, such as managerial ownership, institutional ownership, family ownership, foreign ownership, and state ownership, among others. The "opportunistic behavior" hypothesis posits that companies with a more dispersed ownership structure tend to exhibit lower earnings quality because their managers have greater incentives to manipulate earnings (Bartov et al., 2010). In this study, we focus on ownership structure by examining ownership concentration, managerial ownership, and institutional ownership.

Ownership Concentration

Ownership concentration is a metric that gauges the presence of substantial block holders within a company (Thomsen & Pedersen, 2000). Typically, a shareholder who holds 5% or more of a corporation's common stock is regarded as a significant shareholder or block holder. It's important for an owner's stake to be substantial enough to enable effective monitoring of management actions. These major shareholders can take various forms, including individuals, domestic or foreign corporations, institutional investors, or even state entities. Large block holders have a stronger incentive to oversee managerial activities because the potential benefits they gain from monitoring outweigh the associated costs.

A firm is deemed highly concentrated when a substantial portion of its equity is controlled by a small number of individuals (Roodposhti & Chasmi, 2010). Individuals with larger stakes in the company have a greater vested interest in safeguarding their investments, which motivates them to closely oversee the management of the firm's operations. Ownership concentration serves as a measure of the presence of significant block holders within a company, as outlined by Thomsen & Pedersen (2000). Typically, a shareholder who possesses 5% or more of a corporation's common stock is categorized as a major shareholder or block holder. It's important for the ownership stake to be significant enough to enable effective monitoring of managerial actions. These major shareholders can take various forms, including individuals, domestic or foreign corporations, institutional investors, or state entities. Large block holders are more inclined to monitor management since the costs associated with monitoring are outweighed by the benefits derived from their substantial equity holdings in the firm. Ownership concentration functions as a governance system that empowers major shareholders to exert greater influence over board decisions and behavior. For the purposes of this study, ownership concentration is defined as the ownership of blocks of shares comprising 5% or more in financial firms.

Managerial Ownership

Managerial ownership can be defined as the proportion of shares held by insiders and block holders within a company relative to the total number of issued shares. It is considered a pertinent component of ownership structures aimed at bridging the gap between business owners and their managers (Gulzar et al., 2011). Managerial ownership denotes the quantity of shares owned by the company's management. This form of ownership plays a crucial role in overseeing a firm's activities related to earnings manipulation. According to Jensen and Meckling (1976), as the level of equity held by managers increases, both the managers and shareholders become more responsible in deploying capital. However, as the ownership percentage rises to a certain extent, managers may encounter an entrenchment phenomenon (Morck et al., 1988). Fama and Jensen (1983) also argue that when managers possess a significant proportion of company stocks, they wield greater influence and voting power, which may lead to a stronger focus on self-interest. In this study, managerial ownership is defined as the percentage of shares held by a firm's directors.

Institutional Ownership

Institutional ownership refers to the possession of company shares by institutions, which may include pension funds, investment firms, banks, and other similar entities. The relationship between institutional ownership and the quality of financial reporting can be elucidated through the lens of agency theory. According to this theory, institutional ownership has the potential to enhance managerial oversight and mitigate agency conflicts that may arise between shareholders and company managers. Bhatala et al. (1994) demonstrated that institutional share ownership plays a role in monitoring the conduct of corporate managers, helping to reduce conflicts between shareholders and managers. Institutional investors are often seen as possessing greater expertise and skills to effectively oversee compliance and ensure necessary disclosures (Emamgholipour et al., 2013). When institutional investors hold a larger proportion of a firm's stock, they are expected to engage in more vigilant monitoring to deter manipulative behaviors by managers (Roodposhti & Chashmi, 2011). For the purposes of this study, institutional ownership is defined as the percentage of shares held by institutions within a firm.

Earnings Management

Earnings management can be defined as the strategic exercise of managerial discretion over operational decisions and accounting choices, with the aim of presenting a more favorable financial performance for a company. This can involve the manipulation of reported earnings by either reducing, stabilizing, or increasing them (Abor & Biekpe, 2007). It encompasses the use of managerial judgment to obscure or modify transactions in order to mislead shareholders or stakeholders regarding the true performance of the company (Healy & Wahlen, 1999). According to Sara et al. (2016), earnings management extends to the deliberate intervention in the external financial reporting process to achieve private gains for shareholders or managers.

Similarly, Tucker and Zarowin (2006) characterize earnings management as the application of managerial judgment in financial reporting and transaction structuring to alter financial statements, either to deceive certain stakeholders about the actual economic performance of the company or to influence contractual outcomes that hinge on reported accounting figures. In line with Healy and Wahlen (1999), earnings management occurs when managers utilize their judgment in financial reporting to mislead stakeholders about the true performance of the company. For the purposes of this study, the definition of earnings management provided by Healy and Wahlen (1999) was adopted.

Empirical Review

Ownership Concentration and Earnings Management

Racha (2019) examined ownership structure and earnings management: Evidence from Egypt. The study used a sample of 50 companies listed on the Egyptian stock market for twelve years. The study employed pooled GLS regression. The study found that there is a positive relationship between the Block holder ownership and the degree of earning management. However, no relationship was found between managerial ownership and public ownership on the level of earning management. The study recommended that future research should examine the management's incentives and mechanisms that managers use to manage earnings to meet or beat earnings thresholds. Also, further research should examine whether the



market rewards firms meeting or beating earnings thresholds. The study used appropriate statistical tools of analysis to examine the panel data as postulated by Hausman (1978). However, the study was carried out in another environment outside Nigeria in the past which cannot be generalized because of the environmental differences and also the need to update the data up to the current period in Nigeria.

Idode *et al.* (2018) examined how ownership concentration influences discretionary earnings quality in an emerging market: Evidence from Nigeria. The study used panel data, diagnostic tests were performed such as linearity test, autocorrelation test, and heteroscedasticity. Thereafter correlation and simple OLS regression were performed on 105 quoted non-financial companies for 15 years from 2002 to 2016. The study found a positive and significant relationship between ownership concentration and discretionary earnings quality. The study recommended that non-financial companies should also ensure that the ownership structure is diverse and widely owned to safeguard the minority shareholders and reduce the overbearing power of the majority shareholders as it was discovered that concentrated ownership has a positive significant relationship with discretionary earnings quality of the quoted non-financial companies in Nigeria. The study used a weaker statistical tool of ordinary least square regression technique to estimate the panel data as against the postulate of Hausman (1978).

Managerial Ownership and Earnings Management

Siraji and Nazar (2021) examined the effect of family and managerial ownership on real earnings management of selected non-financial listed companies at the Colombo Stock Exchange (CSE) in Sri Lanka. The study used a quantitative approach to address this current issue, and the data were collected using a sample of 206 firms listed at the CSE during the highest market capitalization period from 2016 to 2019. The study used an ordinary least square regression model to test the null hypotheses. The study found that family and managerial ownership have an insignificant negative effect on real earning management activity. The study recommended that future research should look at the effect of foreign ownership and institutional ownership on real earnings management activities. The study used a weaker statistical tool of ordinary least square regression technique to estimate the panel data as against the postulate of Hausman (1978). Also, the study was carried out in another environment outside Nigeria in the past which cannot be generalized because of the environmental differences and also the need to update the study up to the current period in Nigeria.

Nguyen *et al.* (2020) examined ownership structure and earnings quality: Empirical evidence from Vietnam's real estate sector. The study employed statistical approaches of FEM, REM and REM (robust) to address econometric issues and to improve the accuracy of the regression coefficients. Using a sample of 180 firm-year observations for 36 real estate companies listed on the Vietnamese stock market for five years, i.e. from 2014 to 2018. The study found that, while state ownership showed a positive influence, managerial ownership played negative significant roles concerning earnings quality. The study recommended for future studies that the topic of EM in the real estate industry should consider some typical variables representing this industry. The study used appropriate statistical tools of analysis to examine the panel data as postulated by Hausman (1978). Also, the study was carried out in 2020 the data covered up to 2018 which enhance the currency of the study. However, the study was carried out in another environment outside Nigeria in the past which cannot be generalized because of the environmental differences and also the need to update the data up to the current period in Nigeria.

Institutional Ownership and Earnings Quality

Oladejo (2021) examined the ownership structure and earnings quality of listed financial firms in Nigeria. The study employed secondary data. The study population comprised all the 16 listed financial firms on the Nigerian Stock Exchange. The purposive sampling technique was adopted to select the top 10 banks whose shares are consistently traded on the stock market. Data for ownership structure and earnings quality were sourced from the audited financial statements of the selected firms and the Nigerian Stock Exchange Factbook for 10 years (2009-2018). Collected data were analyzed using pooled ordinary least square, fixed effect and random effect estimation techniques. The study found that institutional ownership had a positive and statistically significant relationship with earnings quality while ownership concentration had a negative and significant relationship with earnings quality. The study recommended that institutional ownership which shows a positive relationship with earnings quality enables improved earnings of the



sampled listed banks. More institutional participation should be allowed in the Nigerian listed banks as it was proved that the study has the power to monitor the affairs of managers as this will have a positive impact on earnings. Concentration ownership gives managers incentives to manage earnings to achieve short term opportunistic interest; therefore it should not be encouraged. The study used appropriate statistical tools of analysis to examine the panel data as postulated by Hausman (1978). Also, the study was carried out in 2021 and the data covered only up to 2018 which enhance the currency of the study.

Ahmad *et al* (2020) investigated ownership structure and real earnings management: Evidence from Nigeria. The study utilized secondary data on a sample of 72 non-financial firms with 360 firm-year observations for a period of 2014-2018. Using Thompson Reuters, and Bloomberg databases. The study used multiple regression technique and panel data analysis. The study found that managerial ownership increase management's desire to manipulate the reported earnings, while institutional ownership has an insignificant relationship with real earnings management. The study also found that foreign ownership prevents managers' from manipulating the financial statement. The study recommended that listed companies in Nigeria should consider a higher percentage of foreign ownership to improve their monitoring and have a quality financial statement. The study used appropriate statistical tools of analysis to examine the panel data as postulated by Hausman (1978). Also, the study was carried out in 2020 and the data covered up to 2018 which enhance the currency of the study.

Enlightened Stakeholder Theory

The stakeholder theory posits that the success of an organization is not solely reliant on the contributions of its shareholders but rather hinges on the collective efforts of a diverse group of stakeholders (Freeman, 1984). Consequently, organizational decisions should take into account the interests of all stakeholders (Freeman, 1984; Jensen, 1993). Stakeholders are defined as groups or individuals who have an impact on, or are affected by, an organization's pursuit of its objectives (Freeman, 1984).

However, stakeholder theory has faced criticism for its perceived abstractness, as it often fails to provide a clear-cut criterion for decision-making. In reality, organizations contend with a broad array of stakeholders, including creditors, shareholders, government entities, employees, customers, and, in extreme cases, even individuals with conflicting interests like blackmailers. Making decisions that satisfy these various interests often requires trade-offs, where one interest may need to be prioritized over another. Achieving this effectively necessitates the existence of a standardized criterion to determine which interest best aligns with the company's objectives at a given point in time.

Jensen (1993) introduced the concept of the enlightened stakeholder theory as a response to the limitations of the traditional stakeholder theory. According to this theory, the primary long-term goal of a firm should be the maximization of shareholder wealth. However, it also acknowledges that satisfying the interests of other stakeholders plays an instrumental role in achieving this objective. Consequently, in the short term, organizations should ensure that stakeholders are content to facilitate the long-term maximization of shareholder value. For instance, offering higher bonuses to employees can motivate them to perform better in the future.

Building upon the principles of the enlightened stakeholder theory, this study posits that the ownership structure (comprising ownership concentration, managerial ownership, and institutional ownership) should exhibit a negative correlation with earnings management. This argument stems from the notion that organizations ultimately aim to maximize shareholder wealth in the long run. Engaging in earnings management can compromise their relationships with shareholders and the broader society in the short term. Therefore, since corporate governance serves as a control mechanism to ensure that organizations are operated in the best interests of stakeholders, it should contribute to the reduction of earnings management.

This study is grounded in the principles of the enlightened stakeholder theory, which underscores that governance factors like managerial ownership, ownership concentration, and institutional ownership should exhibit adverse associations with earnings management. Furthermore, the theory highlights the crucial point that organizations have a primary long-term objective of maximizing shareholder wealth.

However, it recognizes that practicing earnings management can jeopardize their rapport with shareholders and the broader society in the short term.

METHODOLOGY

This study adopted a longitudinal research approach to investigate how ownership structure impacts earnings management in publicly listed financial firms in Nigeria. The research population consisted of all fifty-three (53) financial firms that were listed on the Nigerian Stock Exchange as of December 31, 2019, as detailed in Appendix A. The study employed a sample of thirty-six (36) financial firms based on specific selection criteria. To be included in the sample, a firm had to meet the following criteria: being listed on the Nigerian Stock Exchange, continuous operation throughout the study period spanning from 2012 to 2019, and possessing the requisite data available in its financial statements for the study period. Consequently, thirty-six firms met these criteria and were included in this research. Data for the study were collected from the annual financial reports of these thirty-six selected financial firms in Nigeria. For the panel data analysis, a robust fixed effect model was utilized to examine the relationship between the dependent and independent variables. The selection of the robust fixed effect regression model was justified by the outcomes of the conducted Hausman test. To ensure the reliability of the findings, various robustness tests were conducted, including the Correlation Matrix, Skewness/Kurtosis Normality Test, and Hausman Specification Test. These tests aimed to validate and enhance the credibility of the research results.

The dependent variable of this study is earnings management measured by Absolute Discretionary Accrual (ADA). DA is used as a proxy for earnings management. The independent variable is ownership structure measured by Ownership Concentration (OSC), Managerial Ownership (MO) and Institutional Ownership (IO) while the control variable is firm size. A specified functional relationship is presented as adapted from Nguyen *et al.* (2020), Oladejo (2020), Racha (2019) and Yahaya *et al.* (2019) as follows:

$$ADA = f(OSC + MO + IO + FSZ)$$

The econometrically, the model is stated thus:

$$ADA_{it} = \alpha + \beta_1 OSC_{it} + \beta_2 MO_{it} + \beta_3 IO_{it} + \beta_4 FSZ_{it} + e_{it} \text{ -----Equation 1}$$

Where: $\beta_1, \beta_2, \beta_3$ and β_4 are parameters estimate.

ADA = Absolute Discretionary Accrual

OSC = Ownership Concentration

MO = Managerial Ownership

IO = Institutional Ownership

FSZ = Firm Size

α = Constant

e = Error term

i = Firms

t = Periods

A-priori expectations: β_1, β_2 and $\beta_3 < 0$

Variables Measurement and Justification

Table 1: Variables Measurement and Justification

Variable	Acronym	Type	Measurement	Justification
Absolute Discretionary Accrual	ADA	Dependent	Absolute discretionary accruals, calculated using Modified Jones model.	Efstathios (2013), Teshima and Shuto (2008), Wafa and Younnes (2014) and Yahaya <i>et al.</i> (2019).
Ownership Concentration	OSC	Independent	This is the percentage of block shareholding of 5% and above in a firm.	Idodeet <i>et al.</i> (2018), Oladejo (2021), Racha (2019) and Wafa and Younnes (2014).



Managerial Ownership	MO	Independent	This is the percentage of shares held by the directors of a firm.	Nguyen <i>et al.</i> (2020), Siraji and Nazar (2021), Suartama and Sukartha (2020) and Wafa and Younnes (2014).
Institutional Ownership	IO	Independent	This is the percentage of shares held by the institutional investors in a firm.	Hassan and Buvanendra (2019), Oladejo (2021) and Wafa and Younnes (2014).
Firm Size	FSZ	Control Variable	Log of total assets.	Shehu and Jibril (2012).

Results and Discussion

The data of thirty-six (36) financial firms regarding the Discretionary Accrual (DA), Ownership Concentration (OSC), Managerial Ownership (MO), Institutional Ownership (IO) and Firm Size (FSZ) covering 2012 to 2019 are presented in appendix B. The data were analysed with the aid of Stata 15 software using Descriptive Statistics, Skewness/Kurtosis Normality Test, Pearson Correlation, Heteroscedasticity test, Hausman Specification Test and Robust Fixed Effect Regression Model based on the data attached in appendix B and the detailed results are equally attached in appendix C.

Descriptive Statistics

Table 2: Summary the Descriptive Statistics of the entire data set.

Variable	Obs	Mean	Std. Dev.	Min.	Max.
DA	221	.0197279	.0459358	.0000237	.3542707
OSC	276	.4981047	.1959464	.066	.9068
MO	254	.1450233	.1409417	.0006267	.6627726
IO	276	.4601076	.2091581	.0682	.8932
FSZ	283	7.698235	.9387417	4.863674	9.8541

Source: Researcher's Computation using STATA 15 software

Table 2 presents data on Discretionary Accrual (DA) and ownership concentration (OSC). For DA, the data indicate a minimum value of .0000237, a maximum value of .3542707, and an average value of .0197279. These values fall within the range between the minimum and maximum, suggesting a well-distributed spread of data over the study period. Furthermore, the standard deviation for DA is .0459358, which exceeds the mean. This indicates strong growth in DA during the period under consideration. Similarly, for OSC, the data in Table 2 show a minimum value of .066, a maximum value of .9068, and an average value of .4981047. These values also fall within the range between the minimum and maximum, signifying a good distribution of data over the study period. However, the standard deviation for OSC is .1959464, which is lower than the mean. This suggests that OSC experienced relatively slower growth during the period under review.

Table 2 also provides insights into managerial ownership (MO), institutional ownership (IO), and firm size (FSZ). Regarding MO, the data indicate a minimum value of .0006267, a maximum value of .6627726, and an average value of .1450233. These values fall within the range between the minimum and maximum, suggesting a well-dispersed distribution of data over the study period. However, the standard deviation for MO is .1409417, which is lower than the mean, indicating relatively slower growth in MO during the period under consideration. Similarly, for IO, the data in Table 2 show a minimum value of .0682, a maximum value of .8932, and an average value of .4601076. These values also fall within the range between the minimum and maximum, indicating a good distribution of data over the study period. However, the standard deviation for IO is .2091581, which is lower than the mean, suggesting that IO experienced slower growth during the period under review. Furthermore, for firm size (FSZ), Table 2 reveals a minimum value of 4.863674, a maximum value of 9.8541, and an average value of 7.698235. These values also fall within the range between the minimum and maximum, signifying a well-spread distribution of data over the study

period. The standard deviation for FSZ is .9387417, which is lower than the mean, indicating slower growth in FSZ during the period under consideration.

Shapiro Wilk Normality Test

Table 3 and figure 2 below presents the results of the normality test conducted with the use of Skewness/Kurtosis test and normal distribution curve.

Variable	OBS	W	V	Z	Prob>Z
Residual	246	0.000	0.000	58.20	0.00000

Source: Researcher's Computation using STATA 15 software

Figure 2: Normal Distribution Curve

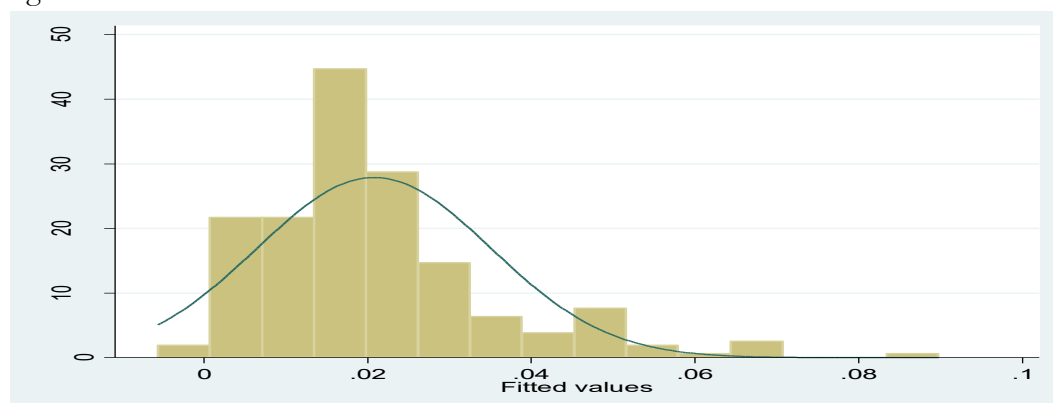


Table 3 above displays the residual value, which is 58.20, along with its corresponding z-value and probability value of 0.000. Notably, the probability value is less than 0.05, indicating that the residual does not follow a normal distribution around the mean. This observation is further supported by the normal distribution curve presented in Figure 2 above. Essentially, this suggests a violation of one of the fundamental assumptions of linear regression, which requires normally distributed residuals. To address this issue, robust regression techniques are employed for correction.

Pearson Correlation

Table 4 below is the Pearson correlation matrix for the data set to show the extent of Associations between the variables.

Variable	DA	OSC	MO	IO	FSZ
DA	1				
OSC	-0.0419	1			
MO	0.0051	-0.1659	1		
IO	-0.1062	0.7397	-0.2337	1	
FSZ	-0.1945	-0.2126	-0.1445	-0.1380	1

Source: Researcher's Computation using STATA 15 software

The correlation matrix serves the purpose of assessing the strength of associations between the proxies representing an independent variable and the dependent variable. It is also utilized to ascertain whether there are connections among the proxies of independent variables themselves, with the aim of identifying any potential multicollinearity issues within the model. The findings presented in Table 4 indicate that there is a weak negative correlation of approximately 4% between ownership concentration (OSC) and discretionary accrual (DA) in financial firms in Nigeria, as indicated by a correlation coefficient of -0.0419. Furthermore, the table reveals that there is a weak positive correlation of around 1% between Managerial Ownership (MO) and Discretionary Accrual (DA) in financial firms in Nigeria, with a correlation coefficient of 0.0051.



Additionally, the table illustrates an 11% negative and weak correlation between institutional ownership (IO) and discretionary accrual (DA) in financial firms in Nigeria, with a correlation coefficient of -0.1062. Furthermore, the table reveals a 19% negative and weak association between firm size (FSZ) and discretionary accrual (DA) in financial firms in Nigeria, as indicated by a correlation coefficient of -0.1945. Moreover, the relationships observed among the proxies of independent variables themselves are relatively mild, with all coefficients falling below the recommended threshold of 0.80, as suggested by Gujarati (2003). This implies that there is no issue of multicollinearity within the model, thereby satisfying one of the assumptions of linear regression.

Heteroscedasticity Test Results

Table 5: Heteroscedasticity test

Type of test	Chi2	P-Value
Heteroscedasticity Test	71.56	0.0000

Source: Researcher's Computation Using STATA 15 software

In order to ensure the data's suitability for the model, a heteroscedasticity test was conducted. The findings from this test indicated that the data exhibits heteroscedasticity, signifying a violation of the basic linear regression model assumption. This is corroborated by the results presented in Table 5, which reveal a chi-square value of 71.56 with a corresponding p-value of 0.000. These results fail to meet the classical linear regression assumption of homoskedasticity, which necessitates the adoption of a robust regression model.

Hausman Specification Test

Table 6 below presents the result of a Hausman specification test conducted.

Chi2	18.83
Prob. Chi2	0.0008

Source: Researcher's Computation using STATA 15 software

The data used in this study is panel data, which can potentially introduce errors that are clustered and potentially correlated over time. This arises because each financial firm may possess specific characteristics unique to its entity that can influence its performance, known as unobserved heterogeneity. Such heterogeneity has the potential to introduce bias into both the outcome variable and the explanatory variables. Therefore, it is crucial to address this issue. To assess the most suitable model for this data, a Hausman test was conducted. The results of this test indicate that the fixed effect model is more appropriate. This conclusion is supported by the Chi-square value of 18.3 with a corresponding p-value of 0.0008, as presented in Table 6. Significantly, this result is statistically significant at the 1% level of significance.

Results of Robust Fixed Effect Regression Model

Table 7 below is the robust fixed effect regression model conducted for the estimation of this model.

Variable	Coefficients	t-value	Prob.
Cons.	.5795745	5.54	0.000
OSC	.0058899	0.08	0.940
MO	-.1212414	-2.20	0.034
IO	-.0416209	-0.55	0.589
FSZ	-.067504	-5.14	0.000
R-sq overall	0.6304		
Wald chi2	11.30		
Prob. >chi2	0.000		

Source: Researcher's Computation using STATA 15 software



Table 7 above provides insight into the predictive power of the model. It reveals that approximately 63% of the variation in Discretionary Accrual (DA) can be explained by the collective influence of Ownership Concentration (OSC), Managerial Ownership (MO), Institutional Ownership (IO), and Firm Size (FSZ), resulting in an overall R-squared value of 0.6304. This suggests that the model employed in the study is a good fit, and the independent variables have been appropriately combined and utilized. Furthermore, the Wald chi-square value of 11.30, accompanied by a p-value of 0.000, indicates that the model is indeed well-suited for the study and statistically significant.

Test of Hypotheses

To examine the effect of ownership structure on earnings quality of listed financial firms in Nigeria, the formulated hypotheses were tested using a robust fixed effect regression model:

The results in Table 7 above shows that the t-value of 1.05 and the corresponding p-value of 0.940 shows that ownership concentration has an insignificant positive effect on discretionary accrual of financial firms in Nigeria for the period under review. Based on this, the null hypothesis one which says that ownership concentration has no significant effect on earnings quality of quoted financial firms in Nigeria fail to be rejected.

Table 7 equally indicate that the t-value of -2.20 and the corresponding p-value of 0.034 shows that managerial ownership (MO) has a significant negative effect on discretionary accrual of quoted financial firms in Nigeria for the period under review. Based on this, the null hypothesis two which says that managerial ownership (MO) has no significant effect on earnings quality of quoted financial firms in Nigeria is rejected.

Table 7 also reveals that the t-value of -0.55 and the corresponding p-value of 0.589 shows that institutional ownership has an insignificant negative effect on discretionary accrual of quoted financial firms in Nigeria for the period under review. Based on this, the null hypothesis three which says that institutional ownership has no significant effect on earnings quality of quoted financial firms in Nigeria fail to be rejected.

Table 7 finally reveals that the t-value of -5.14 and the corresponding p-value of 0.000 shows that firm size has a significant negative effect on discretionary accrual of quoted financial firms in Nigeria for the period under review.

DISCUSSION OF FINDINGS

The results of this study indicate that ownership concentration has a statistically insignificant positive impact on discretionary accruals within financial firms in Nigeria. This implies that as ownership concentration increases, there is a corresponding increase in discretionary accruals among quoted financial firms in Nigeria, albeit by a small margin of approximately 0.0058899. Interestingly, this finding contradicts the initial expectations of the researcher. Moreover, this outcome does not align with the principles of the enlightened stakeholder theory, which suggests that ownership concentration should be negatively related to earnings management. The theory emphasizes that organizations aim to maximize shareholder wealth in the long run, and engaging in earnings management can damage their relationships with shareholders and society in the short term. It is worth noting that this study's finding is consistent with the results reported by Wafa and Younnes (2014). However, it deviates from the findings of Idode et al. (2018), Musa and Nafiu (2017), and Isenmila and Afensimi (2012), which suggested different relationships between ownership concentration and discretionary accruals.

The study also reveals a noteworthy result concerning managerial ownership (MO), indicating a statistically significant negative impact on discretionary accruals within quoted financial firms in Nigeria. This implies that as managerial ownership (MO) increases, there is a corresponding decrease in discretionary accruals among financial firms in Nigeria, with an estimated reduction of approximately -0.1212414. Importantly, this finding aligns with the initial expectations of the researcher. Furthermore, this outcome is consistent with the principles of the enlightened stakeholder theory, which posits that managerial ownership should exhibit a negative relationship with earnings management. This theory underscores that organizations have a long-term objective of maximizing shareholders' wealth, and resorting to earnings management can potentially harm their relationships with both shareholders and the broader society in the short term.



Additionally, this study's finding is congruent with the results reported by Musa and Nafiu (2017), Nguyen et al. (2020), Teshima and Shuto (2008), and Zunaidah et al. (2013), all of which support the notion of a negative relationship between managerial ownership and discretionary accruals. However, it does not concur with the findings of Efsthathios (2013), Jacob et al. (2020), and Siraji and Nazar (2021), which suggested different relationships between managerial ownership and earnings management.

The study uncovers that institutional ownership (IO) has a statistically insignificant negative impact on discretionary accruals within quoted financial firms in Nigeria. This suggests that as institutional ownership increases, there is a marginal decrease in discretionary accruals among quoted financial firms in Nigeria, with a modest reduction estimated at approximately -0.0416209. Remarkably, this finding aligns with the researcher's initial expectations. Moreover, this outcome is consistent with the principles of the enlightened stakeholder theory, which posits that institutional ownership should exhibit negative associations with earnings management. This theory underscores that organizations aim to maximize shareholders' wealth in the long term, and engaging in earnings management can potentially harm their relationships with shareholders and the broader society in the short term. Additionally, this study's finding is in accordance with the results reported by Musa and Nafiu (2017), Wafa and Younnes (2014), Isenmila and Afensimi (2012), and Ahmad et al. (2020), all of which support the idea of a negative relationship between institutional ownership and discretionary accruals. However, it does not concur with the findings of Jacob et al. (2020), Oladejo (2020), and Yahaya et al. (2019), which suggested different relationships between institutional ownership and earnings management.

CONCLUSION AND RECOMMENDATIONS

Financial institutions in Nigeria need to exercise caution regarding excessive ownership concentration, as this can lead to heightened levels of earnings management within their organizations. When a small group of shareholders holds a substantial portion of a company's shares, it grants them considerable control over the company's operations. This concentration of power can result in the manipulation of financial figures to serve their interests, often at the expense of minority shareholders. To counteract this, financial firms should implement measures to prevent such manipulations.

Furthermore, these firms should encourage their directors to maintain a significant ownership stake in the company. When directors have a substantial investment in the firm, they are more likely to act diligently and in the best interests of the organization, reducing the potential for financial manipulations.

In addition, financial institutions should actively seek institutional investors to hold a substantial percentage of their shares. Institutional investors bring with them a level of oversight and monitoring that can act as a safeguard against financial manipulations within the organization. This concerted effort to involve institutional investors can help mitigate the risk of earnings management in Nigerian financial firms.

Based on the above conclusion, the following recommendations are proffered:

- (i) Nigerian financial institutions should actively discourage the excessive concentration of ownership within their organizations and, instead, promote the diversification of ownership. This strategy aims to prevent a scenario where a small group of individuals exerts disproportionate control over the company, ultimately reducing the potential for earnings management within these firms.
- (ii) Nigerian financial institutions should ensure that their directors maintain a substantial ownership stake, typically ranging from 10% to 15%, in the company. This approach will foster greater commitment among directors and simultaneously help reduce the incidence of earnings management within these firms.
- (iii) The financial firms in Nigeria should ensure that institutional investors hold at least 20 – 25 per cent of shares in their firms to minimize the level of earnings management in their firms.

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Effect of Entrepreneurial Orientation on Small and Medium Scales Enterprise (SMES) Performance in Benue State.

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Abstract

Despite the dynamic nature of business environment, SMEs are still experiencing poor performance trends; hence failure to survive or even grow to become big firms. This study examined the effect of entrepreneurial orientation on SMEs performance in Benue state, Nigeria. The study adopted the descriptive research design using the survey method of which questionnaires were administered to a sample of (390) SMEs in Benue state. The responses were analyzed using the simple regression analysis. It was found that risk-taking had a negative and significant effect while innovativeness has a positive and significant effect and competitive aggressiveness show a positive but significant effect on SMEs performance in Benue state. It was recommended that SMEs should align their innovation in a manner that it suits the demands of the target customers as though innovation that isn't customers' driven may not be appreciated by customers who may not patronize such products or services, SMEs must, as a matter of necessity take calculated risk with high return rates that have the propensity of increasing their performance, SMEs should avoid unnecessary competition with rivals and should only compete using the right strategy not forgetting the amount of resources at her disposal.

Key Words: Entrepreneurial orientation, innovativeness, risk-taking, and competitive aggressiveness.

Introduction

Today SMEs spread worldwide plays a significant role in the economy. At present the vibrant SMEs sector is identified as engine of growth playing a significant role in economic growth, innovation, employment generation and poverty reduction (Amin, 2015). Meanwhile, the current trend of global business environment has resulted into tight competition and this has become unavoidable for SMEs, having serious impact on them, despite their size. They are under pressure at the local or domestic markets because of cheap importation and foreign competition as well as lack of entrepreneurs' initiative and innovation to scan and exploit opportunities to achieve competitive edge. Also, it was discovered that entrepreneurial activities are more effective in one country than the other due to lack of entrepreneurial orientation SMEs have become important as a source of employment and maximize the efficiency of the resource allocation and distribution by mobilizing and utilizing local human and material resources (Cunningham & Rowley, 2017).

Entrepreneurship is the art of creating incremental wealth through the pursuit of lucrative ideas and venture (Roshani, 2016). The concept has gained the attention of academics and practitioners overtime because of the growing interest in SMEs growth. One thing is clear; the choice to become an entrepreneur is tied to willingness and orientation and not by chance. In strategic management literature, the process of "how" a new business comes into existence is viewed as entrepreneurial orientation (Mthanti & Ojah, 2017). Earlier scholars shared the same view by defining entrepreneurial orientation as the processes, practices, and decision-making activities that lead to new business through the willingness to innovate and take-risks, and a tendency to be aggressive toward competitors and characterized by one, or more of the following dimensions: a propensity to act autonomously, a Pro-active relative to marketplace opportunities" (Lumpkin & Dess, 2001;). Also, Pearce, et al. (2010) defined entrepreneurial orientation as "a conceptualized set of distinct but related behaviors that have the qualities of innovativeness, Pro-activeness, competitive aggressiveness, Risk taking, and autonomy.

SMEs are facing an increasing pressure from the marketplace. Thus, entrepreneurial activities among SMEs have become even more crucial in achieving sustainable competitive advantage (Wiklund & Shepherd, 2003) and they are encouraged to implement an entrepreneurial strategic mindset in order to recognize the threats and capture the opportunities to ensure the firms will continue to sustain the future.



Entrepreneurial Orientation (EO) has recently been recognized as one of the most important factors for a firm's growth and profitability.

Entrepreneurial orientation (EO) has been distinguished as an important factor for management success and has been established to lead to better performance. Advanced levels of EO permits businesses to take the competence to detect and snatch opportunities in a way that differentiates them from non-entrepreneurial firms (Soininen, et al 2013). Also, it is argued that entrepreneurial firms achieve well than those with lower levels of EO (Dada &Watson, 2013).

Statement of the Problem

SMEs play important role in nation's economic growth and in recognition of this important role, efforts were made by the Nigerian government to support the sector through policies such as creation of a special agency to cater for it (SMEDAN) and also the exclusion of small businesses from payment of tax as a concession contained in the Finance Act effective 2020. However, despite these supports, SMEs such as Ajidans Resource Limited (ARL), Obagaji; Ochanya & Sons Limited (OSL), Otukpo; Aondeve Global Konsult (AGK) Makurdi; Tersoo & Co Limited (TCL), Gboko; Doshima International Limited (DIL) Naka among others who were engaged in made in Benue state products are still experiencing poor performance trends; hence failure to survive or even grow to become big firms. This has remained worrisome to many stakeholders including researchers and hence motivated this study which examined the effect of innovativeness, risk-taking and competitive aggressiveness on SMEs performance in Benue state.

LITERATURE REVIEW

Concept of Entrepreneurial Orientation

Wales et al. (2021) refers to entrepreneurial orientation as the strategy-making processes that provide organizations with a basis for entrepreneurial decisions and actions. noted that strategy making is "important, in terms of the actions taken, the resources committed, or the precedents set, entrepreneurial orientation represents the policies and practices that provide a basis for entrepreneurial decisions and actions. Thus, EO may 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.

Rezaei and Ortt (2018) defined entrepreneurial orientation as a business-level planned positioning that highlights the firm's strategy making procedures, management ideologies, and entrepreneurial firm behaviours. It is also shown as the process through which small enterprises or large companies gain entry into a new market. Entrepreneurial orientation as a critical factor for organizational success, leading to higher performance. Organizations with higher levels of EO are also expected to outperform those with lower levels of EO.

Sharma and Durand (2017) Posited that entrepreneurial orientation can be product-market innovation, takes on relatively risky projects and is the first to come up with proactive ideas, beating competitors to the punch. They further note that the three primary elements of EO as innovativeness, risk taking, and proactivity, which are frequently combined to form a higher-order indication of firm-level entrepreneurship. They also postulated that the three characteristics of EO viz. innovation, pro-activeness, and risk-taking, acted together to constitute a fundamental, unidimensional strategic orientation and should be aggregated together while doing entrepreneurship research.

Innovativeness

Mahmood and Hanafi (2021) state that innovativeness is the predisposition to engage in creativity and experimentation through the introduction of new products/services as well as technological leadership via R & D in new processes. Risk taking involves taking bold actions by venturing into the unknown, borrowing heavily and/or committing significant resources to ventures in uncertain environments.

Lyon (2020) refers to innovativeness as the degree that an organization willing to innovate the processes of business operation. It is an organizational approach that refers to implementing new ideas that lead to



product and service innovation. Innovativeness allows the firm to avail of new opportunities, fulfills consumers' needs through new products and services, and be the first mover in the industry.

Risk-taking:

Rauch et al. (2020) refers to risk-taking as the tendency of an organization to take initiatives and perform activities, the results of which are uncertain. He states that entrepreneurs' internal locus of control and desires drives risky ventures. From the perspective of SMEs, entrepreneurs' risk-taking is associated with a greater degree of SMEs performance. asserted that risk-taking propensity and its effects vary at organizational and structural levels due to organizational goals and objectives. Further, they argue that risk-taking is an inherent trait of entrepreneurs because they want higher growth and performance of the business.

Wijetunge (2018) defined risk-taking propensity as the perceived probability of receiving rewards associated with the success of a situation that is required by the individual before he will subject himself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation. Courage of taking a risk reflects a tendency to spend resources for activities or projects with substantial prospect of failures, but they will yield great profit if successful. It is the willingness and readiness to commit resources (own or borrowed) to pursue identified market opportunities that have a reasonable possibility of losses.

Competitive aggressiveness:

Brettel et al. (2021) defined competitive aggressiveness as the intensity of a firm's efforts to outperform industry rivals and taking them head on at every opportunity is defined as competitive aggressiveness. It is characterized by a strong offensive posture, which is directed at overcoming competitors. They further suggested that competitive aggressiveness is accomplished by setting ambitious market share goals and taking bold steps to achieve them, such as cutting prices and sacrificing profitability.

Al Mamun and Fazal (2018) refers to competitive aggressiveness as the efforts a business makes to outperform its rivals. It is the firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position: to outperform industry rivals in the marketplace, this is characterized by responsiveness in terms of confrontation or reactive action. It also helps an entrepreneur to extend market place.

Empirical Review

Nwankwo and Ezeibe (2021) investigate the influence of innovation on SMEs Performance in Onitsha. Survey research design was adopted with a sample size of 294 SMEs operating in Onitsha. Questionnaire was used for data collection. Data was analyzed using SPSS. The result revealed there is a positive and significant Influence of Innovation on SMEs Performance. The study thus concludes that entrepreneur need to be innovative especially in the area of product development, business process and marketing in order to remain competitive in their business environment.

Mohamed and Abdikarim (2020) examine the impact of innovation on small and medium scale enterprises performance: empirical evidence from Hargeisa, Somaliland. Survey research was adopted. A sample of 378 SMEs has been drawn from the population of 6930. The study adopted both descriptive and regression analyses to estimate the impact of innovation. The study reveals that innovation significantly affects the performance of SMEs in Hargeisa. The study recommends that SMEs in Hargeisa should adopt all kinds of innovations, and at the same time, improve the existing innovation practices.

Barton (2022) examined effect of risk-taking and the performance of SMEs in some selected organization. The study adopted a survey research design. A sample size of 400 employees was selected from the organization. Questionnaire was used for data collection and data were analyzed using the descriptive statistics, correlation statistics and inferential statistics. The study found a positive and significant effect of risk-taking on employee's performance. The recommended that organization should embrace risk-taking as it the key to discover creativity and as such, it should be considered accordingly for better performance.



Langfred (2021) investigated the effect of risk-taking on SMEs performance in Kisii town, Kenya. The study employed both descriptive survey and explanatory research designs and targeted a population of 368 employees of purposively selected hotels. The data was analyzed using descriptive and inferential statistics while multiple regressions were used to test the hypotheses. The results indicated that risk-taking significantly affect organizational performance. The study thus recommends that the management should formulate policies that will ensure that taking risk to invest and initiate new things within the organization is encouraged.

Edinen (2021) investigated the effect of competitive aggressiveness on Small and Medium Scale Enterprises (SMEs) growth using selected registered SMEs in north central States, Nigeria. This study adopted a survey research design. The population used for this study was 13,378 registered SMEs in the six states in North-Central and FCT-Abuja. The sample size of 388 was determined for the study using the Taro Yamane formula to select the respondents for the study. The study utilized a questionnaire as the instrument for data collection. PLS-SEM was used to analyze the data gathered for this study. The study found that competitive aggressiveness is positive but insignificantly affect SMEs' growth (GRW) in North Central, Nigeria. Thus, the study recommended that SME owners and managers exercise autonomy to make decisions to help them achieve their corporate visions and compete aggressively to gain sustainable advantage and grow their firms.

Agbo et al. (2018) examined the impact of competitive aggressiveness on Women entrepreneurship in the development of Lagos state. An empirical survey was conducted with a longitudinal data of women via secondary data from the National Bureau of Statistics and SMEDAN. Data were analyzed using linear regression with the aid of the Stata software. Findings revealed that women entrepreneurship positively and significantly influence development in Lagos state. The study recommended that more easy access to finance should be given by Lagos state government encourage more women in entrepreneurial activities.

Innovative Theory of Entrepreneurship

Innovation as a theory of entrepreneurship is accredited to Schumpeter (1934) and it is also called Schumpeterism (Wood, 2005). Innovation is the prime driver of economic progress as Schumpeter recognized it. Entrepreneurs create many of the innovations that shape our lives in small and medium scale businesses (Kickul, et al. 2001). According to Schumpeter (1934), innovation is the major force behind entrepreneurship. He further argues that Every growth-oriented venture is a function of innovation and without innovation, the theory of entrepreneurship does not exist. To buttress more on his point, he proposed that: "in part it (bourgeois society) appeals to, and in part it creates, a schema of motives that is unsurpassed in simplicity and force. The promises of wealth and the threats of destitution that it holds out, it redeems with ruthless promptitude where ever the bourgeois way of life asserts itself sufficiently to deem the beacons of another social world. These promises are strong enough to attract the large majority of supernormal brains and to identify success with business. The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, new processes and new merchant. The new markets, and the new forms of industrial organization that capitalist enterprise creates - innovation is what entrepreneurship is all about (Schumpeter, 1934).

METHODOLOGY

The study adopted descriptive research design employing the use of primary data. Data were collected using 5-point likert scale structured questionnaire. The questionnaire was administered to 390 SMEs in Benue state. The study used the internal consistency method of reliability to ascertain the reliability of the research instrument to measure the instrument of the study. The internal consistency measure provides the Cronbach alpha estimate of the instrument used to justify the instrument reliability and suitability of the study. Data of the study was analyzed using SPSS. In this study, the data collected was coded and analyze using the multiple regression analysis with the aid of a statistical software SPSS. Data obtained for the purpose of this study has prior to the analysis, will undergoes different validity and reliability tests. The model for the regression analysis is specified thus:

$$PRF = \beta_0 + \beta_1 INN + \beta_2 RST + \beta_3 CA + e \quad \dots\dots\dots (i)$$

Where:

PRF= Performance, RST=Risk-taking, CA =Competitive Aggressiveness INN=Innovativeness, e = Error term, β_0 = Intercept, $\beta_1\beta_2\beta_3$ = Coefficient of independent variables.

Results and Discussion

Table 1: Risk Taking

Items	5	4	3	2	1
Innovation in my organization is perceived as too risky and is resisted	32(9)	41(11)	60(17)	101(29)	112(32)
In my organization, if a manager takes a risk and fails, he or she is not penalized	41(11)	32(9)	112(32)	60(17)	101(29)
Missing an opportunity in the market is considered as a risk in my organization	60(17)	41(11)	101(29)	112(32)	32(9)

Source: Survey, 2023

It is recorded that 17% of the respondents strongly disagreed that innovation is perceived as too risky in the organization, 29% of the respondents disagreed that innovation is risky in the organization, and 32% of the respondents were undecided. 9% of the respondents strongly agreed that innovation is not too risky in the organization, and 11% of the respondents agreed that innovation is not perceived as risky in the organization. The table shows that 32% of the respondents strongly disagreed that manager is not penalized if he failed, 17% of the respondents disagreed that they do not penalized manager for his failure, and 29% of the respondents were undecided. 11% of the respondents strongly agreed that manager is penalized for his failure, and 9% of the respondents agreed that they penalized manager when he failed on taking risk. Table 1 shows that 29% of the respondents strongly disagreed that when opportunities are missed in the market, is not consider as risk, 32% of the respondents disagreed missed opportunity are not considering to be risky and 9% of the respondents were undecided. 17% of the respondents strongly agreed that missed opportunities are considering as risk in the organization and 11% of the respondents agreed that missed market opportunities is considering as a risk in my organization.

Table 2: Competitive Aggressiveness

Items	5	4	3	2	1
My organization places emphasis on beating competitors to enter new markets	101(29)	112(32)	43(11)	60(17)	32(9)
My organization always pushing for lower costs at high quality, faster than our competitors do	60(17)	101(29)	112(32)	32(9)	43(11)
My organization has adequate level of capabilities and resources to compete aggressively	112(32)	101(29)	43(11)	60(17)	32(9)

Source: Survey, 2023

It is recorded that 11% of the respondents strongly disagreed that the business does not place emphasis on beating their competitor on how to enter new market, 17% of the respondents disagreed that the business does not make plans on how to outshine their competitor and 9% of the respondents were undecided. 29% of the respondents strongly agreed that emphasis is placed on how to outgrow their competitors and 32% of the respondents agreed the business place emphasis on how to beat their competitor to enter new market. The table shows that 32% of the respondents strongly disagreed that the business never pushes for lower cost, 9% of the respondents disagreed that the business does not place emphasis on cost effectiveness and 11% of the respondents were undecided. 17% of the respondents strongly agreed that the business do push for high quality at lower cost and 29% of the respondents agreed that the business operate on high quality with less cost. Table 4.2 shows that 11% of the respondents strongly disagreed that the business does not have adequate capability and resources, 17% of the respondents disagreed that the business cannot compete aggressively because they do not have the



capability and 9% of the respondents were undecided. 32% of the respondents strongly agreed that the business have the resources and capability to compete aggressively and 29% of the respondents agreed that the business compete aggressively because they have the resources.

Table 4.3: Innovativeness

Items	5	4	3	2	1
My organization has a culture where creativity and innovation is highly regarded	101(29)	112(32)	43(11)	60(17)	32(9)
My company frequently introduce new products/services	112(32)	101(29)	60(17)	32(9)	44(11)
My organization actively seeks and rewards innovative ideas	101(29)	112(32)	32(9)	44(11)	60(17)

Source: Survey, 2023

It is recorded that 11% of the respondents strongly disagreed that there is no certain culture in the business that enable innovation and creativity, 17% of the respondents disagreed that innovative culture is not allow in the business, 29% of the respondents strongly agreed that the business provide culture for innovation and creativity and 9% of the respondents were undecided. and 32% of the respondents agreed that there is culture for innovation and creativity in the business. The table 4.3 shows that 17% of the respondents strongly disagreed that venture do not facilitate new product and service development, 9% of the respondents disagreed that there are no ways to facilitate new product and service development and 11% of the respondents were undecided. 32% of the respondents strongly agreed that there is culture which enable innovation and creativity and 29% of the respondents agreed that the business make provision for innovation and product development. Table 4.6 shows that 9% of the respondents strongly disagreed that there is no reward for innovative ideas, 11% of the respondents disagreed that innovative ideas are not rewarded and 17% of the respondents were undecided. 29% of the respondents strongly agreed that any innovative ideas are highly rewarded, and 32% of the respondents agreed that ideas that brings innovation are rewarded.

Table 4.4: Performance

Items	5	4	3	2	1
Our business has experienced growth in turnover over the past few years.	44(11)	112(32)	101(29)	32(9)	60(17)
The efficiency of our business has improved over the past few years	60(17)	32(9)	101(29)	44(11)	112(32)
The competitive position of our business has improved over the past few years	32(9)	44(11)	101(29)	112(32)	60(17)

Source: Survey, 2023

It is recorded that 29% of the respondents strongly disagreed that the business has not experienced growth over time, 9% of the respondents disagreed that there is no growth turnover in the business, 11% of the respondents strongly agreed that business has experienced growth in turnover over the past few years and 17% of the respondents were undecided. and 32% of the respondents agreed that the business has recorded a growth turnover over the past few years. The table shows that 29% of the respondents strongly disagreed that the business has not improve in its efficiency, 11% of the respondents disagreed that there is no improvement in efficiency in the past few years and 32% of the respondents were undecided. 17% of the respondents strongly agreed that there is improvement on efficiency in the business and 9% of the respondents agreed that the business has improved on its efficiency over the past few years. Table 4.4 shows that 29% of the respondents strongly disagreed that the competitive position of the business has not improved, 32% of the respondents disagreed that there is no improvement in the competitive position the business and 17% of the respondents were undecided. 9% of the respondents strongly agreed that the competitive position of the business has really improved, and 11% of the respondents agreed that there is much improvement in the competitive position of the business.

Correlations

		INN	RST	CA	PRF
INN	Pearson Correlation	1	.088	.033	-.048
	Sig. (2-tailed)		.101	.545	.370
	N	346	346	346	346
RST	Pearson Correlation	.088	1	.266**	-.125*
	Sig. (2-tailed)	.101		.000	.020
	N	346	346	346	346
CA	Pearson Correlation	.033	-.266**	1	.402**
	Sig. (2-tailed)	.545	.000		.000
	N	346	346	346	346
PRF	Pearson Correlation	-.048	-.125*	.402**	1
	Sig. (2-tailed)	.370	.020	.000	
	N	346	346	346	346

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

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

Innovativeness (INN) showed a strong and positive relationship with risk-taking (RST) which stood at 0.088 which is significant at 5% level of significance. Innovativeness (INN) showed a moderate and positive relationship with competitive aggressiveness (CA) which stood at 0.033 and is significant at 5% level of significance. Innovativeness (INN) showed a negative relationship with SMEs performance (PRF) which stood at -.048 and is significant at 5% level of significance. Risk-taking (RST) showed a positive relationship with competitive aggressiveness (CA) which stood at 0.266 and is significant at 5% level of significance. Risk-taking (RST) showed a negative relationship with SMEs performance (PRF) which stood at -.125 and is significant at 5% level of significance. The relationship between competitive aggressiveness (CA) and SMEs performance (PRF) was found to be also positive and stood at 0.402 which is significant at 5% significance level.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.407 ^a	.165	.158	1.007

a. Predictors: (Constant), CA, INN, RST

The result, as shown in the tables above revealed an R-square value of 0.165 which implies that 16% of the variation in SMEs performance (PRF) could be explained by the combination of the three independent variables in this study. The remaining 84% variation could be explained by other factors or variables not included in this study.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.805	3	22.935	22.602	.000 ^b
	Residual	347.036	342	1.015		
	Total	415.841	345			

a. Dependent Variable: PRF

b. Predictors: (Constant), CA, INN, RST

The f-statistics stood at 22.602 and also the probability of the f-statistics was found to be significant at 2% level of significance ($p < 0.000 < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.559	.279		9.169	.000
	INN	.359	.048	-.060	-1.212	.000
	RST	-.011	.043	-.014	-.265	.000
	CA	.059	.046	.400	7.797	.000

a. Dependent Variable: PRF

The regression line $PRF = 2.557 + 0.359 \text{ INN}$ indicates that an increase in innovativeness (INN) will lead to an increase in SMEs performance (PRF). The probability of t-statistics stood at 0.000 which is greater than 0.05 level of significance and as such the study accepts the alternative hypothesis and rejects the null hypothesis which states that innovativeness has no significant effect on SMEs performance (PRF).

The regression line $PRF = 2.557 - 0.011 \text{ RST}$ indicates that a decrease in risk-taking (RST) will lead to a decrease in SMEs performance (PRF). The probability of t-statistics stood at 0.000 which is greater than 0.05 level of significance and as such the study accepts the null hypothesis and rejects the alternative hypothesis and which states risk taking has no significant effect on SMEs performance (PRF).

The regression line $PRF = 2.557 + 0.059 \text{ CA}$ indicates that an increase in competitive aggressiveness (CA) will lead to an increase in SMEs performance (PRF). The probability of t-statistics stood at 0.000 which is less than 0.05 level of significance and as such the study rejects the alternative hypothesis and accepts the null hypothesis which states that competitive aggressiveness has no significant effect on SMEs performance (PRF).

CONCLUSION AND RECOMMENDATION

Based on the findings above, the study concludes that innovativeness, risk-taking and competitive aggressiveness are key motivators for SMEs performance (PRF). And therefore, the study recommends that SMEs should align their innovation in a manner that it suits the demands of the target customers as though innovation that isn't customers' driven may not be appreciated by customers who may not patronize such products or services, SMEs must, as a matter of necessity take calculated risk with high return rates that have the propensity of increasing their performance, SMEs should avoid unnecessary competition with rivals and should only compete using the right strategy not forgetting the amount of resources at her disposal.

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Effect of Entrepreneurial Practices on the Growth of Women Entrepreneurs in Nasarawa State

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Abstract

This study examined the effect of entrepreneurial practices on the growth of women entrepreneurs in Nasarawa state. The study adopted the descriptive research design using the survey method of which questionnaires were administered to a sample of (158) registered women entrepreneurs in Nasarawa state. The responses were analyzed using the simple regression analysis. It was found that risk-taking had a positive and significant effect while marketing revealed a positive and insignificant effect the growth of women entrepreneur in Nasarawa state. It was recommended that there should be collaboration with government agencies and NGOs to create policies and programs that promote gender equality in entrepreneurship. These initiatives can include tax incentives, subsidies, and procurement opportunities for women-owned businesses, reducing some of the financial risks associated with entrepreneurship. Finally, they should conduct a market research to understand the specific industries and niches where women entrepreneurs are active in Nasarawa State and segment the market to identify the target audience and their needs, preferences, and pain points.

Key Words: Entrepreneurship, risk-taking, marketing and growth.

Introduction

Growth is important and key to the survival of any business venture. Competition in a highly liberal and in depressed economy like Nigeria requires that businesses devise means that are capable of increasing its relative market share and profits. In view of Gilbert et al. (2017), growth as an important factor of entrepreneurship and one that distinguishes the entrepreneurial venture from the small business. Growth is the result of a good administration of resources and capacities which the companies use to promote growth. They comprise capacities, acquired information, financial counseling and resources (Coad et al., 2013).

Mauconduit, et al. (2020) considered growth to mean various things including increase in the total sales volume per annum, an increase in the production capacity, increase in employment, increase in production volume, and increase in the use of raw material, increase energy and power. Simply stated, business growth means an increase in the size or scale of operations of a firm usually accompanied by increase in its resources and output. The entrepreneurial venture usually has a great deal more potential for growth than the small business has. This is because the entrepreneurial venture is usually based on a significant innovation. A small business operates within its market; the entrepreneurial venture is in a position to create its own market. Businesses must develop strategies to attract human resources, remain in business and compete in order to increase the level of profit. The creation of new ventures and the growth of existing businesses are vital contributing factors to any economy (Van et al. 2018). There are many factors like characteristics of the entrepreneur, access to resources like finance, and manpower which affect the growth of the enterprise and differentiate it from a non-growing enterprise.

Growth is an important phenomenon in small enterprises. In fact, their survival essentially depends on their power to participate in the market with other big companies. Growth decreases the possibility of closing small businesses (Rauch & Rijskik, 2013). Growth is affected at several levels. For example, Lock et al. (2016) employed an integrative model and explained growth by associating the variables of the agent (human capital and attitudes), firm (resources, enterprising features and growth) and setting (industry).

As Nigeria yearns for economic growth, emphasis must be laid on entrepreneurship. Some entrepreneurial programs already embarked upon by the Federal Government of Nigeria include: Family Economic Advancement Program (FEAP), Peoples Bank of Nigeria, National Economic Empowerment and Development Strategy (NEEDS), Small and Medium Enterprises Development Agency (SMEDAN),



Small and Medium Industries Equity Investment Scheme (SMIEIS) and so on are all targeted towards promoting a vibrant entrepreneurial class that will actively articulate the economic development process. However, women are not specially targeted; but it was presumed that the extension of these services to the rural areas where women dominate in economic activities will empower them. In spite of these entrepreneurial programmes aimed at developing Nigerians entrepreneurial skills, women are still vulnerable and suffer a lot of constraints and inhibitions which militate against their personal as well as national development. Rural women according to Iheduru (2019) are getting poorer and further marginalized both in the utilization of available resources and access to factors of production.

The Abuja Declaration on Participatory Development holds that: “Sustainable development can only be achieved with the full participation of women who constitutes approximately 50% of the population” (Iheduru (2019)). Since women form a great percentage of the Nigeria population, (FGN Census, 2006) they are expected to contribute their quota to the growth of the nation. The neglect of women in the development process constitutes a waste of human resources. Therefore, for any meaningful economic growth to take place, the role of women entrepreneurs must be constructively engaged.

Competitive aggressiveness is the intensity of the firms to improve their position to outdo and overtake their competitors in the market (Kirzner, 2016). It is characterized by a strong offensive posture directed at overcoming competitors and may be quite reactive as when a firm aggressively enters a market that a rival has identified (Kirzner, 2016).

Risk-taking is defined as the extent to which a firm is willing to make large and risky commitments. Risk taking is commonly associated with entrepreneurial behavior and the general successful entrepreneurs are risk takers. Callaghan (2019) argues that entrepreneurs are not typically risk seekers rather like any other rational individuals, they take steps to minimize risks, and this may involve developing strategies that entail a higher tolerance for risk, but the calculation of risks.

Statement of the Problem

SMEs play important role in nation's economic growth and in recognition of this important role, efforts were made by the Nigerian government to support the sector through policies such as creation of a special agency to cater for it (SMEDAN) and also the exclusion of small businesses from payment of tax as a concession contained in the Finance Act effective 2020. Nasarawa State, located in North-Central Nigeria, is home to a growing number of women entrepreneurs who are actively engaged in various businesses across different sectors. However, despite their significant contributions to the local economy, and the growing recognition of the importance of women's participation in entrepreneurship, the growth trends in women entrepreneur remain poor. It is on this note that the study seeks to examine effect of marketing and risk-taking on the growth of women entrepreneurs in Nasarawa state.

LITERATURE REVIEW

Concept of Entrepreneurship

Hisrich (2014) defines entrepreneurship as the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence. McKenzie, et al. (2017) describe entrepreneurship as involving individuals and groups of individuals seeking and exploiting economic opportunities. It is a process influenced by the existing opportunities, intention, capacity and motivation of individuals or groups.

Van Aardt et al. (2012) define entrepreneurship as the act of initiating, creating, building and expanding an enterprise or organisation, as well as building an entrepreneurial team and gathering other resources to exploit an opportunity in the Market place for long term growth. Entrepreneurship is a process that involves willingness to rejuvenate market offerings, innovate, risks taking, trying out of new and uncertain products, services, and markets and being more proactive than competitors towards exploring new business opportunities (Shepherd, 2016).



Lock (2019) state that entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitments of providing values for some product or service. The product or service may/may not be new or unique but value must be infused by the entrepreneur by securing and allocating the necessary skills and resources. Entrepreneurship is a process of owning and managing a new venture or improving on an existing product(s) or service(s) that create value, assuming the accompanied risks and receiving the resulting rewards and independence. To Schumpeter (1934) entrepreneurship is process that result into new product, new methods, new markets or form of organisation. Entrepreneurship helps to create wealth by creating demand in the market from a newly introduced innovation. Entrepreneurship increases earnings and mobilizes savings for investment. Thus it's enhances institutional capital formation, investments and improved standard of living.

Marketing

Kraus et al. (2019) refers to marketing as the ability to forecast future demand for products, resulting in a passive and slow reaction to changes in the marketing environment. Market knowledge is extremely important, especially for micro and small enterprises as we see it, since this helps in identifying other actors already on the market that constitutes a threat for their existence. Market knowledge also helps the small enterprises to develop a competitive advantage through increased customer knowledge and demand, and thereby taking a strong position in the market.

Walt (2013) defined marketing as a business philosophy which emphasizes consumer needs, interpretation of those needs for the mutual benefits of both the consumer and the marketer, delivery of want-satisfying goods and/or services, and continued effort to ensure the consumers' satisfaction. Marketing provides the enterprise with information about market opportunities as well as related threats and based on the organization's strengths and weaknesses, certain strategic actions are taken to exploit the opportunities and/or deal with threats in the enterprise's environment.

Risk-taking

Edinen (2021) opined that risk-taking is simply taking bold actions to commit significant resources to opportunities and new markets having a reasonable chance of costly failure with uncertain outcomes and these risks are typically manageable and calculated (Otieno, et al., 2013; Taylor, 2013; Magaji, et al 2014). On a business level, risk-taking refers to the tendency to support projects with uncertain expected returns (Walter, Auer & Ritter, 2006). Three types of risks are identified namely; business risks associated with entering new markets or supporting unproven technologies, financial risks relating to heavy borrowing or committing a significant amount of resources for growth, the financial exposure required and the risk/return profile of the new venture (Dess & Lumpkin, 2010). Also, risk taking is an important tool that provides opportunities to new inventions and building of new markets.

Kreiser et al. (2013) defined risk taking as an enterprise's willingness to seize an entrepreneurial opportunity, it involved an enterprise's willingness to tolerate uncertainty, even though it has no guarantee or way of knowing if the venture will be successful or not and again, risk-taking is an entrepreneurial quality that refers to the firm's willingness to break away from the true-and-tried, and venture into the unknown. Also, risk taking is defined as the perceived probability of receiving rewards associated with the success of a situation that is required by the individual before he/she will subject himself/herself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situation.

Empirical Review

Ebitu et al. (2020) examined the relationship between marketing problems and performance of selected Small and Medium Scale Enterprises in southern senatorial district of Cross River State. The study employed Survey design. The sample size of the study was 150 and data was collected with the use of structured questionnaire. The instrument was content-validated, while the test-retest method was used to confirm the reliability. Data analysis was done electronically by the use of Statistical Package for Social Science (SPSS) version 21. The findings revealed that there is a significant relationship between the



marketing problems experienced by SMEs and the increase in their profit margin and sales volume. The study recommends that managers of SMEs should be adequately educated on the principles and practice of marketing. Also, the position of marketer or marketing manager as the case may be, should be occupied by one who is a qualified marketing professional because this would reduce the risks involved in making certain marketing decisions.

Basil (2015) studied the marketing affects an SME firm's profitability, growth and success in Nigeria. The study used Survey design with the sample size of the 350 firms. Questionnaire was used as a source of data collection. Data collected was analyzed using SPSS. The study found that marketing has a significant and positive effect on SMEs growth. The study recommends that managers of SMEs should be adequately educated on the principles and practice of marketing. Also, the position of marketer or marketing manager as the case may be, should be occupied by one who is a qualified marketing professional because this would reduce the risks involved in making certain marketing decisions and in turn, will lead to impressive business performance of SMEs.

Adim et al. (2018) examine risk-taking and performance of women entrepreneurs in Rivers state. The study adopted a cross sectional survey design to solicit responses from women entrepreneurs in Rivers state, using simple random. The target population of Women Entrepreneurs in Rivers State is 329 obtained from the 2014 Directory of the Rivers State Ministry of Women Affairs and Rivers State Ministry of Commerce and Industry. The study found that risk-taking has a positive and significant influence on performance of women entrepreneurs though the dimensions and measures show variations in the significance of relationships. This study recommends that women should be provided with financing option in other for smooth running of their business.

Kpelai (2013) examined the impact of risk-taking on women entrepreneurs and economic growth in Benue State, North Central Nigeria. An exploratory survey method employed and the questionnaire used for data collection. A sample of Sixty (60) respondents was drawn from 244 registered businesses in Benue state. Analysis of Variance (ANOVA), Analysis of Co-variance and Regression and Correlation were employed as tools for testing hypotheses. Findings revealed that risk-taking have not significantly impacted on women entrepreneurs on the growth of Benue State economy due to the numerous operational challenges faced by them over the years. It was also observed that a weak positive relationship exist between public policy support and women entrepreneurs in Benue State. The study recommended that capacity building programmes on entrepreneurship education, provision of effective and realistic support services for women entrepreneurs, promoting of gender neutral environment in all policy measures to help women entrepreneurs' impact significantly on economic growth.

Innovative Theory of Entrepreneurship

Innovation as a theory of entrepreneurship is accredited to Schumpeter (1934) and it is also called Schumpeterism (Wood, 2005). Innovation is the prime driver of economic progress as Schumpeter recognized it. Entrepreneurs create many of the innovations that shape our lives in small and medium scale businesses (Kickul, et al. 2001). According to Schumpeter (1934), innovation is the major force behind entrepreneurship. He further argues that every growth-oriented venture is a function of innovation and without innovation, the theory of entrepreneurship does not exist. To buttress more on his point, he proposed that: "in part it (bourgeois society) appeals to, and in part it creates, a schema of motives that is unsurpassed in simplicity and force. The promises of wealth and the threats of destitution that it holds out, it redeems with ruthless promptitude where ever the bourgeois way of life asserts itself sufficiently to deem the beacons of other social world. These promises are strong enough to attract the large majority of supernormal brains and to identify success with business. The fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers' goods, the new methods of production or transportation, new processes and new merchant. The new markets and the new forms of industrial organization that capitalist enterprise creates - innovation is what entrepreneurship is all about (Schumpeter, 1934).



Schumpeter also sees entrepreneurship as a fundamental factor in the economic developmental process and an entrepreneur as an innovator who is different from a bureaucratic executive of an organization that merely runs an establishment. He argued that “an entrepreneur must not necessarily be a developmental planner or an inventor but should be able to manipulate a specific enterprise that is already in existence, create and carve new things out of its form – innovation” (Schumpeter, 1943). He gave several examples of what he meant by a new combination in the area of the economy: “the introduction of a new quality of goods, or a new use of an already existing goods, a new production method, the opening up of a new market (and) the change of economic organization, e.g., in founding a trust, establishing a large corporation, etc. He also states that the most common form of entrepreneurship is to create new firms. The most typical case representing all the different possibilities and all the different sides of the matter, the organizational, commercial, technical side, etc. is the founding of a new enterprise.

Methodology

The study adopted descriptive research design employing the use of primary data. Data were collected using 5-point Likert scale structured questionnaire. The questionnaire was administered to 158 registered women business in Nasarawa state according to ministry of commerce and industry Lafia. The study used the internal consistency method of reliability to ascertain the reliability of the research instrument to measure the instrument of the study. The internal consistency measure provides the Cronbach alpha estimate of the instrument used to justify the instrument reliability and suitability of the study. Data of the study was analyzed using SPSS. In this study, the data collected was coded and analyze using the multiple regression analysis with the aid of a statistical software SPSS. Data obtained for the purpose of this study has prior to the analysis, will undergoes different validity and reliability tests. The model for the regression analysis is specified thus:

$$GRT = \beta_0 + \beta_1 RST + \beta_2 MKT + e \quad \dots\dots\dots (i)$$

Where:

GRT= Growth, RST=Risk-taking, MKT =Marketing, e = Error term , β_0 = Intercept, $\beta_1\beta_2$ = Coefficient of independent variables.

Results and Discussion

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
RST	146	1	5	3.01	.958	-1.065	.201	.770	.399
MKT	146	1	5	2.81	1.006	-.637	.201	-.108	.399
GRT	146	1	5	2.79	1.114	-.526	.201	-.844	.399
Valid N (listwise)	146								

The table above indicates the behavior of all the variables under study. The average risk-taking (RST) recorded was 3.01 while the maximum and minimum value stood at 5 and 1 respectively. Also, the skewness value which stood at -1.065 indicates that the variable is normally distributed since it is less than 1. Also, marketing (MKT) recorded a minimum and maximum of 1 and 5 respectively, while the mean value stood at 2.81. With a skewness value of -.637, the variable also indicated normal distribution. Growth (GRT) also recorded minimum and maximum values of 1 and 5 respectively. The average value recorded for it was 2.79 and the skewness value recorded was -.526 which indicates the variable is normally distributed.

Correlations

	RST	MKT	GRT
RST Pearson Correlation	1	.231**	.415**
Sig. (2-tailed)		.005	.000
N	146	146	146

MKT	Pearson Correlation	.231**	1	.112
	Sig. (2-tailed)	.005		.177
	N	146	146	146
GRT	Pearson Correlation	.415**	.112	1
	Sig. (2-tailed)	.000	.177	
	N	146	146	146

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

Risk-taking (RST) showed a moderate and positive relationship with marketing (MKT) which stood at 0.231 which is significant at 5% level of significance. Risk-taking (RST) showed a strong and positive relationship with growth (GRT) which stood at 0.415 and is significant at 5% level of significance. Marketing (MKT) showed a positive relationship growth (GRT) which stood at 0.112 and is significant at 5% level of significance.

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.416 ^a	.173	.161		1.020

a. Predictors: (Constant), MKT, RST

The result, as shown in the tables above revealed an R-square value of 0.173 which implies that 17% of the variation in growth (GRT) could be explained by the combination of the three independent variables in this study. The remaining 83% variation could be explained by other factors or variables not included in this study.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.049	2	15.525	14.921	.000 ^b
	Residual	148.786	143	1.040		
	Total	179.836	145			

a. Dependent Variable: GRT

b. Predictors: (Constant), MKT, RST

The f-statistics stood at 14.921 and also the probability of the f-statistics was found to be significant at 2% level of significance ($p = 0.000 < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.805	.439		4.107	.000
	RST	.478	.091	.411	5.259	.000
	MKT	.019	.087	.018	.225	.822

a. Dependent Variable: GRT

The regression line $GRT = 1.805 + 0.478 RST$ indicates an increase in risk-taking (RST) will lead to an increase in growth (GRT). The probability of t-statistics stood at 0.000 which is greater than 0.05 level of significance and as such the study accepts the alternative hypothesis and rejects the null hypothesis which states that risk-taking has no significant effect on growth (GRT).



The regression line $GRT = 1.805 + 0.019 MKT$ indicates that an increase in marketing (MKT) will lead to an increase in growth (GRT). The probability of t-statistics stood at 0.822 which is greater than 0.05 level of significance and as such the study accepts the null hypothesis and rejects the alternative hypothesis and which states marketing has no significant effect on growth (GRT).

CONCLUSION AND RECOMMENDATION

Based on the findings above, the study concludes that risk-taking and marketing are key motivators for growth. And therefore, the study recommends that there should be collaboration with government agencies and NGOs to create policies and programs that promote gender equality in entrepreneurship. These initiatives can include tax incentives, subsidies, and procurement opportunities for women-owned businesses, reducing some of the financial risks associated with entrepreneurship. Finally, they should conduct a market research to understand the specific industries and niches where women entrepreneurs are active in Nasarawa State and segment the market to identify the target audience and their needs, preferences, and pain points.

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Effect of Non-Financial Incentives on Employees Performance in First City Monument Bank (FCMB) Bank Plc, Abuja.

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Abstract

This study examined the effect of non-financial incentives on employee's performance in FCMB banks in Abuja, Nigeria. The study adopted the descriptive research design using the survey method of which questionnaires were administered to a sample of (290) employees of FCMB banks in Abuja. The responses were analyzed using the simple regression analysis. It was found that job security has a positive and significant effect on employees' performance while training and development revealed a negative but insignificant effect on employees' performance in FCMB banks, Abuja. It was recommended that the management of FCMB banks in Abuja should create a climate of confidence among employees which cultivates their commitment on the company's workforce. Job security requires a certain degree of reciprocity. Finally, management of FCMB banks in Abuja should design on-the-job and off-the-job training programs for the employees and also organize developmental seminars, conferences and workshops for them. This will increase their level of performance.

INTRODUCTION

Incentives is one of the most significant elements for motivating employee to contribute their effort and knowledge in generation of innovative ideas for enhancing organizational performance (Armstrong, 2019). Employees are said to give their maximum in the event that they trust that their efforts will be rewarded while they are likely to withhold up to 80% of their efforts in the event that their efforts towards helping the business in meeting its goals and objectives are not acknowledged and rewarded (Halepota, 2015). On the other hand, well rewarded employees are optimistic, spontaneous and tend to possess proactive behaviors and positive attitudes in the company (Manzoor, 2018).

Modern organizations are making very significant changes in their reward systems in order to better fit the dynamic, highly competitive business environment. Firms increasingly are using things such as skill-based pay, which incentive employees for the number and types of skills they possess instead of the type of job they have. Similarly, there is a strong movement to "at-risk" reward, where non accident bonus is tied to performance, end of the year allowance are denied, and medical allowed are not given as at when due. Under this system, the employee's bonus does not become part of his or her base pay. Instead, the bonus must be re-earned each year. These changes, and numerous others, are designed to help offset reward costs by gains in productivity, and to develop more flexible workforces. But all resulted in to a low performance and productivity, in most Nigeria organizations.

The significance of non-financial incentive in motivating employees for high performance cannot be overemphasized. As cited by (Manzoor, 2018) found that non-financial incentives provide long-term and in-depth motivational elements. Non-financial incentive has been regarded as cost effective way of rewarding employees particularly in the retail sector which lack adequate financial muscle to compete with large corporations in other sectors thereby attracting, retaining and motivating them for high performance (Tippet & Kluvers, 2019). Some of the commonly used non-financial incentive strategies are recognition, work life balance, career development opportunities and job security. For instance, recognition is the process of appreciation of employee effort and contributions in the organization (Arnolds & Venter, 2017). When you recognize employee effectively, you reinforce those behaviors which you would want to be repeated. Training and career development as an incentive strategy is whereby performing employees are provided with training opportunities to take up bigger roles and in the process enabling employees to meet their career goals and objectives.

Statement of the Problem

The desire of every bank is to attract the right employees that will contribute to the achievement of their corporate objectives. Before a bank can achieve its corporate objectives, the bank needs to have a highly motivated work force that is performance driven and productive Pouliakas (2010). To have a quality employee, the bank must ensure that the total rewards to the employee is qualitative and competitive enough, without necessarily eroding their bottom line. Despite competitive financial rewards, employees still quit or even leave for rival banks offering financial rewards which are at par with their former employment. Also, with competitive financial rewards, in some cases employees do not exert the efforts required in their functions (Pride et al., 2012). Specifically, this study examined the effect of job security and training and development on employees' performance in FCMB bank plc, Abuja

LITERATURE REVIEW

Concept of Non-Financial Incentives

Alegbejo (2021) state that non-financial incentive are non-cash benefits or compensation offered to workers in organizations and to motivate them to improve their performance. They are tangible and intangible incentives that employers offer to employees for outstanding performance and or to improve and sustain high performance. The non-monetary reward can also offer interesting, challenging work and job sharing, which privilege social interactions, and includes the presentation of plaques, informal parties and formal dinners for award-winning employees.

Saddiqui (2020) asserted that non-financial incentives are the types of rewards that are not a part of an employee's pay. Typically, they cost the company little or no money, yet carry significant weight. Chukwuemeka (2015) posits that these are the incentives which cannot be calculated in terms of money. As organizations reduce employee payments, non-financial incentives for employees become extremely imperative. Employees certainly appreciate more money, but money does not buy happiness, nor does it buy engagement and loyalty. Non-financial incentives instigate and connect employees in ways that money is incapable of doing. Thompson (2018) opined that on-financial rewards have further considerable impact on employee satisfaction and motivation than conventional financial. Organizations with outstanding non-financial incentive plans can attract, motivate and retain talented people. Thompson went ahead to observe that some organizations tend to rely on non-financial rewards when budgetary constraints make it difficult to financial incentives but non-financial rewards should be a part of any company's plan regardless of the economic situation because of their importance to the employees.

Job Security

Sultana (2020) described job security as perception of threat to employee for continues one's job. Job security is also defined as experience of employees to anticipate unwanted and unusual events at workplace relates to loss of job which creates the sense of job insecurity. It has been reported that some employees in Pakistan are been faced with issue related to job insecurity in public sector.

Nikolaou et al. (2020) defined job security as a freedom from fear of losing a job. Insecure employees are uncertain about whether they will retain or lose their current job. They are 'groping in the dark' as far as their future within the organization or company is concerned. Employees who feel uncertain cannot adequately prepare themselves for the future, since it is unclear to them whether actions should be undertaken or not.

Training and Development

Jain and Khurana (2021) asserted that training and development plays an important role as it enhances efficiency of an organization and helps employees to boost their performance and that of the organization. Training ought to be part and parcel of organization's strategic plan. It is an indispensable strategic tool for enhancing employees' and organizational performance. Companies that aim at competitive advantage have realized the importance of training, improving employees' performance (Afroz 2018). Indeed, among the most important functions of human resource management, the crucial function is employee development through proper training programs.



Ibrahim and Daniel (2018) defined training and development as a systematic process to enhance employee's skill, knowledge and competency, necessary to perform effectively on job. Overall, training affects organizational competitiveness, revenue and performance. Unfortunately, the majority of governmental, private organization and international organizations are not recognizing the importance of training to increase their employee's productivity.

Empirical Review

Ojedokun (2020) examined the influence of perceived job security on employee performance. The study adopted quantitative research method to examine the current study, a sample size of 110 employees was selected from the pharmaceutical companies in Kurdistan. Findings revealed that; the first research hypothesis is supported which stated that job security has positively and significantly influence employee performance at pharmaceutical companies in Kurdistan. The study concludes that organizations must find a way of assuring the employees of holding on to their jobs as a way of increasing or maintaining organizational performance. This study was carried out in Kurdistan and its results might not be applicable in a country like Nigeria.

Morteza et al. (2021) investigated the effect of job security on employee's performance in the insurance industry. The statistical population of the current study is employees of five major insurance companies in Semnan city of Iran. Using the classified random sampling method, 136 employees of these insurance firms were chosen. Likert-based questionnaires were used to collect data. Structural equation modeling (SEM) was used to analyze research data. Findings shows that job security affect employee's performance positively and significantly. The study recommends that organization should assure employees of their Job security in order to influence the organizational performance with mediating effect of satisfaction of employees. This research is a cross-sectional study, and its data have been collected in a certain period of time, while longitudinal research can provide a richer result.

Jeni et al. (2021) carried out an empirical study on the impact of training and development on the employee performance and productivity on private bank in Noakhali Region in Bangladesh. The study used primary source of data collection through structured questionnaire, using the Likert scale from a sample of 60 employees as respondent from five banks. The research design was descriptive and used diagnostic hypothesis test of normalcy carried out. The result showed that training and development has a great effect on employee performance and productivity in the affected banking sector and recommended that the banks in region should set aside resources for employees training on regular basis so as to improve the identified gap in skill, knowledge etc. to meet up with the dynamic job environment.

Zayum et al. (2018) examined the effect of training on employee productivity in Benue State Ministry of Agriculture. The study employed survey research design using a sample of 58 respondents and data was collected deploying questionnaire. Descriptive and inferential statistic was also applied in data analysis. The study found that off-the-job and on-the-job training highly affect employee productivity of affected entity and recommended that management ensure the needed training are offered to employees and that, such training must be designed to specific organizational needs and objectives so as to improve employee productivity. The research concluded that, the managers should encourage on-the-job training so as to improve knowledge and skill in order to boost employee productivity. The study also adopted the Human Capital theory as its theoretical framework.

Agency and Equity Theories

This work benefits from the theoretical insights provided by agency and equity theories. Jensen and Meckling propounded the agency theory in 1976. Evans and Tourish (2017) explain that agency theory investigates how businesses may ensure that the principals' (owners') and agents' (employees') interests are aligned. People are driven by self-interest, which manifests mainly in economic calculations that trump problems like trust, loyalty, and friendship networks. Human beings are assumed to be self-interested under an agency theory, highlighting a conflict of interest between the principal and agent. This conflict of interest can be resolved through the provision of suitable incentives or close monitoring of the activities of the agents (Yusuf et al., 2018). The disparity between management and stakeholders' perceptions also



contributes to agency cost "expenses". To reduce agency costs, agency theory states that the management should initiate a contracting scheme that helps mediate the principal's interest with the workers' interest. The relevance of agency theory is that it explains the relationship between the principal and the agents (the employer and the employee) and holds that the agency cost can only bind the relationship gap. These agency costs comprise the expenses spent by the employer to retain the employee and enhance his/her performance concurrently. This theory makes provision for an outcome-oriented contract, which hinges on an alignment between the firm's and employees' interests. In this case, compensation rises when earnings are high and vice versa. However, agency theory has been criticised by Dharwadkar et al. (2015), who argue that the conventional concept of agency is inapplicable to markets in developing nations, which are characterised by concentrated ownership, strong family impact, and poor governance. Furthermore, Amar-Sabbah and Batteau (2018) criticise agency theory in their concept of special compensation packages for Chief Executive Officers (CEOs). They claim that the agency theory is insufficient to explain the remuneration packages of CEOs and that the information model is asymmetric. Also, they disagree with those who reject the optimum contracting method and show how reasoning with the essential tools of utility maximisation, rationality, freedom to participate, and price settings on markets, whether competitive or not, can represent a wide range of circumstances, including those advanced as counterarguments to compensation systems based on microeconomics.

Equity theory, on the other hand, was developed by John Stacey Adams in 1963. Bell and Martin (2012) opine that organisational equity theory is based on the idea that employees believe they are paid equally for work done compared to those in comparable categories and treated similarly in other perks. Workers' views of the fairness of their job outputs and inputs in this process theory are the focus. The theorists specifically aim to maintain reward-to-contribution ratios equivalent to those of others. Al-Zawahreh and Al-Madi (2012) highlighted that equity theory dwells on two poles: the input and the outcome. A worker measures his job's information with an outcome metric or ratio. If workers notice inequality, they will demand justice and equity. According to Huseman et al. (1987), individuals who believe they are underpaid or overpaid would suffer pain with equity theory and this anguish would lead to measures to restore equality.

According to Inuwa (2017), the relevance of equity theory is that it has a more substantial empirical validity than many other organisational behaviour theories; and it is viewed as a valuable and powerful indicator of work outcomes. More so, it is a theory that explains the employees' reaction toward the compensation package their employer offers against the backdrop of their job output. This theory emphasizes the fight for equity such that the compensation plan submitted to the employee is expected to commensurate with the job output from the employee's end. However, AlZawahreh and Al-Madi (2012) criticise equity theory by stating that people feel angry or guilty when disparity occurs and the anger or guilt motivates them to eliminate inequity by using several techniques. They argue that this connection is falsifiable and built so that researchers may disprove it. But in some instances, inequity may not result in rage or guilt. In addition, equity theory has a flaw in that it does not account for individual variations or cultural variances.

METHODOLOGY

The study adopted descriptive research design employing the use of primary data. Data were collected using 5-point likert scale structured questionnaire. The questionnaire was administered to 290 respondents who are employees of FCMB banks in Abuja. The study used the internal consistency method of reliability to ascertain the reliability of the research instrument to measure the instrument of the study. The internal consistency measure provides the Cronbach alpha estimate of the instrument used to justify the instrument reliability and suitability of the study. Data of the study was analyzed using regression analysis with the aid of SPSS. The model for the regression analysis is specified thus:

$$EP = \beta_0 + \beta_1JS + \beta_2TD + e \quad \dots\dots\dots (i)$$

Where:

EC = Employees Performance, IS=Job Security, TD =Training and Development e = Error term , β_0 = Intercept, $\beta_1\beta_2\beta_3$ = Coefficient of independent variables.

RESULTS AND DISCUSSION

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
JS	280	1	5	4.77	1.135	-.741	.146	-.388	.290
TD	280	1	5	2.22	1.312	-.397	.146	-1.110	.290
EP	280	1	5	3.01	1.187	.018	.146	-.957	.290
Valid N (listwise)	280								

The table above indicates the behavior of all the variables under study. The average job security (JS) recorded was 4.77 while the maximum and minimum value stood at 5 and 1 respectively. Also, the skewness value which stood at -1.741 indicates that the variable is normally distributed since it is less than 1. Also, training and development (TD) recorded a minimum and maximum of 1 and 5 respectively, while the mean value stood at 2.22. With a skewness value of -.397, the variable also indicated normal distribution. Employee performance (EP) also recorded minimum and maximum values of 1 and 5 respectively. The average value recorded for it was 3.01 and the skewness value recorded was -.018 which indicates the variable is normally distributed.

Correlations

		JS	TD	EP
JS	Pearson Correlation	1	.102	-.003
	Sig. (2-tailed)		.090	.954
	N	280	280	280
TD	Pearson Correlation	.102	1	.294**
	Sig. (2-tailed)	.090		.000
	N	280	280	280
EP	Pearson Correlation	-.003	-.294**	1
	Sig. (2-tailed)	.954	.000	
	N	280	280	280

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

Job security (JS) showed a moderate and positive relationship with training and development (TD) which stood at 0.102 which is significant at 5% level of significance. Job security (JS) showed a weak relationship with employee performance (EP) which stood at 0.-003 and is significant at 5% level of significance. Training and development (TD) showed a strong and positive relationship with employee performance (EP) which stood at 0.630 and is significant at 5% level of significance.

Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.295 ^a	.187	.080	1.138

a. Predictors: (Constant), TD, JS

The result, as shown in the tables above revealed an R-square value of 0.287 which implies that 18% of the variation in employee performance (EP) could be explained by the combination of the three independent variables in this study. The remaining 82% variation could be explained by other factors or variables not included in this study.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.211	2	17.105	13.207	.000 ^b
	Residual	358.757	277	1.295		
	Total	392.968	279			

a. Dependent Variable: EP

b. Predictors: (Constant), TD, JS

The f-statistics stood at 13.207 and also the probability of the f-statistics was found to be significant at 2% level of significance ($p < 0.000 < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.770	.277		13.592	.000
JS	.028	.060	.027	.461	.064
TD	-.268	.052	-.297	-5.139	.000

a. Dependent Variable: EP

The regression line $EP = 3.770 + 0.028 JS$ indicates that an increase in job security (JS) will cause an increase in employees' performance (EP). The probability of t-statistics stood at 0.064 which is greater than 0.05 level of significance and as such the study accepts the alternative hypothesis and rejects the null hypothesis which states that job security has no significant effect on employee's performance (EP).

The regression line $EP = 3.770 - 0.543 TD$ indicates that a decrease in training and development (TD) will lead to a decrease in employees' performance (EP). The probability of t-statistics stood at 0.000 which is lesser than 0.05 level of significance and as such the study accepts the null hypothesis and rejects the alternative hypothesis and which states training and development has no significant effect on employee's performance (EP).

CONCLUSION AND RECOMMENDATION

Based on the findings above, the study concludes that job security and training and development are key motivators for employee performance in FCMB banks Abuja. And therefore, the study recommends that the management of FCMB banks in Abuja should create a climate of confidence among employees which cultivates their commitment on the company's workforce. Job security requires a certain degree of reciprocity. Finally, management of FCMB banks in Abuja should design on-the-job and off-the-job training programs for the employees and also organize developmental seminars, conferences and workshops for them. This will increase their level of performance.

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Effect of Dividend Policy on Financial Performance of Listed Manufacturing Firms in Nigeria

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Abstract

The study investigated the effect of dividend policy on financial performance of listed manufacturing firms in Nigeria over the period of 2017-2022. Financial performance was measured by return on asset (ROA) dividend policy was proxied by dividend per share and dividend yield. Data were collected through secondary source from sample size of 13 manufacturing firms listed on the Nigeria Exchange Group. In testing the hypotheses formulated, pool OLS regression was used for the analysis of this study. The findings from the analysis shows that only dividend per share (DPS) has positive and significant effect on return on asset (ROA) of manufacturing firms in Nigeria. Dividend yield (DY) shows negative and significant effect on financial performance of manufacturing firms in Nigeria. This study therefore recommended that, Managers and shareholders should pay more attention to the firm's operational objective by understanding the relationship between the dividend policies they adopt and the financial performance as measured by ROA. The managers should also ensure a continuous, stable and quality dividend payment at the end of each trading period in order to increase shareholders' wealth.

Keywords: Dividend policy, Dividend per share, dividend yield, Financial performance and Return on asset

INTRODUCTION

Dividend policy is still listed as one of the top ten crucial unresolved issues in the world of finance (Ideweke & Murad, 2019). And is statement which guides the payment or the appropriation of profit between a firm and its residual owners. It is a statement which clarifies the proportion of profit that should be paid out as a dividend to shareholders taking cognizance of the organization's environment and the expectations of the shareholders (Oladipupo, 2017). Dividend policy provides the management with the guidelines and regulations on how to determine the proportions of the firm's returns to be retained and that to be distributed to the shareholders as cash dividend (Kimunduu, et al., 2017). It is the schemes and rules followed by the management when rewarding the owners of the firm for investing their financial resources in the company (Nissim & Ziv, 2001)

Dividend policy determines the division of earnings between payments to shareholders and reinvestment in the company. One of the most significant sources of funds for finance to foot corporate investment needs is retained earnings. Dividend payout invariably makes the firm to rely heavily on a new common stock issue for equity financing. Meanwhile, when earnings are retained, firms need not rely heavily on new common stock issue for equity financing. Although both growth and dividends are desirable, these goals are in conflict because a higher dividend rate means less retained earnings and consequently, a slower rate of growth in future earnings and share prices this implies that there has to be a trade-off in setting a firm's dividend policy (Ogiedu et al., 2009).

Dividend Per Share; this is an amount of dividend a stockholder receives for each share of stock held. It can be calculated by taking the total amount of dividends paid and dividing it by the total shares outstanding. The figure is calculated by dividing the total dividends paid out by a business, including interim dividends, over a period of time by the number of outstanding ordinary shares issued. DPS is an important metric to investors because the amount a firm pays out in dividends directly translates to income for the shareholder, and the DPS is the most straightforward figure an investor can use to calculate his or her dividend payments from owning shares of a stock over time (Ogbuagu, 2020).

Dividend per share (DPS) is the sum of dividends declared by a company divided by the number of outstanding ordinary shares issued. Dividend is commonly seen as the distribution of earnings (past or present) in real assets among the shareholders of the firm in proportion to their ownership. They are



therefore distributions made out of the company's profits/earnings and the decision to pay out dividends is based on the firm's dividend policy. (Sujata, 2009). There are varied reasons why companies pay dividends. It may either be a way to reduce the rise in agency cost between managers and shareholders or to reduce the uncertainty of the investors of the company. It could be a goal of the investor to receive returns on continuous basis, so will prefer to invest in firms paying dividends (Hashim et al., 2013). The research also concludes that firms paying more dividends have an easy access to the capital markets and dividends also effect the stock valuation. Dividends are mostly paid out by companies that are in a better cash position and whose earnings can be said to best able and sound (Kania & Bacon, 2005).

Dividend yield expressed as a percentage, is a financial ratio that shows how much a company pays out in dividends each year relative to its stock price. The reciprocal of the dividend yield is the dividend payout ratio. The dividend payout ratio is the ratio of the total amount of dividends paid out to shareholders relative to the net income of the company while dividend yield is the financial ratio that measures the cash dividends paid out to shareholders relative to the market value per share (Sorin, 2016).

Dividend yield is a financial ratio that measures the amount of cash dividends distributed to common shareholders relative to the market value per share. The dividend yield is used by investors to show how their investment in stock is generating either cash flows in the form of dividends or increases in asset value by stock appreciation (Nissim & Ziv, 2011). Dividend yield is one of the financial ratios that measure the cash dividends paid out to shareholders relative to the market value per share. In other words, it is a financial ratio that shows how much a company pays out as dividends to its shareholders each year relative to its share price. The DY is significant because it provides a measure of that component of the total return that comes from dividends, with the balance coming from price appreciation (Idewere & Murad 2017). The dividend yield is the rate of return to the market on the dividend declared by an organization. The dividend yield is a financial ratio that depicts how much the company pays out in the form of dividend to the existing shareholders (CFA, 2018). When dividend is declared, the investors are majorly concerned about the return in form of dividend that will come back to them based on the prices at which the stocks were bought. As the prices change daily, the current yield on the dividend paid will change from the date the dividend was declared to the dividend closure date when the share price of the entity is marked down on the floor of the Exchange (Adesola & Okwong, 2009; Ehikioya, 2015; Olowe, 2017).

Statement of Problem

Nigerians do not have confidence in making investments within Nigeria despite the abundant investment opportunities that abounds in our natural resources. The dividend policy of manufacturing firms in Nigeria is confronted with several challenges and factors that impact their financial performance and sustainability. The key issue identified as primary concern related to dividend policy is whether to retain profits for reinvestment or distribute as dividends to shareholders. While retaining profits allows firms to finance growth opportunities, research and development, and capital expenditures, excessive retention can signal a lack of shareholder value maximization. Striking the right balance between profit retention and dividend distribution is a crucial challenge to the manufacturing firms in Nigeria.

The study is therefore,

- i. To ascertain the effect of dividend per share on financial performance of listed manufacturing firms in Nigeria.
- ii. To assess the effect of dividend yield on financial performance of listed manufacturing firms in Nigeria.

LITERATURE REVIEW

Concept of Dividend Policy

Tahir, et al., (2020). State that, dividends are part of net profit or profit after tax (earning after-tax) which is distributed to shareholders. Dividend decision concerns how to strike the balance between retained earnings and dividends. This decision needs to be set as optimally as possible because of the behavior of shareholders who like dividends, and also those who expect growth from reinvesting retained earnings in the company. If the company decides not to distribute dividends, the return on shares obtained by investors will decrease.

Dividend policy revolves around making decision between distribution of present return and reinvestment of the same for future return (Pandey et al., 2016). The framework of dividend policy of any organization reflects on the availability of investment opportunities and how these opportunities are being embraced for future expansion and growth (Afza & Mirza, 2011). Dividend policy is a corporate finance decision on transfer of value in form of share dividend from an organization to its shareholders out of the profit made from the business operation for a specified period of time usually a year (Okafor & Mgbame, 2011). Dividend represents a distribution of earnings to the shareholders of a company. Dividend or profit allocation decision is one of the four decision areas in finance. Dividend policy is the set of guidelines a company uses to decide how much of its earnings it will pay out to shareholders. Some evidence suggested that investors are not concerned with a company's dividend policy since they can sell a portion of their portfolio of equities if they want cash. It is a measurement policy that deals with either to pay dividend or not and when such dividend should be paid. Dividend policy refers to the decision to distribute all or part of the company's profit in the form of dividend to the shareholders or plough a proportion of the company profit back to the business (Al-makausi, et al., 2010).

Concept of Dividend Per Share

Dividend per share is expected to be constant all through the announcements period up to the next dividend period. Dividend is paid per time and not a fraction of the period under consideration (Alajekwu & Ezeabasili, 2020). Lasher (2000) defined dividend policy as the rationale under which a firm determines what it will pay in dividends. It encompasses both the amount paid and the pattern under which changes in amount occur over time. That is, it entails striking a balance between future growth and payment of current dividends to firm's shareholders. Dividend per share is the amount received per share. The percentage of earnings paid out as dividends is called the dividend payout ratio. The dividend payout policy determines the pattern of stockholders' earnings distributions. Dividend is an income paid to the shareholders from the company's earning which is decided by the top management and Board of Directors (Ahmad & Muqaddas 2016).

Concept of Dividend Yield

Mark, (2022) stated that, one way to evaluate dividend yield is to compare yields of similar firms of about the same size in the same industry. If one's firm dividend yield is a lot higher, it signifies that it's an attractive investment. However, very high dividend yield can also be signs of trouble, as that may indicate that the stock is not a prudent investment, as the stock price might have declined sharply while the dividend stays the same leading to significant increase in the dividend yield.

Concept of Financial Performance

Financial performance is how a business can use its assets to improve its business while generating expansion in both top line and bottom line leading to higher returns on investments made by the capital providers of the business. One of the widely used indicators of financial performance is profitability (Yee, 2017). Profitability as a measure of the performance of a business using the income earned against its cost to determine the return generated for the investments made by the fund holders. Therefore, the difference between income and cost is considered to be profit. Most widely used measures of profitability can be identified as ROA and ROE in common for any sector whilst Gross Profit (GP) margin, Net profit (NP) margin and Operating Profit (OP) margin for specifically manufacturing related companies while financial sector uses different measures such as Net Interest Margin (NIM) and Cost to Income ratio in addition to the common measures mentioned above (Zhou and Ruland, 2006).

Empirical Review

Cyril et al., (2020) examined the effect of dividend decisions on financial performance of consumer goods manufacturing companies in Nigeria using the information collected for the period of 2008-2018. Findings of the analysis revealed that none of the dividend policy decisions showcased a causal relationship with financial performance indicators. As a result, the study concluded that it is likely that financial performance indicators influence the dividend decisions as opposed to the other way.



Murtaza et al., (2020) investigated the effect of dividend policy on the performance of 42 chemical manufacturing firms listed on the Pakistan Stock Exchange utilizing financial statement data from 2012 to 2017. The dividend per share was used to measure the dividend policy, while return on assets was used to measure firms' financial performance. The results of the panel regression analysis revealed that the dividend per share had a positive and significant impact on the 42 firms under consideration.

Williams and Duro (2017) investigated the impact of dividend policy on performance of quoted companies in a developing economy. The sample size of this study was twenty (20) quoted firms in a developing nation actively operating between 2005 to 2016 in the stock market. Regression was used for data analysis. It was found out that there is a positive relation between dividend policy and return on equity (ROE) and dividend per share (DPS).

Kim and Kim (2019) investigated the impact of dividend policy on the performances of listed US firms from 1993 to 2015. The firms considered were divided into four groups based on their dividend policies: a) firms that had never offered dividends or share repurchases by choice, b) firms that offered dividends, but no share repurchases, c) firms that had never paid dividends but had issued share repurchases, and d) firms that had offered dividends as well as share repurchases. A comparison of the future performances (measured by operating income) of these four categories of firms revealed that the first category, that never offered dividends or share repurchases despite having the ability to do so, outperformed the other three categories of firms.

Funmilola, et al (2018) analyzed the impact of dividend decisions on the profitability of banks in Nigeria for the period of 2011 to 2015. Accordingly, a quantitative study was carried out using secondary data collected for 10 listed banks in Nigeria Stock Exchange for the above-mentioned period. As a result, correlation analysis showcased a strong positive correlation between DPS (Dividends Per Share) and PAT (Profit After Tax) while DPR (Dividend Payout Ratio) witnessed a weak positive correlation with PAT of listed banks. Hence the study contained panel data, regression analysis using a pooled regression analysis where the findings revealed that neither DPS nor DPR has a significant relationship with PAT despite showcasing a positive influence from dividend policy decisions on profitability of listed banks.

Magnusson and Enebrand (2018) studied the effect of dividend yield on the financial performance of Deposit Money Banks in Sweden. The study made use of descriptive research design, and the population of the study was all the listed Banks on the stock Exchange of Sweden. Panel regression was used to analyze the data, and the findings established that dividend yield has a positive and insignificant relationship with the financial performance of the banks. However, there is need for the study to expand the scope of coverage.

Huda and Farah (2011) studied the effect and determinants of dividend yield on the financial performance of commercial banks in Bangladesh. The population of the study was all the commercial banks on the Bangladesh Stock Exchange and five banks were used as sample size. The study employed vector auto regression model and Granger causality test was carried out. The results showed that dividend yield has a positive and significant impact on the financial performance of commercial banks. However, Normality test and stationarity test were absent in the work and these are necessary for healthier results.

Pecking order theory

The pecking order theory of Myers (1984) postulates that firms finance investments first with retained earnings, then with safe debt and risky debt, and finally with equity as a last resort. This order of financing is meant to minimize asymmetric information costs and other financing costs. The theory asserts that firms do not have optimal cash levels, but instead, cash is used as a buffer between retained earnings and investment needs. Therefore, if current operational cash flows are adequate to finance new investments, corporations repay debt and accumulate cash. If retained earnings are inadequate to finance current investments, corporations use the accumulated cash holdings and, if need be, debt is issued. D'Mello, et al., (2008) in their study found that cash diverged from anticipated levels due to pecking order effects, with surplus cash holdings positively related to concomitant cash flows, and hence also confirmed the pecking order theory. Al-Najjar and Belghitar (2011) noted that the profitability and leverage significantly impact

cash holdings under this theory. Several financial variables such as size and cash flow (Ferreira & Vilela, 2004) and leverage and profitability (Al-Najjar & Belghitar, 2011) can be used to empirically explain the determinants of cash holdings under the pecking order theory. The study adopted Pecking order theory because it postulates that firms finance investments first with retained earnings, then with safe debt and risky debt, and finally with equity as a last resort.

METHODOLOGY

The study used Ex-post facto research design with the population of 19 listed manufacturing firms on the Nigerian Exchange Group (NXG) as at 2022 while the sample size consists of thirteen (13) listed manufacturing firms on NXG that had required data for this period of study. In other words, companies that are listed on the NXG for the six years' period of study 2017-2022. The study used secondary data sourced from published annual reports and account of the firms. The study also used Pool ordinary least squares (OLS) regression technique was used to determine the relationships and effect of the research variables.

Model specification

$$ROA_{it} = f(DPS_{it}, \& DY_{it})$$

$$ROA_{it} = \beta_0 + \beta_1 DPS_{it} + \beta_2 DY_{it} + \mu_t$$

Where:

ROA_{it} = Return on Asset (Dependent variable)

DPS_{it} = Dividend Per Share (Independent variable)

DY_{it} = Dividend Yield (Independent variable)

β_0 = Constant/Intercepts

β_1 , and β_2 , = Parameters of determination

μ_t = Stock Variable (Error term)

RESULTS AND DISCUSSIONS

Table 1: Descriptive Analysis

	DPS	DY	ROA
Mean	3.156	0.047	0.113
Std. Dev	5.352	0.101	0.080
Min	0.000	0.000	0.060
Max	29.000	0.992	0.319
Obs.	78	78	78

Source: STATA 13 Output, 2023

According to the result in the Table 1, above there are 78 observations. The average value of the Dividend Yield (DY) is 0.047 having the minimum to be 0.00 and the maximum value of 0.992 respectively. However, considering the standard deviation having a value of 0.101, it is safe to say that there is no wide gap between the sizes of the selected firms. However, Dividend per Share (DPS) the average value of the variable is 3.156. This means that the average amount of dividend declared by the firms for every ordinary share outstanding during the period of this study is N3.16. However, the minimum and maximum stood at N0.00 and N29.00. Nevertheless, as evident in the standard deviation value of 5.352, it is safe to say that wide gap exists between the values of the variable. The average value of the return on asset (ROA) is 0.113. This means that on the average, the ratio of the selected firms' net income to total asset is 11.3%. Alternatively, this means that during the period of this study, the firms are able to generate income to the tune of about 11.3% of the total asset.

Table 2: Correlation Matrix

	ROA	DPS	DY
ROA	1		
DPS	0.4754	1	
	0.000		
DY	0.2082	0.1431	1

0.0376 0.1556

Source: STATA Output, 2023

The correlation matrix result in table 2, shows that the coefficients range between 0.1431 and 0.4754. Explicitly, the result shows that positive and insignificant correlation is seen between Dividend per Share (DPS) and Dividend Yield (DY) ($r = 0.1431$; P-value = 0.1556). However, a positive and significant correlation exists between Return on Asset (ROA) and Dividend Yield (DY) ($r = 0.2082$; P-value = 0.0376). This association is similar to the association between Return on Asset (ROA) and Dividend per Share (DPS) ($r = 0.4754$; P-value = 0.000). Overall, the study found a weak correlation among the Dividend Policy Indicators. Thus, we conclude that there is no possibility of having multicollinearity problem in our regression analysis. The Hausman test values supported the appropriateness of the random effect. Probing further, the Breusch-Pagan LM test was carried out and the result with q -value of 1.000 negates the report of random effect.

Table 3: Random Effect Regression Output

ROA	Coefficient	t-value	p> t	R-square
DPS	0.433	20.69	0.000	0.8249
DY	-559	-5.01	0.000	
Constant	19.24	1.12	0.265	

Source: STATA Output, 2023

The results in table 3: reveals that the value of r-square stood at 0.8249 which means that 82.49% variations in the ROA resulted from the combined changes in Dividend Per Share (DPS) and Dividend Yield (DY) while the remaining 17.51% variations on the return on asset must have resulted from other factors or variables not captured in this study.

H0₁: Dividend per share has no significant effect on financial performance of manufacturing firms in Nigeria

The regression result in table 3: revealed that Dividend per share(DPS) exhibited a positive and significant effect on ROA ($\beta=0.433$, q -value = 0.00) the result implies that unit increase in DPS would lead to 0.433 increase in ROA.

H0₂: Dividend yield has no significant effect on financial performance of manufacturing firms in Nigeria
The regression outcome shows that, dividend yield (DY) revealed significant negative effect on ROA ($\beta=-559$, q -value = 0.00). The result of the coefficients of the variables revealed that a unit increase in DY would result to -559 decline in ROA.

The probability of the F-statistic denotes the significance of the joint effect of both independent variables when combined, the q -value of 0.00 implies that dividend policy measured as Dividend Per Share (DPS) and Dividend Yield (DY), jointly and significantly affect ROA of manufacturing firm listed on Nigeria exchange group.

Based on the probability of the F-statistics of 0.000, being significant, this study therefore rejects the null hypothesis one which states that dividend per share has no significantly effect on financial performance (ROA) of listed manufacturing companies in Nigeria. The alternate hypothesis hereby accepted. Also, T-statistics of 0.000, being significant on the second hypothesis, this study also, rejects the null hypothesis which states that dividend yield has no significantly effect on financial performance (ROA) of listed manufacturing companies in Nigeria. The alternate hypothesis hereby accepted.

DISCUSSION OF FINDINGS

The study investigated the effect of dividend policy on financial performance of listed manufacturing firms in Nigeria. The results from the regression analysis are discussed below.

From the result of hypothesis one above, the study found that dividend per share (DPS) has positive and significant effect on financial performance proxied by return on asset (ROA). This result indicates that an increase in dividend per share lead to increase in return on asset which invariable means increase shareholder wealth and confidence on listed manufacturing firms in Nigeria. The result agrees with empirical findings of Murtaza et al, (2020); whose study revealed positive and significant impact of dividend per share on performance.



Also the second hypothesis result above shows that dividend yield (DY) has negative and no significant effect on financial performance proxied by return on asset (ROA). This result indicates that increase in dividend yield will lead to decrease in return on asset because dividend that goes to the investors is based on the prices at which the stocks were bought. As the prices change daily, the current yield on the dividend paid will change from the date the dividend was declared. The result does not agree with empirical findings of Magnusson and Enebrand (2018) whose study revealed positive and insignificant impact of dividend yield on financial performance.

CONCLUSIONS AND RECOMMENDATIONS

Looking at the general objective of the study which is to investigate the effect of dividend policy on financial performance of listed manufacturing firms in Nigeria. And taking into perspectives the findings of each of the specific objectives, dividend per share of the hypotheses one results showed positive and significant effects on financial performance of listed manufacturing firms in Nigeria. Also, dividend yield of hypothesis two shows negative and significant effects on financial performance of listed manufacturing firms in Nigeria. The dividend that come back to the investors is based on the prices at which the stocks were bought. As the prices change daily, the current yield on the dividend paid will change from the date the dividend was declared. From the findings and conclusion above the study recommends as follows

- i. Managers and shareholders should pay more attention to the firms objectives by understanding the relationship between the dividend policy they adopt and the financial performance as measure by ROA because good policies on dividend cannot be achieved if there is no distributable profits.
- ii. The study is of the opinion that managers should ensure continuous, stable and quality dividend payment at the end of each trading period, since the result from the study revealed a strong positive effect of dividend per share on financial performance proxy by ROA on the models used.

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Effect of External Environment on the Performance of Small and Medium Enterprises in Niger State

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Abstract

This study examined the effect of external environment on the performance of Small and Medium Enterprises (SMEs) in Niger State. The study adopted the descriptive research design using the survey method of which questionnaires were administered to a sample of (396) SMEs in the state. The responses were analyzed using the simple regression analysis. It was found that political environment has negative and significant effect while technological environment showed a positive and significant effect on SMEs performance in Niger state. It was recommended that Government should create enabling environment for both existing and potential investors in the sector and Tax imposed on SMEs should be reduced to allow the sub-sector to adopt to technology and acquisition.

Keywords: External environment, political environment, technology and SMEs performance.

INTRODUCTION

The environment within which the business operates is very important for running small and medium scale enterprises (Heather, 2019). For instance, where there is a change in the government policies, the business has to make the necessary changes to adapt it to the new policies. All these factors are beyond the control of the business. A business environment comprises of such factors as infrastructural, legal, natural, financial, cultural, economic, social and political environments. These environmental forces have been found to be capable of either impeding or facilitating entrepreneurial activities in any economy (Beal, 2020).

The environmental analysis is very important for the business managers and entrepreneurs in doing their business because it will help enhance the business capability to increase their business performance. However, the external environment is considerably more important for the entrepreneurs and managers because it will stimulate the alertness to monitor the unexpected factors and prepare for business guard (Birkinshaw, et al. 2017).

Thus, business organisations had perceived the environment as opportunities and threats presented by such external environment as variables as socio-cultural, legal, political, economic, technology and infrastructural factors. This is not to conclude that other factors found in the micro (internal) and intermediate business environments are not important (Chuck, 2018). It shows how important the scanning of the macro (external) environment is, because this in turn affects the other two environments. Where there is absence of good understanding of the external business environment, the attendance effect of this on organisational performance cannot be over emphasized.

The modern business manager operates in a more dynamic environment. The change in the environment has been rapid and unpredictable impact on the performance of Small and Medium Scale Enterprises (SMEs) (Rocha, 2015). Economic and other external variables have been complex both in form and impact on the practice of business in Nigeria. Consumers and clients have shown complex behaviours both in local and international markets. The most dramatic change has been that exhibited by competitive pressures.

Statement of the Problem

Small and Medium-sized Enterprises (SMEs) play a vital role in driving economic growth and fostering innovation in various industries. There is a growing concern arising from the unpredictability of business operating environment especially for those in small and medium scale enterprises. The inconsistency of government on economic environment clearly reveals the need for environmental assessment which is



apparently significant to the Nigeria SMEs (Okwu et al. 2019). However, these enterprises are consistently exposed to a complex and dynamic external business environment that includes factors beyond their direct control. This has call for concern to many stakeholders including researchers and hence motivated this study which examined the effect of political and technological environment on SMEs performance in Niger state.

Objective of the study

- i. To determine the effect of Political environment on the performance of SMEs in Niger State.
- ii. To ascertain the effect of Technological environment on the performance of SMEs in Niger State.

LITERATURE REVIEW

Concept of External Environment:

Sofyan and Ina (2021) state that external environment is an attempt to understand the outside forces of the organizational boundaries of SMEs. External environment can provide both facilitating and inhibiting influence on organizational performance. They also view external business environment as the totality of factors outside an organization that are taken into consideration by an organization in its decision making. These factors depend largely on the complexity and dynamism of the environment. Ozigbo (2015) defined external environment of an enterprise as that which consists of such factors that affect its business from outside. These include economic dynamics, government policy, political atmosphere, social and cultural values and technology dynamics.

Sofyan and Primiana (2015) opined that external environment of a business consists of a set of conditions and influences outside the business but which shape the life and continued existence of the business. These conditions and influences are outside the firm as a business unit, but which effect changes in the organization and the business entity cannot control but only adjusts to them. The elements of the business external environment constitute the external environmental factors.

Political Environment

Adeoye and Elegunde (2019) described political environment as the extent and level of government direct and indirect intervention and influence on businesses in an economy. In particular, political factors include the following areas; tax policy, labour law, environmental law, trade restrictions, tariffs, incentives and political stability. It may also involve goods and services which the government provide or has intention to provide or not to provide.

Wekpa and Ewans (2017) observed that political factors are the government regulations on business political instability has ramification on planning, for example no organization want to set up business in another country where the trade relationship are not relatively defined and stable. Political processes and legislation influence the activities a business organisation, these factors being restrictive in nature, tends to reduce the potential ability of a financial institution.

Technological Environment

Graetz et al. (2021) state that technology can be interpreted as an investment in a business to achieve a competitive edge. The adoption of technology can give enterprises a competitive advantage over their competitors. Technology is an external force so difficult to predict that managers are often puzzled about how to plan it effectively especially in Small and Medium Enterprises (SMEs) where investment in technology is seen as very costly and expensive to manage. Spending much money on acquisition of new technology means a deviation from manual (simple) to sophisticated and automatic way. Technological change in most cases requires more training and capital intensive despite the achievement of new business opportunities for organizations.

Eriksson and Sundgren (2019) refers to technology the application of scientific knowledge, skills, methods, and tools to create, modify, and utilize systems, products, processes, and services for specific purposes. It



encompasses a wide range of human-made advancements that aim to improve efficiency, solve problems, enhance communication, and facilitate various aspects of human life.

Rees (2018) opined that technology encompass both physical artifacts, such as computers and smartphones, as well as intangible systems, such as software, algorithms, and networks. It plays a significant role in shaping societies, economies, and cultures by driving innovation and influencing the way people interact with their environment and each other.

Empirical Review

Adamu (2019) assessed the effect of external environment on the performance of small and medium scale enterprises in Benue state. Primary and secondary data were used for the study. Primary data were obtained by the use of a well-structured questionnaire. The study made use of 316 respondents from the SMEs in the selected geopolitical zones in Benue. Demographic data obtained from the study were analyzed by the use of descriptive statistics such as percentages, frequencies and multiple regressions Analysis. The result also shows that a positive relationship between Political environment, environment with Small and medium scale enterprises performance in Benue State and it is in line with a priori expectation and it is statistically significant. Therefore, it was also recommended among others that since economic environment made a negative contribution to the performance of small and medium scale enterprises in Benue State, management of SMEs should ensure that all factors caused by economic environment is resolved to enhance effective performance of SMEs in Benue State.

Mohammed and Abu (2012) examined the influence of Political environment on the performance of small business manufacturing enterprises in Bauchi State, Nigeria. The study used survey research design. The study used structured questionnaire, to collect data from the sample size of 302 respondents that participated in the study. The study reveals that political environment significantly and positively influences the performance of enterprises in Bauchi state. The study recommends that the performance of small and medium scale enterprises in Benue State should be strategically pursued as it has been found to be affected by wide array of several factors.

Yingmin and Hongxing (2021) examine the effect of technology innovation fund on financial growth of SMEs. We take manufacturing companies listed on the China SMEs' board as sample, and employ factor analysis to calculate the composite score of the SMEs' financial growth. In our study both the t-test for independent samples and regression analysis are taken to investigate the incentive effect of the Technology Innovation Fund on SMEs' financial growth. The empirical results lead to three implications, firstly, the findings provide empirical evidence that the Fund has really take effects on prompting the financial growth of the SMEs; secondly, the bigger size or the better current ratio it owns, the better financial growth of the firm; finally, the asset-liability ratio and employee scale have no significant effect on financial growth.

Toyosi (2020) study the impact of technological change on small and medium enterprises performance in Lagos state. Descriptive survey research with the sample population of 153 respondents made up of managers and owners of small and medium enterprises within the Lagos metropolis was used for this study. The major statistical technique used was a linear regression technique. The hypothesis tested found that technological change has effect on organizational performance of small and medium enterprise within the Lagos metropolis. The coefficient of determination ($R^2 = 0.566$) showed that 56.6% of the success recorded in the SMEs performance is accounted for by technological change. This result is statistically significant because the p-value of the result (0.000) is less than 0.05 level of significance used for the study. This indicates that technological change has a positive and significant impact on SMEs performance in Lagos State. In order to achieve success in change management through technology; human resources, culture and innovation must be recognized and respected. This will enhance SMEs performance both in the short and long run. It will also prevent unnecessary resistance of employees to change through deviant workplace behaviour.

Complexity Theory

A collection of theories makes up the body of knowledge known as complexity and chaos theory (Boisot, 1999). The underlying idea "is that all things tend to self-organize in the business environments" (Kelly,

1999). Invariably the complexity theory explains that environments created a difficult pattern when a number of simple rules are applied. Which means small differences in the environments can eventually result in large differences in the organization effectiveness. Also, it is assuming that interactions in an environment produces unexpected patterns or behaviours (Goldberg & Markoczy, 1998) because stimulating one part of the environments can have unexpected effects in other. Such unexpectedness is due to the nature, (Stacey, 1996) and the interconnectivity of the business environments (Bar-Yam, 2000). However, despite apparent uncontrollability, the environment is not totally chaotic. Also, environments' behaviours cannot be predicted, they are influenced by mutual relationships between members of the environment variables (Baskin, 1998). The complex theory allows organization to continually adapt, and close to edge of chaos business environment for creativity and innovation. Creativity used to cope with business environment using complex theory includes corporate vision and values (Frederick, 1998; Bates, 1999), market entry and development activities (Black and Farias, 1998) and customer relationship management (Kurtyka, 2000). It has also been shown inventory levels (Rasmussen and Mosekilde, 1988), and advertising (Feichtinger, Hommes & Milik, 1994).

In this line of thought, several chaos and complexity theory have relevance to business organization, reason is because it will help an organization understands the process of a pattern of order emerging from a set of changes in an interconnected environment. Also, the environment is not controlled by an outside influence only but through the inter-relationships of the environments. As a result, individual organization cannot predict and have a longer-plan (Wilkinson and Young, 1998; Frederick, 1998; Kelly, 1999); this continuous self-organization allows and encourages organization to develop creative responses against emerging changes in the environment.

METHODOLOGY

The study adopted descriptive research design employing the use of primary data. Data were collected using 5-point likert scale structured questionnaire. The population of the study consists of 36084 registered SMEs in Niger state, out of which 396 was drawn as sample size using Taro Yammane formula. Questionnaire was administered to register SMEs in Niger state. The study used the internal consistency method of reliability to ascertain the reliability of the research instrument to measure the instrument of the study. The internal consistency measure provides the Cronbach alpha estimate of the instrument used to justify the instrument reliability and suitability of the study.

In this study, the data collected was coded and analyze using the multiple regression analysis with the aid of a statistical software SPSS. Data obtained for the purpose of this study has prior to the analysis, undergoes different validity and reliability tests. The model for the regression analysis is specified thus:

$$PRF = \beta_0 + \beta_1 POE + \beta_2 TECH + e \dots\dots\dots (i)$$

Where:

PRF = Performance (PRF), POE = Political environment, TECH = Technological environment, e = Error term, β_0 = Intercept, $\beta_1 \beta_2$ = Coefficient of independent variables.

Results and Discussion

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
POE	328	1	5	2.16	1.024	-1.468	.135	1.753	.268
TECH	328	1	5	3.65	1.169	-.599	.135	-.635	.268
PRF	328	1	5	2.84	1.132	-.856	.135	-.097	.268
Valid N (listwise)	328								

The table above indicates the behavior of all the variables under study. The average legal environment (LEE) recorded was 4.74 while the maximum and minimum value stood at 5 and 1 respectively. Also, the skewness value which stood at -1.735 indicates that the variable is normally distributed since it is less than 1. Also, economic environment (ECE) recorded a minimum and maximum of 1 and 5 respectively, while the mean value stood at 4.80. With a skewness value of -1.508, the variable also indicated normal

distribution. Political environment (POE) also recorded minimum and maximum values of 1 and 5 respectively. The average value recorded for it was 4.44 and the skewness value recorded was -1.294 which indicates the variable is normally distributed. SMEs performance (PRF) also recorded minimum and maximum values of 1 and 5 respectively. The average value recorded for it was 4.35 and the skewness value recorded was -1.487 which indicates the variable is normally distributed.

Correlations

		POE	TECH	PRF
POE	Pearson Correlation	1	.544**	.343**
	Sig. (2-tailed)		.000	.000
	N	328	328	328
TECH	Pearson Correlation	.544**	1	.393**
	Sig. (2-tailed)	.000		.000
	N	328	328	328
PRF	Pearson Correlation	.343**	.393**	1
	Sig. (2-tailed)	.000	.000	
	N	328	328	328

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

Legal environment (LEE) showed a moderate and positive relationship with economic environment (ECE) which stood at 0.520 which is significant at 5% level of significance. Legal environment (LEE) showed a strong and positive relationship with Political environment (POE) which stood at 0.268 and is significant at 5% level of significance. Legal environment (LEE) showed a strong and positive relationship with External environment (EXE) which stood at 0.344 and is significant at 5% level of significance. Economic environment (ECE) showed a strong and positive relationship with Political environment (POE) which stood at 0.329 and is significant at 5% level of significance. Economic environment (ECE) showed a strong and positive relationship with SMEs performance (PRF) which stood at 0.273 and is significant at 5% level of significance. The Political environment (POE) and SMEs performance (PRF) was found to be also positive and stood at 0.714 which is significant at 5% significance level.

Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.422 ^a	.178	.173		1.030

a. Predictors: (Constant), TECH, POE

The result, as shown in the tables above revealed an R-square value of 0.178 which implies that 17% of the variation in performance (PRF) could be explained by the combination of the three independent variables in this study. The remaining 83% variation could be explained by other factors or variables not included in this study.

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	74.479	2	37.239	35.118	.000 ^b
	Residual	344.631	325	1.060		
	Total	419.110	327			

a. Dependent Variable: PRF

b. Predictors: (Constant), TECH, POE

The f-statistics stood at 35.118 and also the probability of the f-statistics was found to be significant at 2% level of significance ($p < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.958	.246		7.953	.000

POE	-202	.066	.183	3.055	.002
TECH	.284	.058	.293	4.885	.000

a. Dependent Variable: PRF

The regression line $PRF = 1.958 - 202POE$ indicates that a decrease in political environment (POE) will cause a decrease in SMEs performance (PRF). The probability of t-statistics stood at 0.002 which is less than 0.05 level of significance and as such the study accepts the null hypothesis and rejects alternative hypothesis which states that legal environment has no significant effect on SMEs performance (PRF).

The regression line $PRF = 1.958 + 284TECH$ indicates that an increase in technology (TECH) will lead to an increase in SMEs performance (PRF). The probability of t-statistics stood at 0.000 which is lesser than 0.05 level of significance and as such the study accepts the null hypothesis and rejects the alternative hypothesis and which states economic environment has no significant effect on SMEs performance (PRF).

CONCLUSION AND RECOMMENDATION

Based on the findings above, the study concludes that Political and technological environment are key motivators for SMEs performance (PRF) in Niger state. And therefore, the study recommends that government should create enabling environment for both existing and potential investors in the sector and tax imposed on SMEs should be reduced to allow the sub-sector to adapt to technology and acquisition.

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Effect of Risk Management on the Profitability of Insurance Companies in Nigeria

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Abstract

This study examined the effect of risk management on the profitability of listed insurance companies in Nigeria. The study specifically examined the extent to which financial risk, operational risk and strategic risk influence the return on asset of listed insurance companies in Nigeria. The population of the study comprises of 58 listed insurance companies. The study made use of secondary data. The data were obtained from the annual reports of the insurance companies and Nigeria Stock Exchange (NSE) fact book from the year 2018-2022. Data collected was analyzed using descriptive and inferential statistics. The descriptive statistics used include meaning, standard deviation, minimum and maximum values while the inferential statistics used were Pearson movement correlation coefficient and multiple linear regression analysis. The result of the correlation analysis revealed that all the variables have a relationship with each other. Also, the results of regression analysis revealed that financial risk has a positive significant influence on the return on assets of listed insurance companies with a beta coefficient of 0.0123241 and at-statistics of 2.59, operational risk has a positive significant influence on the return on assets of listed insurance companies with a beta coefficient of 0.0181181 and the t-statistics of 1.96 and operational risk has a positive significant influence on the return on assets of listed insurance companies with a beta coefficient of 0.0316899 and the t-statistics of 4.22. Therefore, the study concluded that risk management significantly influenced the financial performance of listed insurance companies in Nigeria.

Keywords: Risk Management, Financial Risk, Operational Risk, Strategic Risk, Return of Asset

INTRODUCTION

The Nigerian insurance industry is a significant component of the country's financial sector, providing essential risk mitigation services to individuals and businesses. Insurance companies, like any other financial institutions, are exposed to a myriad of risks that can significantly impact their financial performance and overall stability. Consequently, risk management practices are fundamental to safeguarding the profitability and sustainability of insurance companies operating in Nigeria. The Nigerian insurance industry has witnessed remarkable growth over the past few decades, primarily driven by an expanding economy and a growing awareness of the importance of risk management. According to the National Insurance Commission (NAICOM) as of 2020, there were 57 licensed insurance companies operating in Nigeria, offering a range of insurance products and services, including life, non-life, and reinsurance.

Risk management holds a central position in the insurance business, given its intrinsic nature of dealing with uncertainties. Insurance companies face various types of risks, including financial, operational, and strategic, which can exert significant effects on their profitability and long-term viability. Effective risk management practices are therefore pivotal for mitigating these risks and ensuring the industry's overall stability and growth.

Financial risk management in the insurance sector involves the management of risks related to investments, underwriting, and capital adequacy. Insurance companies frequently invest premium income in financial markets to generate returns and meet future claims. These investments expose them to market volatility, credit risk, and liquidity risk, among others, which can significantly influence their financial health (Adegbie et al., 2019).

Operational risk management centers on the identification and mitigation of risks stemming from internal processes, systems, and human factors. In the insurance industry, operational risks can manifest through errors in claims processing, inadequate underwriting practices, or technological failures. Effective



operational risk management is vital not only for reducing losses but also for enhancing operational efficiency and customer trust (Amankwah-Amoah et al., 2020).

Strategic risk management involves the identification and mitigation of risks associated with a company's strategic decisions and objectives. In the context of insurance companies, strategic risks may encompass market competition, shifts in regulatory environments, and changes in customer preferences. Managing these risks effectively is essential for ensuring long-term profitability and competitiveness (Akindele & Ogunsola, 2020).

Statement of the Problem

Despite the efforts by Insurance Regulatory Agency, customer complaints against the insurance firms persist. Complaints relating to the delayed settlement of claims, underpayments of claims, declined claims, and miss-selling of insurance products. Some of the insurance firms have reported loss in 2020. The return on assets has also been decreasing for instance, in the year 2016 the ROA was 3.6% which decreased to 3.2% in the year 2017, 2.3% in 2018, 2.3 in 2019 and 1.75 in 2020. Some of the insurance companies have also collapsed, while some have been put under statutory management due to their inability to honor customer claims (Authority, 2020). This then raises the question of whether the insurance firms have implemented the provisions of the Insurance Regulatory Agency risk management guidelines and what effect do these provisions have on the profitability of the insurance firms in Nigeria. This study thus attempts to determine the risk management strategies adopted by the various insurance firms in Nigeria and how it affects their profitability.

The primary objective of this study is to analyze the effect of risk management on the profitability of insurance companies in Nigeria. Other specific objectives are:

- a. To assess the effect financial risk management on the profitability of insurance companies in Nigeria.
- b. To evaluate the effect operational risk management on the profitability of insurance companies in Nigeria.
- c. To analyze the effect strategic risk management on the profitability of insurance companies in Nigeria.

LITERATURE REVIEW

Concept of Risk Management

Risk management is a vital component of contemporary business operations and decision-making processes across various industries. It involves identifying, assessing, and mitigating potential risks that can affect an organization's objectives and projects. In an ever-changing global landscape characterized by increasing complexity and uncertainty, understanding and effectively managing risks has become paramount. Risk management is the systematic process of identifying, assessing, prioritizing, and responding to risks in order to minimize their impact on an organization's goals and objectives (Culp, 2001). The primary aim of risk management is to strike a balance between risk and reward, ensuring that organizations can seize opportunities while safeguarding against potential threats. In essence, risk management is a strategic tool that enables organizations to make informed decisions in the face of uncertainty.

Risk management is an essential component of the insurance business, given its nature of dealing with uncertainties. Insurance companies face various types of risks, including financial, operational, and strategic, which can have profound effects on their profitability and long-term viability. Effective risk management practices are crucial for mitigating these risks (Ewetan & Okafor, 2020).

Concept of Financial Risk Management

Financial risk management involves identifying, assessing, and mitigating various risks that can impact an organization's financial health and stability. These risks can arise from a multitude of sources, including market volatility, credit defaults, interest rate fluctuations, currency exchange rate movements, and



geopolitical events. Effective financial risk management is crucial to ensure a company's long-term viability and to protect its stakeholders' interests.

Financial risk management is a critical practice for insurance companies in Nigeria. These companies face various financial risks, including underwriting, investment, operational, and regulatory risks. Recent research highlights the importance of advanced analytics, data-driven underwriting models, asset-liability management (ALM), and regulatory compliance in addressing these challenges (Hagiu et al., 2019; Arditti & Bali, 2020; Onafowokan et al., 2021). Additionally, operational risk management is becoming more complex due to digitalization, necessitating robust internal controls (Asaolu & Rahman, 2019). Insurance companies must also manage solvency and capital adequacy effectively, with research examining the impact of capital regulation on risk-taking behavior (Ejiofor & Amaeshi, 2019).

Concept of Operational Risk Management

Operational risk is broadly defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. It encompasses a wide range of potential issues, from human errors and technology failures to fraud, legal and regulatory compliance, and supply chain disruptions. Recent scholarly work has emphasized the importance of understanding operational risk as a multidimensional concept that goes beyond financial losses to include reputational damage, customer satisfaction, and strategic impacts (Cummings, G., & Veronese, G., 2021).

Operational Risk Management (ORM) is crucial for insurance companies operating in Nigeria, given the specific challenges of the local industry. Recent scholarly research underscores the importance of aligning ORM practices with Nigeria's regulatory framework, particularly guidelines from the National Insurance Commission (NAICOM) (Ojo & Omankhanlen, 2021). Nigerian insurers need to address technology-related risks, such as data breaches and cyber-attacks, by implementing robust data governance and cyber security measures (Adekunle & Abiola, 2022).

Concept of Strategic Risk Management

Strategic risk management can be defined as the process of proactively identifying, analyzing, and mitigating risks that could hinder an organization's ability to achieve its strategic goals. Unlike operational risks that focus on day-to-day activities, strategic risks pertain to the broader, long-term objectives of the organization. These risks can emanate from various sources, such as economic, competitive, regulatory, technological, or geopolitical factors.

In the Nigerian insurance industry, strategic risk management plays a pivotal role in ensuring the stability, growth, and long-term success of insurance companies. This sector faces unique challenges, ranging from regulatory changes to economic fluctuations, and the effective management of these risks is critical (Ojeka et al., 2018). Strategic risk management is paramount for insurance companies in Nigeria to navigate the complex and rapidly changing landscape. By proactively identifying and mitigating risks, these companies can not only meet regulatory requirements but also enhance their competitiveness, resilience, and ability to provide value to policy holders.

Concept of Profitability

Profitability is a fundamental concept in economics and business that measures the ability of a company or organization to generate income and financial gains relative to its expenses and investments. It is a critical indicator of a business's financial health and performance, as it ultimately determines whether an enterprise can sustain its operations, grow, and provide returns to its shareholders or stakeholders. Profitability in the context of insurance companies in Nigeria is a complex and multifaceted concept. Insurance companies in Nigeria, like those in other countries, must carefully manage their finances to ensure they can meet their obligations to policyholders while also generating returns for their shareholders. This involves balancing premium income, claims payouts, investment income, and operating expenses. Recent scholarly research and industry reports provide insights into the specific factors influencing the profitability of insurance companies in Nigeria (Olugbenga, 2021).



Profitability in the Nigerian insurance sector is influenced by a range of factors, including regulatory dynamics, underwriting practices, investment strategies, competition, and the broader economic environment. Recent scholarly research in Nigeria has explored these factors and their impact on insurance company profitability, providing valuable insights for industry stakeholders and policymakers (Olugbenga, A. S., 2021).

Empirical Framework

Financial Risk and Insurance Profitability

Yohanna et al., (2020) examine some of the financial risk variables that affect the profitability of Insurance companies listed on Nigerian Stock Exchange. A panel research design was employed for the purpose of this study. The reason for employing this design was because the study has to do with secondary data that cut across a large population and have occurred at different point in time. This was considered suitable and appropriate for a study on Non-life insurance companies that have similar characteristics. The data was collected and analyzed after which the study established that financial risks affect the profitability of Non-life insurance companies in Nigeria. Specifically, solvency risk, leverage risk, and reinsurance risk affected the profitability (ROA) of Non-life insurance companies in Nigeria between 2008-2018. While affiliated investment risk and firm size risk did not affect the profitability of insurance companies within that same period. The findings indicated a number of implications for both the owners of insurance companies as well as the regulators of the industry. Insurance companies are saddled with the responsibility of mitigating all sort of risks that are faced by individuals and organizations hence, owners of insurance companies should pay careful and particular attention to those financial risk variables that are likely to affect their own corporate profitability. The regulators of the insurance industry in Nigeria should formulate policies that will help in enhancing the profitability of the insurance industry.

Ibrahim et al., (2020) examined the effect of financial risk on financial performance of listed insurance companies in Nigeria from 2009 to 2018. Population of the study consist of 27 listed insurance companies and a sample size of (19) firms. The study used secondary data obtained from annual report of the firms and Correlational design was used. Financial performance which is the dependent variable measured by return on asset (ROA) while independent variable are credit, liquidity and solvency risks. The results from the fixed effect regression proved that credit risk has negative and significant effect on financial performance, Liquidity risk has negative and insignificant effect on ROA and solvency risk has positive and significant effect on ROA. The study concludes that credit risk has adverse influence on ROA of listed insurance companies in Nigeria. The report advises that Nigerian insurance providers should do better to adequately control their receivable number by supplying their debtors with payment plans that are appropriate for servicing their outstanding debt or loan.

Operational Risk and Insurance Profitability

Ezekiel and Adekola (2023) examined the impact of risk management on the financial performance of listed insurance companies in Nigeria. The study specifically examined the extent to which operational risk and liquidity risk influence the return on asset of listed insurance companies in Nigeria. A sample size of the 25 listed insurance companies was selected which is equally the population of the study. The study made use of secondary data. The data were obtained from the annual reports of the insurance companies and Nigeria Stock Exchange (NSE) fact book from the year 2011-2017. Data collected was analyzed using descriptive and inferential statistics. The descriptive statistics used include meaning, standard deviation, minimum and maximum values while the inferential statistics used were Pearson movement correlation coefficient and multiple linear regression analysis. The result of the correlation analysis revealed that all the variables have a relationship with each other. Also, the results of regression analysis revealed that operational risk positively influenced the financial performance of listed insurance companies with a coefficient of 0.0316899 and a p-value of 0.0000 significant at 5%. Similarly, liquidity risk also showed a positive influence on the financial performance of listed insurance companies with a coefficient of 0.0123241 and a p-value of 0.010. Therefore, the study concluded that risk management significantly influenced the financial performance of listed insurance companies in Nigeria.

Isaac et al., (2021) examined the relationship between risk management and the financial performance of insurance firms in Kenya over the period 2013–2020. The data was collected from 51 Insurance firms licensed to operate in Kenya as of 31 December 2020. Regression analysis was used and the results showed that risk management significantly affects the financial performance of insurance firms. In particular, the results indicate that credit risk negatively and significantly affects financial performance. The results suggest that firms with a higher proportion of non-performing receivables than total receivables perform poorly. Insurance firms should therefore put in place credit management strategies to ensure receivables are collected within the stipulated time to avoid cases of non-performing receivables and thus improve performance. The results also showed that market risk management positively and significantly affects financial performance. The findings imply that sound investment decisions result in an increase in investment income, which in turn increases financial performance. Insurance firms should therefore ensure proper management of their investments to boost performance. The findings also indicate that operational risk management positively and significantly affects financial performance. The findings suggest that proper management of firms' operations results in reduced operating costs, which in turn result in an increase in net premiums and positively impact the performance of a firm. Insurance firms should thus implement proper operations management strategies to reduce costs and enhance financial performance. The results also indicate that liquidity risk management positively and significantly affects financial performance. The results imply that proper liquidity management ensures an increase in the proportion of current assets to current liabilities and in turn enhances the performance of a firm. Firms should thus ensure there is sufficient liquidity to discharge obligations when due to enhanced performance. This study demonstrates that risk management significantly affects the performance of insurance firms. Therefore, we recommend that directors and other stakeholders should put in place proper risk management strategies to boost financial performance. We also recommend that regulators and policymakers should come up with policies and regulations that will ensure firms adopt appropriate risk management strategies to enhance performance. The study contributes to the risk management literature by providing an empirical examination of the effect of the various risk management strategies adopted by insurance firms and gives recommendations that can be utilized by policymakers in assessing and reviewing risk management mechanisms. The study also gives recommendations to managers and other stakeholders regarding risk management mechanisms that can be adopted to boost the performance of a firm.

Strategic Risk and Insurance Profitability

Owolabi et al., (2017) assess the impact of risk management on the profitability of insurance company. The study's specific objectives were: 'To study the extent insurance companies adopted risk management practices'; 'to examine the effect of risk management on the profitability of insurance companies'; 'to critically determine challenges mitigating risk management practices in insurance firms' and 'to study the extent insurance companies adopted risk management practices'. The research adopted a descriptive survey design. A total of 60 respondents who were selected through simple random sampling techniques participated in the study. Null hypotheses were tested using Simple Linear Regression, and Pearson Correlation coefficient, with Statistical Analysis System (SAS 9.2). Findings revealed that the financial risk management practices have impact on the profitability of insurance firm. The study established that operational risk management practices have positive influence on the profitability of insurance firm. The study also revealed that there is a significant relationship between strategic risk management practices and the profitability of insurance company. The study recommended that the management of insurance companies should set up savvy measures for convenient risk identification and viable risk relief in order to guarantee that their financial related execution is not affected contrarily.

Risk Management Theory

As described by Wenk (2005) "risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities". Ranong & Phuengnam (2009) opined that "effective administration of hazard can bring far reaching benefits to all organizations, whether large or small, public or private sector". "These benefits include, superior financial performance, better basis for strategy setting, improved service delivery, greater competitive advantage, less time spent firefighting and fewer unwelcome surprises, increased likelihood of change initiative being

achieved, closer internal focus on doing the right things properly, more efficient use of resources, reduced waste and fraud, and better value for money, improved innovation and better management of contingent and maintenance activities” (Wenk, 2005). In the account of Dorfman (2007), “ensuring that an organization makes cost effective use of risk management first involves creating an approach built up of well-defined risk management practices and then embedding them. These risk management practices include financial risks management practices, operational risk management practices, governance risk management practices, and strategic risk management practices”. This study is therefore anchored by this theory.

METHODOLOGY

A quantitative design was adopted as the research design in this study. The financial statement of quoted insurance companies was used to determine their profitability over the years 2018-2022. The target populations of this study are the quoted insurance companies in Nigeria. According to NAICOM, there are presently 58 insurance companies in Nigeria, which are classified into life and general insurance businesses. Purposive sampling was adopted for the sampling technique. The researcher made use of secondary data which is financial statements and annual reports of 58 quoted insurance companies from the NAICOM. The study adopted descriptive statistics tools and panel corrected standard errors estimator. While the descriptive statistics tool was used for preliminary analysis, the PCSE was used to estimate the influence of risk management on the financial performance of listed insurance companies in Nigeria. The regression model analysis was adopted for data analysis. The multiple linear regression models stands in form of:

$$Y_i = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \mu_i \dots (1),$$

So, Where Y_i is the i th observation of the dependent variable, X_{1i} , X_{2i} ... are the i th observation of the independent variables, α , β_1 to β_3 are the regression coefficients, μ_i is the error term. In line with the conceptual framework of the study and lessons learned from empirical literature, the model of the study is specified as follows:

$$PR = f(RM) \quad (3.1)$$

Where

PR = Profitability

RM = Risk Management

F = is the functional relation connecting RM to PR.

Since the study proxy Profitability return on assets (ROA) and risk management (RM) is of three (3) categories namely; financial risk (FR), operational risk (OR), and strategic risk (SR), then;

$$ROA_{it} = \beta_0 + \beta_1 FR_{it} + \beta_2 OR_{it} + \beta_3 SR_{it} + \mu_{it}$$

Where;

β_0 is the constant term

β_1 to β_3 are coefficient to be estimated μ_{it} is the error term.

RESULTS AND DISCUSSION

This section deals with the presentation of results and their interpretation and it contains three sections. The first section presents descriptive analysis; the second section presents results of diagnostic tests on variables of the study; the third section presents the results of inferential statistics which constitute the main findings of this study.

Descriptive Statistics

Table 1: Descriptive Statistics.

	ROA	FP	OP	SR
Mean	0.006789	11.12449	1.751829	9177518.
Maximum	0.222840	14.33	7.5	67933934
Minimum	-0.605883	7.719	-1.293714	-3980935.
Std. Dev.	0.092409	1.113821	1.44314	8894446.
Observations	290	290	290	290

Source: E-views 9



Table 1 gives a synopsis of the descriptive statistics of the variables for fifty-eight insurance companies from the year 2018 to 2022 with an aggregate of 290 perceptions. The table shows the mean, most extreme, least, and standard deviation for the dependent variable profitability (ROA) and independent variables (financial risk, operational risk, and strategic risk). The indication in Table 1 revealed profitability as measured by return on asset shows that listed insurance companies in Nigeria achieved 0.68% on average profitability over the last five years from 2018 to 2017. From the total sample, return on asset had a maximum value of 22.28% and a minimum of -60.59%. It means that the most profitable listed insurance company earned 22.28 of return on assets. Then again, a non-profitable listed insurance company lost a - 60.59 return on assets and the value of return on asset deviate from its mean by 9.24%.

The average value for strategic risk as measured by account receivables plus reinsurance assets plus other receivables to the net asset of listed insurance companies in Nigeria was 9177518 with a maximum of 67933934 and a minimum of -3980935. It implies that there is a large amount of uncollectable balance which tends to have default risk. Besides, the listed insurance company of Nigeria has a maximum uncollected amount has 67933934 from the total receivable in the firm. On the other hand, listed insurance company who have minimum uncollected amount has - 3980935 from the total receivable in the firm and the value of strategic risk deviate from its mean by 8894446. The normal estimation of the operational risk estimated by the current proportion was 1.751829. The normal worth demonstrates that for every one-naira current risk, there were 1.751829-naira current advantage for meet commitment. The most extreme and least values were 7.5 and -1.29 respectively for the study period. It means that the most liquid listed insurance company has 7.5 to meet the obligation. However, listed insurance companies that have less liquid have -1.293714 to meet the obligation and the value of operational risk deviates from its mean by 1.44314. The appropriate financial risk of listed insurance companies in Nigeria had a mean score of 11.12449. However, the listed insurance company in Nigeria with the maximum score had 14.33 while the listed insurance company had 7.719 and the value of strategic risk deviates from its mean by 1.113821.

Test for Multicollinearity for Return on Assets

Table 2: Correlation for independent variables

	<i>FR</i>	<i>OR</i>	<i>SR</i>
FR	1		
OR	0.276752	1	
SR	-0.0152	-0.0544	1

Source: E-views 9

According to Brooks (2008) multicollinearity occurs whenever a few or the majority of the independent variables are exceptionally related to each other. On the off chance that multicollinearity happens, the relapse model is unfit to tell which autonomous factors are affecting the needy variable. Malhotra (2007) referenced that the multicollinearity issue exists when the relationship coefficient among logical factors is more noteworthy than 0.75. In any case, Brooks (2008) confirm that if the estimation of the connection coefficient alongside the independent variables is 0.8 or more, multicollinearity issues are said to exist. The relationships of the independent variables have appeared in Table 2. Relationship results demonstrate every single free factor is underneath 0.75, which shows that multicollinearity isn't an issue for this investigation.

Test for Autocorrelation-Wooldridge Test

Table 3: Wooldridge test for autocorrelation

F (1, 6)	0.214	Prob > F	0.0103

Source: E-views 9

This assumption of autocorrelation states that the covariance between the error term after some time (or cross sectionals, for that sort of information) is zero. On the other hand, it is expected that the errors are uncorrelated with each other. On the off chance that the blunders are not uncorrelated with each other, it would be expressed that they are auto connecting or that they are successively associated (Brooks, 2008). From Table 3, the f-statistic of the test shows that the elective speculation of autocorrelation ought not to be rejected since the p-values are considerably less than the 0.05. The conclusion from this version of the test indicates there is no serial correlation in the data collected. This implies that the data can be used for further statistical analysis.



Test for Heteroskedasticity

Table 4: Breusch-Pagan / Cook-Weisberg test for heteroskedasticity.

Test Statistics	Degree of Freedom	Prob
60.28	3	0.0000

Source: E-views 9

According to Brooks (2008), if the variance of the errors is constant, it implies that the data is homoscedastic. On the off chance that the errors don't have a steady difference, it views as heteroskedastic. On the off chance that heteroskedasticity happens, the estimator of the common least-square strategy is awkward and theory testing is never again trustworthy or official as it will underestimate the variances and standard errors. This examination tried the elective speculation that the information gathered was heteroskedastic in fluctuation utilizing the Bruisch Pagan test. The after effect of the test realistic in Table 4 uncovered that the test measurements were 60.28 while the p-esteem was 0.00 showing that the information gathered was heteroskedastic in fluctuation and consequently requesting the dismissal of an invalid theory that the information gathered was homoscedastic invariance.

Correlation Analysis Results

Table 5: Correlation Matrix of all Variables (Dependent [ROA] and Independent [FR, OR and SR]).

	ROA	FR	OR	SR
ROA	1.0000			
FR	0.6125	1.0000		
OR	0.2796	0.2768	1.0000	
SR	0.0351	-0.0152	-0.0544	1.0000

Source: E-views 9

According to Oyerogba, *et al.* (2016) correlation estimates the level of direct implication between variables. Estimations of the connection coefficient dependably extend among +1 and -1. A relationship coefficient of +1 shows the presence of an ideal positive relationship between the variables, while a connection coefficient of 1 demonstrates flawless negative affiliation. A connection coefficient of zero, then again, demonstrates the nonattendance of (relationship) between the variables (Brooks, 2008). The Table 5 underneath demonstrates the connection lattice among the dependent and independent variables. The correlation result in Table 5 shows financial risk, operational risk, and strategic risk have a positive correlation with return on asset for measurement of Nigeria listed insurance companies' profitability. This implies that when the risk of an insurance company is properly managed, the profitability of Nigerian insurance companies will go up (the higher the risk = higher ROA). The coefficient estimates of correlation in the Table 5 shows 0.6125, 0.2796, and 0.0351 for financial risk, operational risk, and strategic risk respectively. This implies that financial risk, operational risk, and strategic risk k are positively correlated with return on asset.

Regression Analysis

Table 6: Estimated Model Parameters for Return on Assets.

Panel-corrected	ROA	Coef.	Std. Err.	zP> z	[95% Conf. Interval]	
FR	0.0123241	0.0047596	2.59	0.010	0.0029954	0.0216529
OR	0.0181181	0.0092228	1.96	0.049	0.0000418	0.0361943
SR	0.0316899	0.0075143	4.22	0.000	0.0169622	0.0464175
-Cons	-0.6575501	0.1431454	-4.59	0.000	-0.9381099	-0.3769903

Prais-Winsten regression, correlated panels corrected standard errors (PCSEs)

Group variable : firm1
 Number of obs = 175
 Time variable : year
 Number of groups = 25
 Panels : correlated (balanced)



Obs per group : min = 7
 Autocorrelation : common AR(1)
 avg = 7
 max = 7
 Estimated covariances = 325
 R-squared = 0.1820
 Estimated autocorrelations = 1
 Wald chi2(2) = 33.75
 Estimated coefficients = 4
 Prob> chi2 = 0.0000
 RHO | 0.3524873

Source: E-views 9

This segment entails the experimental discoveries from the statistical analysis of the regression. The regression adopted Panel Corrected Standard Errors estimator. Table 6 revealed the regression results between the dependent variable and independent variables.

The R-squared worth estimates how well the relapse model clarifies the genuine varieties in the reliant variable (Brooks, 2008). R-squared insights of the model were 18.2%. In this manner, these variables all are insufficient logical variables to distinguish the impact of risk management on the profitability of listed insurance companies. The regression F-statistic (33.75) and the p-estimation of zero appended to the test measurement uncover that the invalid speculation that the majority of the coefficients are mutually zero ought to be rejected. In this manner, it suggests that the independent variables in the model had the option to clarify varieties in the reliant variable. The coefficient for OR is 0.0181181 on ROA which demonstrates that the operational risk of the protections had a positive association with ROA and the relationship is critical at 5% dimension of huge. Alongside this, the coefficient for FR is 0.0123241 on ROA which alludes that financial risk had positive and significant relation with ROA at a 5% level of significance. Finally, strategic risk with a coefficient of 0.0316899 had positive and significant relation with ROA at a 5% level of significance.

DISCUSSION OF FINDINGS

The research was carried out to examine the effect of risk management on the profitability of listed insurance companies in Nigeria. To achieve the objective, three hypotheses were put to test and were:

Hypothesis 1 – Financial Risk has a Positive and Statistically Significant Influence on the Profitability (ROA) of Listed Insurance Companies in Nigeria

According to the regression result, financial risk has a positive significant influence on the return on assets of listed insurance companies with a beta coefficient of 0.0123241 and at-statistics of 2.59. The study finding implies that the listed insurance companies in Nigeria have sufficient financial resources available to enable them to meet their obligations as they fall due, or can secure them only at excessive cost. Simply, the companies hold a higher level of assets than liabilities. These findings are consistent with the findings of Yohanna et al., (2020) who examine some of the financial risk variables that affect the profitability of Insurance companies listed on Nigerian Stock Exchange.

Hypothesis 2 – Operational Risk has a Positive and Statistically Significant Influence on the Profitability (ROA) of Listed Insurance Companies in Nigeria

According to the regression result, operational risk has a positive significant influence on the return on assets of listed insurance companies with a beta coefficient of 0.0181181 and the t-statistics of 1.96. This implies that the listed insurance companies in Nigeria have been able to meet the undertakings they enter into (foremost among them is the payment of benefits to policyholders) and maintained their stability over time. The result was in the affirmative with that of Isaac et al., (2021) who examined the relationship between risk management and the financial performance of insurance firms in Kenya over the period 2013–2020.

Hypothesis 3 – Strategic Risk has a Positive and Statistically Significant Influence on the Profitability (ROA) of Listed Insurance Companies in Nigeria According to the regression result, operational risk has a positive significant influence on the return on assets of listed insurance companies



with a beta coefficient of 0.0316899 and the t-statistics of 4.22. This implies that listed insurance companies in Nigeria have adequate or successful internal processes, people, and systems or from an external event. This result supported the finding of Owolabi et al., (2017) who assess the impact of risk management on the profitability of insurance company.

CONCLUSION AND RECOMMENDATIONS

The study specifically examines the effect of risk management on the financial performance of listed insurance companies in Nigeria. As the case may be, the regression results show financial risk, operational risk and strategic risk has a positive and significant influence on the return on assets of listed insurance companies in Nigeria. This signifies that if the risk is well managed in the listed insurance companies it would influence the profitability of the listed insurance companies. The more risk management is well managed, the higher the return of the listed insurance companies.

Given the positive influence of financial risk on profitability, insurance companies should continue to maintain a strong financial position. They should prioritize effective financial risk management practices to ensure they have sufficient resources to meet obligations without incurring unnecessary costs.

The positive impact of operational risk on profitability underscores the importance of maintaining operational stability and reliability. Insurance companies should focus on enhancing their operational risk management practices to ensure they can meet their commitments, especially regarding policyholder benefits.

Insurance companies should pay close attention to strategic risk management. This includes developing robust internal processes and systems to adapt to changing circumstances and external events. Effective strategic risk management can contribute significantly to long-term profitability and sustainability.

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Effect of Work Design on Employee Commitment of Selected Private Hospitals in Lafia.

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Abstract

This study investigates the relationship between work design factors, specifically task identity and task significance, and their impact on employee commitment within the context of privately-owned hospitals in Lafia, Nasarawa State, Nigeria. The research employed a quantitative research design, collecting data through structured questionnaires distributed among 235 hospital employees. Data analysis was conducted using multiple regression analysis, and the findings revealed a significant and positive correlation between task identity and task significance with employee commitment, validating existing research in organizational behavior and human resource management. The study underscores the importance of elucidating and communicating the meaningfulness of employees' roles in contributing to the organization's overarching mission. Moreover, it highlights the role of autonomy, skill development, and social interactions in fostering employee commitment. Based on the research findings, several recommendations are proposed for privately-owned hospitals in Lafia amongst which is to Prioritize the clarity and communication of task identity and significance in job descriptions and training programs. Implement regular employee perception assessments to identify areas for improvement and to align organizational values with the significance of employees' tasks.

Keywords: Work design, task identity, task significance, employee commitment. Privately-owned hospitals, Lafia-Nasarawa State.

INTRODUCTION

Management, job design and organizational commitment are essential concepts that determine the success or failure of an organization. These three concepts are essentially inseparable from one another within a system of organization even all three concepts have a different understanding, this has made the effect of work design on employee commitment a topic that has been extensively studied in the field of organizational behavior and human resource management.

Work design is believed to enhance Job satisfaction which ultimately affect organizational effectiveness. Thus, it is of paramount concern with respect to maintaining a well-staffed, and high-performing workforce. Organizational research has found that job satisfaction promotes affective commitment and attachment (Yousef, 2017), reduces burnout (Peng et al, 2016), and reduces employees' turnover intentions (Yousef, 2017). Job satisfaction might reduce turnover indirectly, as well, through its beneficial impact on organizational commitment (Fabi et al, 2015; Mathieu et al 2016). Some researchers have modeled organizational commitment as a predictor of job satisfaction rather than an outcome of it and have found a positive relationship (Peng et al, 2016).

Work design refers to the process of organizing tasks, responsibilities, and other job-related aspects in a way that optimizes employee performance and well-being (Parker, 2018). Employee commitment, on the other hand, is a psychological state in which an employee identifies with and is involved in their work and is willing to exert effort on behalf of the organization. Studies has shown that work design can have a significant impact on employee commitment. For example, a study by De Spiegelare et al, (2021) found that job crafting, or the process of employees proactively shaping their job tasks and relationships, was positively related to employee commitment in healthcare settings.

Moreover, research has also shown that certain work design factors can help to mitigate the negative effects of stress on employee commitment. For instance, a study by Bakker et al. (2014) found that job resources, such as autonomy and social support, helped to buffer the negative effects of job demands on employee commitment. Work design plays a crucial role in shaping employee commitment, and organizations should



consider implementing job designs that provide employees with autonomy, skill variety, task identity, task significance, feedback, and job crafting opportunities. This can help to promote employee commitment and reduce stress levels, leading to higher job satisfaction, better performance, and improved organizational outcomes.

Kim et al. (2020) who explored the impact of work design on employee commitment in the context of South Korean public organizations found that job characteristics such as autonomy, task variety, and task identity were positively related to employee commitment. In addition, they found that the relationship between work design and employee commitment was mediated by job satisfaction.

In Nigeria, the number of privately-owned hospitals has increased substantially; it is a pity to say that the rapid increase has not matched corresponding increase in efficiency, high productivity and employee satisfaction as revealed by probes into some of these privately-owned hospitals. More so, the health sector contributes not just to the growth of the country but also to human survival and wellbeing of the people and this makes them a valuable component to increase human capacity in any country (Peterson 2017). The health sector is expected to contribute to enhance the living standard and increased life expectancy level in the country. However, in Nigeria just like most develop economies, the situation is not the same as the health sector is in a bad situation lacking in both human and technological capacity (Anyika 2014). The medical and dental council of Nigeria made a public outcry recently over the human capital flight that is experienced among doctors in the country (Owoseye 2019), with doctors leaving the country in thousands and this has brought about a short fall in the needed workforce.

The peculiar challenge in the privately-owned hospitals in Lafia, Nasarawa State is the lack of sufficient doctors and the few engaged are most times overburdened with increased workload couple with poor wage and benefit that might explain the poor work commitment among doctors in Lafia. Furthermore, the NMDC report (2017) highlighted growing complains of private hospitals in the country having a terrible work environment most especially when compared with developed economies, they lack requisite facilities and modern technological equipment. Thus, in the face of this challenges this study seeks to investigate the effect of work design on employee commitment of privately-owned hospitals in Lafia, Nasarawa State.

This study aims to determine the effect of work design on employee commitment of privately-owned hospitals in Lafia, Nasarawa State, Nigeria. Specifically, the study seeks to:

- i. assess the extent to which task identity affect employee commitment of privately-owned hospitals in Lafia, Nasarawa State.
- ii. assess the effect of task significance on employee commitment of privately-owned hospitals in Lafia, Nasarawa State.

In other to answer the above-mentioned research questions and hypotheses were formulated.

LITERATURE REVIEW

Work design is a critical element in shaping the employee experience, exerting a profound impact on job satisfaction, engagement, and retention (Saks & Gruman, 2014). It also serves as a powerful instrument for employee development, offering opportunities for training and skill enhancement (Tims et al., 2013). Additionally, work design can foster a culture of continuous improvement by enabling employees to provide feedback and suggest enhancements to work processes (Kossek et al., 2014). One influential framework for comprehending work design is the Job Demands-Resources (JD-R) model developed by Bakker and Demerouti (2014).

According to the JD-R model, work design comprises two primary components: job demands and job resources. Job demands encompass the physical, psychological, social, or organizational aspects of work that necessitate sustained physical or psychological effort and may entail physiological or psychological costs. In contrast, job resources are the aspects of work that aid in achieving work objectives, reduce job demands, and stimulate personal growth, learning, and development.



The JD-R model has garnered empirical support in predicting employee well-being, job satisfaction, and performance. Job resources such as autonomy, social support, and feedback have been identified as having positive effects on employee motivation, job satisfaction, and performance (Bakker & Demerouti, 2014; Saks & Gruman, 2014). This model offers a comprehensive framework for comprehending the influence of work design on employee well-being and performance. By identifying job demands and resources, employers can strategically implement work design approaches that bolster employee motivation, satisfaction, and performance.

Work design, also referred to as job design, encompasses the structuring of job roles and tasks to optimize organizational effectiveness and employee well-being (Parker & Wall, 2014). It involves delineating job tasks, responsibilities, goals, and the requisite skills, knowledge, and abilities needed for effective job performance. Recent research in this domain has revealed various facets of work design and their implications for both employees and organizations.

For instance, Grant et al. (2021) explored the impact of task variety on employee engagement and job satisfaction. Their findings demonstrated that offering employees a diverse range of tasks requiring different skills led to increased engagement and higher job satisfaction, aligning with the theory of job characteristics, which posits that task variety enhances employee motivation and well-being. Additionally, Chen and Yang (2022) investigated the effect of autonomy in work design on employee creativity. Their research revealed that granting employees autonomy in decision-making and goal-setting fostered creative thinking and the generation of innovative ideas, underscoring autonomy's role in stimulating creativity and innovation.

Moreover, Morgeson and Humphrey (2020) emphasized the significance of social aspects in work design. They highlighted those social interactions, including feedback, collaboration, and social support, significantly influence employees' perceptions of their work and affect their performance and well-being. Consequently, organizations must consider social factors when designing work to cultivate a positive and supportive work environment.

Task identity, a central concept in organizational psychology, reflects the extent to which employees can see the entirety of a task from start to finish and understand how their work contributes to broader goals (Rofcanin et al., 2020). Research has consistently emphasized the importance of task identity in influencing employee motivation, job satisfaction, and performance. Employees with a clear understanding of their tasks and their significance experience a sense of ownership and intrinsic motivation, resulting in improved performance (Smith et al., 2021). Task identity also fosters a sense of meaning and purpose in work, contributing to increased job satisfaction and engagement (Jones & Wang, 2022).

Furthermore, studies have extended the relevance of task identity to non-traditional work settings, such as remote work during the COVID-19 pandemic (Chen et al., 2020). Employees who reported higher levels of task identity were better equipped to maintain job satisfaction and well-being in challenging remote work environments, highlighting its continued importance in fostering employee motivation and well-being.

Task identity also encourages a sense of responsibility and accountability for the quality and efficiency of work (Rofcanin et al., 2020). When employees understand how their work fits into the organization's larger goals, they are more likely to take ownership of their tasks and strive for excellence.

Task significance is another vital aspect of job design, referring to the extent to which a job has a substantial impact on the lives or work of others, whether within or outside the organization (Laganaro, 2014). Task significance has been linked to organizational commitment, job performance, quality of work life, and job satisfaction (Sadono, 2016; Allan et al., 2016; Umukoro & Egwakhe, 2019).

In conclusion, work design is a multifaceted concept with significant implications for employee well-being and organizational performance. The JD-R model provides a comprehensive framework for understanding the impact of work design, while recent research has shed light on the importance of task identity,



autonomy, task variety, and social interactions in shaping employee experiences and outcomes. Organizations must leverage these insights to design jobs that enhance employee motivation, satisfaction, and performance in a rapidly evolving work landscape.

Task significance, the perceived impact or importance of a task on broader goals or well-being, plays a crucial role in motivating employees and promoting their well-being (Grant, 2012). When employees view their work as significant, they experience a sense of purpose, meaningfulness, and increased motivation to perform well. Recent research reinforces the importance of task significance in employee motivation and well-being. Studies, such as the one by Panno et al. (2021), have shown that when employees perceive their work as socially significant, they are more engaged, satisfied, and perform better, while experiencing lower turnover rates. Additionally, task significance is positively related to employee well-being, with research by Duffy et al. (2019) indicating that employees who find their work significant report higher job satisfaction, meaning in their work, and lower burnout levels. Kooij et al. (2021) found that the positive effects of task significance on well-being were mediated by work engagement, emphasizing the role of significance in fostering engagement and overall well-being.

Anderson and Stritch (2016) define task significance as the extent to which a job impacts the lives or work of others, both within and outside the organization. While social information processing theorists view it as socially constructed and influenced by interpersonal interactions, job design researchers see it as a feature that can be manipulated through job redesign efforts. However, both agree that cultivating perceptions of task significance can enhance employee effectiveness, particularly in public-sector settings where monetary incentives may be limited. By emphasizing the prosocial aspects of the job, organizations can motivate employees and instill a sense of meaning and purpose.

Employee commitment is a critical aspect of organizational behavior with significant implications for job performance, productivity, and overall organizational success. Committed employees display dedication, loyalty, and motivation, leading to increased job satisfaction and reduced turnover. Commitment comprises three components: affective, continuance, and normative commitment (Meyer & Herscovitch, 2020). Affective commitment reflects emotional attachment, continuance commitment relates to the perceived costs of leaving, and normative commitment stems from a sense of moral obligation.

Research has identified several factors influencing employee commitment, including organizational support, leadership effectiveness, job satisfaction, and perceived fairness in reward systems (Meyer & Herscovitch, 2020). When employees feel their organization genuinely cares, trust is built, fostering emotional attachment and commitment. Effective leadership that communicates a clear vision and empowers employees also encourages commitment. Job satisfaction and equitable rewards contribute to commitment by making employees feel valued and recognized for their contributions.

Employee commitment influences various organizational outcomes, such as job performance, organizational effectiveness, absenteeism, and turnover (Saud, 2020). Committed employees are more likely to accept organizational values and stay with the organization (Nguyen et al., 2014). Organizational commitment goes beyond mere compliance and involves a deep connection to the organization's values and mission.

Task significance and employee commitment are intertwined, as employees who find their work significant are more likely to develop a strong attachment to the organization. Research indicates that work design can influence employee commitment positively, with meaningful and challenging tasks, autonomy, and skill development fostering commitment (Grant et al., 2021; Parker & Wall, 2019; Raja et al., 2020). Task significance enhances the perceived meaningfulness of work, which contributes to employee commitment. This suggests that organizations can enhance employee commitment by designing jobs that emphasize the significance and impact of tasks.

The study by Smith (2022) focused on the relationship between task identity and employee commitment in the healthcare sector in a metropolitan city in the United States. The sample included 250 healthcare professionals from various departments within a hospital. Data was collected through a self-administered



questionnaire, which measured task identity, employee commitment, and demographic information. The analysis involved descriptive statistics, correlation analysis, and regression analysis using SPSS software. The findings of this study indicated a significant positive correlation between task identity and employee commitment, signifying that employees who perceive a higher level of task identity tend to be more committed to their organization. The regression analysis further supported this relationship, demonstrating that task identity significantly predicts employee commitment. As a result of these findings, several recommendations were proposed. However, the study is a healthcare sectoral study and also has a local focus as it was conducted in a metropolitan city in the United States, the findings might not really apply to rural or international healthcare settings.

Firstly, organizations were advised to provide employees with opportunities to engage in tasks that enable them to see the meaningful impact of their work. This could be achieved through job design and task allocation strategies that promote autonomy and decision-making, allowing employees to connect their tasks to the broader organizational goals. Secondly, investing in training and development programs that enhance employees' understanding of the organization's mission and their role in achieving these objectives was recommended. Lastly, organizations were encouraged to regularly assess and monitor employees' perception of task identity and employee commitment, taking appropriate measures to address any issues that might arise.

Furthermore, research conducted by Smith et al. (2021) in Nairobi, Kenya, with a sample size of 300 employees also confirmed a positive and significant relationship between task significance and employee commitment. This study emphasized the importance of organizations highlighting the significance of employees' tasks and their impact on overall organizational goals to enhance employee commitment. While the study has a geographic specification, its findings may have a strong connection to the specific context of Nairobi, and caution should then be exercised when applying them elsewhere.

An exploratory mixed-methods study by Chen et al. (2022) in a healthcare setting in China found that employees who perceived their tasks as significant reported higher levels of commitment to their job. The study recommended that organizations provide opportunities for employees to understand the significance of their tasks and how they contribute to the organization's mission, thereby enhancing employee commitment. This study has a cultural specificity. The cultural differences may play a significant role in the results, thereby limiting their applicability to other cultural contexts.

In a longitudinal study by Johnson and Williams (2023) in a manufacturing company in Dubai, higher levels of task significance were positively associated with increased employee commitment over time. The study suggested that organizations should regularly communicate the significance of employees' tasks and recognize their contributions to maintain and enhance employee commitment. The study suffers from industry and location specificity. Findings therefore, might primarily apply to the manufacturing sector in Dubai and not necessarily to other sectors or regions.

In addition, research by Lee et al. (2021) explored the mediating role of job satisfaction in the relationship between task significance and employee commitment. The study found that job satisfaction partially mediated this relationship, highlighting the importance of enhancing both job satisfaction and perceived task significance to increase employee commitment. The one very criticism about this study is its limited causality. While it identifies mediation, it cannot establish causality due to its cross-sectional design.

Moreover, a qualitative study by Brown and Jones (2022) in a non-profit organization in Cape Coast revealed that employees who perceived their tasks as significant were more committed to their job and exhibited higher levels of engagement. The study recommended that organizations ensure that employees understand the significance of their tasks and provide opportunities for them to make meaningful contributions. Despite some of its strengths, the study is best seen as a non-profit study, it is also sector-specific to the extent that the findings may have relevance primarily within the non-profit sector and might not be broadly applicable to other industries.



These studies consistently highlight the positive relationship between task identity, task significance, and employee commitment. They emphasize the importance of organizations recognizing and communicating the significance of employees' tasks, promoting autonomy and decision-making, and fostering a sense of meaningful contribution to enhance employee commitment. Additionally, factors like job satisfaction and cultural differences were found to play mediating or moderating roles in this relationship, offering further insights for organizations seeking to boost employee commitment.

Self-Determination Theory (SDT) and Employee Commitment

It is worth noting that Self-Determination Theory (SDT) is a valuable framework for understanding and promoting employee commitment by focusing on the fulfillment of employees' basic psychological needs for autonomy, competence, and relatedness in the workplace. SDT suggests that when employees feel they have autonomy in their work, the opportunity to develop their skills, and meaningful relationships with colleagues and the organization, they are more likely to be committed and engaged.

SDT aligns with many of the findings from the research discussed earlier. Autonomy, task significance, and opportunities for skill development are all aspects of work design that can fulfill these basic psychological needs and, in turn, enhance employee commitment. Organizations can use the principles of SDT to guide their approach to work design and employee engagement, creating a workplace where employees feel motivated and committed to their roles.

To draw the curtain close, work design plays a pivotal role in shaping the employee experience, impacting job satisfaction, engagement, and retention. The Job Demands-Resources (JD-R) model provides a robust framework for understanding how work design influences employee well-being and performance by identifying job demands and resources. Recent empirical research has shed light on various facets of work design, including task identity, autonomy, task variety, and social interactions, and their effects on employee motivation, job satisfaction, and commitment.

Task significance, in particular, has been identified as a critical element in fostering employee commitment. When employees perceive their tasks as meaningful and socially significant, they are more engaged, satisfied, and committed to their organizations. Organizations can enhance employee commitment by designing jobs that emphasize the significance and impact of tasks while also providing autonomy and opportunities for skill development.

Research conducted in Omani governmental organizations and various other settings has consistently demonstrated the positive relationship between task significance, task identity, and employee commitment. These findings underscore the importance of recognizing and communicating the significance of employees' tasks and promoting autonomy to enhance commitment. Moreover, the application of Self-Determination Theory (SDT) provides a valuable perspective on how fulfilling employees' basic psychological needs for autonomy, competence, and relatedness can further boost commitment. By aligning work design and management practices with SDT principles, organizations can create a workplace where employees feel motivated, engaged, and committed.

In the ever-evolving landscape of work, understanding the intricate interplay between work design, task significance, and employee commitment is crucial for organizations striving for excellence and long-term success. As organizations continue to adapt to changing circumstances, they should prioritize work design strategies that foster commitment and well-being among their workforce.

METHODOLOGY

The study adopted the survey research design, and through a questionnaire instrument; specifically, close ended (structured) questionnaire primary data was gathered and responses streamlined for easy analysis. The population of this study consist of 529 staff working in all the private hospitals in Lafia LGA of Nasarawa State, Nigeria based on 2021 data of registered private hospitals operating in Lafia at the Nasarawa State Ministry of Health, Lafia. Nasarawa State. Also, the information from the hospitals' human

resource department and the size of the hospital served as the source of the study population. The criteria for the selection of the private hospital were based on”

- i. it's being in operation for not less than 5 years
- ii. willingness to participate survey and registration and
- iii. have approval to operate from both the Nasarawa State Ministry of Health and the Nasarawa State Hospital Service Management Board. Thus, ten hospitals were selected.

Table 1: Population of the Study

Hospital Name	Population
Kowa Hospital	67
Sauki Hospital	63
Agwu Hospital	51
M & D Hospital	74
Aboki Hospital	55
Dukes Specialist Hospital	35
Voice of Islam Hospital	46
Namu Hospital & Maternity	62
Crane Hospital	39
Basma Hospital	37
TOTAL	529

Source: Researcher's Computation, 2023

The estimated sample size for the study was obtained using the Taro Yamane (1967) formula. Thus, the sample was obtained thus:

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

Where;

n = Sample Size

N = Population Size

e = Error Margin

1 = Constant

$$\begin{aligned}
 n &= \frac{529}{1 + 529(0.05^2)} \\
 n &= \frac{529}{1 + 529 \times 0.0025} \\
 n &= \frac{529}{1 + 1.3225} \\
 n &= \frac{529}{2.3225} \\
 n &= 227.772 \\
 n &\approx 228
 \end{aligned}$$

The sample size of the study was therefore 235 staff, because the sample size is not too large for the study not to cover, the study therefore, adopted a census and convenient sampling technique for selecting the study respondent. The choice of the technique is because it allows the selection of respondents that are willing to take part in the study and the sample is within the capacity that the current study can cover, this technique also allows for a representative sample that reflects the population of the study.

The main instrument that was used to collect primary information for the study was structured questionnaire consist mainly of closed ended and Likert-type of questions (with responses categorized mainly from strongly disagree, disagree, neutral, agree to strongly agree) in order to elicit feedback from respondents about what their experiences in their respective hospitals in respect to task identity and task significance. It was transformed into a google form survey questionnaire which was administered online through WhatsApp platform for the staff of the selected Private hospitals soliciting for their response after which 235 responses were gathered

Statistical techniques such as the multiple regression analysis was utilized using Statistical Package for Social Science (SPSS Version 26). The following model was constructed for the study:

$$\text{Emp\_Com} = f(\text{TSK\_I}, \text{TSK\_S}).$$

$$\text{Emp\_Com} = \beta_0 + \beta_1 \text{TSK\_I}_i + \beta_2 \text{TSK\_S}_i + \mu_i$$

Where:

Emp_Com = Employee commitment

TSK_I = Task Identity

TSK_S = Task Significance

β_0 = Constant/Intercepts

β_1 and β_2 = Parameters of determination

μ = Stochastic Variable (Error term)

i = Signifying that the data is cross sectional for individual observations

Data Analysis and Results

Table 1: Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.812 ^a	.660	.656	2.8993	1.703

a. Predictors: (Constant), Task Significance, Task Identity

b. **Source:** SPSS output 2023

A Durbin-Watson statistics of 1.703 is an indication of no autocorrelation detected in the dataset.

Table 2: ANOVA

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	491.315	2	245.658	72.917	.011 ^b
	Residual	710.793	232	3.368		
	Total	1202.108	234			

a. Dependent Variable: Employee_Commitment

b. Predictors: (Constant), Task Significance, Task Identity

The ANOVA Table 2 indicates that the regression model predicts the dependent variable significantly well which is an indication $p < 0.05$ and indicates that, overall, the regression model statistically significantly predicts the outcome variable which is a good fit for the data.

Table 3: Coefficients

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics		
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	8.245	.533		15.477	.001		
	Task Identity	.481	.076	.529	6.316	.001	.184	5.427
	Task Significance	.286	.066	.317	4.315	.001	.240	4.173

Dependent Variable: Employee_Commitment

Source: SPSS V26 output

Test of Hypothesis 1

H0₁: Task identity does not have any significant effect on employee commitment of privately-owned hospitals in Lafia, Nasarawa State.



The result of the regression analysis indicates that Task Identity contributes positively to Employee Commitment with a coefficient of 0.481, it means that for a one-unit increase in Task Identity, we expect Employee Commitment to increase by 0.481 units, while holding other variables constant. The t-value of 6.316 here suggests that Task Identity is statistically significant going by the significant parameter estimate ($p < 0.001$). Also, the standardized coefficient (Beta) of 0.529 indicates the strength and direction of the relationship. This positive Beta suggests that as Task Identity increases, Employee Commitment tends to increase since we assume a linear relationship between the variables while holding others constant. The null hypothesis here is therefore rejected and we consider that Task Identity has a significant effect on employee commitment of privately owned hospitals in Lafia, Nasarawa State.

Test of Hypothesis II

H0₂: *Task significance does not have any significant effect on employee commitment of privately-owned hospitals in Lafia, Nasarawa State.*

The result of the regression analysis indicates that Task Identity contributes positively to Employee Commitment with a coefficient of 0.481, it means that for a one-unit increase in Task Identity, we expect Employee Commitment to increase by 0.481 units, while holding other variables constant. The t-value of 6.316 here suggests that Task Identity is statistically significant going by the significant parameter estimate ($p < 0.001$). Also, the standardized coefficient (Beta) of 0.317 indicates the strength and direction of the relationship. This positive Beta suggests that as Task Significance increases, Employee Commitment tends to increase since we assume a linear relationship between the variables while holding others constant. The null hypothesis here is therefore rejected and we consider that Task Significance has a significant effect on employee commitment of privately owned hospitals in Lafia, Nasarawa State.

Discussion of Findings

Findings from the result of the study indicated that Task Identity as well as Task Significance have positive and significant effect on employee commitment of selected privately-owned hospitals in Lafia. This finding aligns with the research conducted by Smith (2022), Chen et al. (2022), Johnson and Williams (2023), Brown and Jones (2022). These studies collectively suggest that both task identity and task significance can positively influence employee commitment in various organizational contexts.

CONCLUSION AND RECOMMENDATIONS

In this study conducted on privately-owned hospitals in Lafia, Nasarawa State, Nigeria, the research has explored critical connection between work design factors, specifically task identity and task significance, and their influence on employee commitment. The study yielded significant findings, indicating that both task identity and task significance have a notably positive impact on employee commitment. This discovery corroborates existing research in the fields of organizational behavior and human resource management, underlining the pivotal role of work design in shaping employee attitudes and behaviors.

Furthermore, the study emphasizes the importance of recognizing and effectively communicating the meaningfulness of employees' tasks in relation to the organization's overarching mission. It also underscores the relevance of granting employee's autonomy, facilitating skill development, and promoting social interactions to foster a higher level of employee commitment. These insights provide valuable guidance not only to healthcare organizations but also to various sectors that seek to enhance employee commitment, job satisfaction, and overall performance.

To put these findings into actionable recommendations for privately-owned hospitals in Lafia, the following suggestions are made:

- i. **Emphasize Task Identity and Significance:** Hospital management should prioritize clarifying and communicating the significance of individual tasks to employees. Incorporating task significance and identity into job descriptions and training programs can enhance employees' sense of ownership and commitment.
- ii. **Promote Autonomy and Skill Development:** Hospitals should provide opportunities for employees to make decisions independently and set their own goals. Investing in training and skill development programs can boost employees' confidence and competence, ultimately leading to



increased commitment. Foster a Supportive Work Environment: Recognize the value of social interactions within the workplace. Encourage collaboration, feedback, and social support among employees, as a positive and supportive work environment contributes to higher levels of commitment.

By implementing these recommendations, privately-owned hospitals in Lafia can cultivate a work environment that nurtures employee commitment, resulting in improved patient care, heightened job satisfaction, and overall organizational success.

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Effect of External Environment on the Growth of SMEs in Anambra State

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Abstract

This study examined the effect of external environment on the growth of SMEs in Anambra State. The study adopted the descriptive research design using the survey method of which questionnaires were administered to a sample of (392) SMEs in the state. The responses were analyzed using the simple regression analysis. It was found that legal environment and political environment have significant effect the growth of SMEs while economic environment showed negative effect on the growth of SMEs in Anambra state. It was recommended that the performance of small and medium scale enterprises in Anambra State should be strategically pursued as it has been found to be affected by wide array of several factors, Economic environment made a negative contribution to the performance of small and medium scale enterprises in Anambra state, hence management should ensure that all factors caused by economic environment is resolved to enhance effective performance, Government should create enabling environment for both existing and potential investors in the sector.

Keywords: External environment, legal environment, economic environment, political environment and SMEs growth.

INTRODUCTION

Business environment is marked by different dynamic features such as global competition, information technology, quality service revolution and corporate social responsibility which compel managers to rethink and reshape their approach to various operational responsibilities. Due to this paradigm switch, new firms are emerging that are more responsive to their external environment (Luthans, 2017). Furthermore, Ibidunni and Ogundele (2013) classified the nature of the business environment as stable, dynamic and unstable and this habitually assists a business enterprise in selecting suitable strategies. Pearce and Robinson (2011), an enterprise external environment was first recognized by open systems theorists who observed that organizations operate not as self-contained isolated units but in continuous and inevitable interaction with the large system surrounding them and within which they exist. The external environment is that system which consists of factors that affect business enterprises from outside such as economic, socio-cultural and technology and these environmental factors are beyond the control of the enterprises (Alkali & Abu, 2012; Pearce & Robinson, 2011).

Business environment according to Oginni and Faseyi (2012) is expressed as the sum total of the external forces that influences individuals, businesses and communities. In the views of Adebayo, Ogunyomi and Ojodu (2005), environment is summarized as the surrounding of a phenomenon which from time dictate and shape the direction. Business organization does not operate in vacuum; it operates within the environment where the production and distribution of goods and services are carried out.

Environment is an important contextual factor that have an influence on the company's performance. The environment is a totality whose inclinations are outside the organization and around the businesses concerned (Irwandaru, 2015). Various studies on the environmental analysis of the organization stated that the environment is a monitoring, evaluation and dissemination of information from the external environment to the people who are key to the company (Wilson, 1990). Understanding others, the environment is a management tool to avoid strategic surprise and ensure the long-term health management. Research shows there is positive between the performance of the organization's environment (Hunger & Whelen, 2003). The research highlights the role of a manager with the environment such as, Covin & Dess (1997) cited by Irwandaru (2015) which states that the complexity is the diversity of factors and problems in the environment is concerned, thus the greater number of external factors that must be dealt with managers and more High intensity differences between these factors, means that increasingly complex business environment is concerned.



Statement of the Problem

There is a growing concern arising from the unpredictability of business operating environment especially for those in small and medium scale enterprises. The inconsistency of government on economic environment clearly reveals the need for environmental assessment which is apparently significant to the Nigeria SMEs. Small and Medium Enterprises (SMEs) play a crucial role in the economic development of Anambra State, Nigeria. Despite the importance of SMEs in the economy development, the growth prospect of these SMEs are increasingly affected by various external environmental factors which pose a challenges on the activities of these SMEs operation that affect their performance in the region.

LITERATURE REVIEW

Concept of External Environment:

Sohal and Perry (2021) state that external environment is an attempt to understand the outside forces of the organizational boundaries of SMEs. External environment can provide both facilitating and inhibiting influence on organizational performance. They also view external business environment as the totality of factors outside an organization that are taken into consideration by an organization in its decision making. These factors depend largely on the complexity and dynamism of the environment. Jonah et al. (2018) opined that external environment of a business consists of a set of conditions and influences outside the business but which shape the life and continued existence of the business. These conditions and influences are outside the firm as a business unit, but which effect changes in the organization and the business entity cannot control but only adjusts to them. The elements of the business external environment constitute the external environmental factors.

Legal Environment

Ogundele et al. (2019) asserted that legal environment consists of the laws regulations and procedures of a country which SMEs are anticipated to comply with in the course of their operations. These laws may facilitate successful business conduct as well as constitute handicaps to successful performance. Furthermore, in carrying out their business operations, agro business, enterprises are required by law to pay taxes, value added tax, capital gain tax, education tax, import duties, excise duties among others. Okeyo (2018) opined that legal environment refers to discriminatory law, consumer law, antitrust law, employment law, and health and safety law. These factors can affect how a company operates, its costs, and the demand for its products.

Economic Environment

Vincent and Ifeanyi (2018) refers to economic environment as all those factors such as inflation rate, exchange rate, unemployment rate among others which have bearing on the performance of small-scale business. They further observed that small scale business depends on the economic environment for all the needed inputs. Therefore, economic environment influences the operations of small-scale businesses. In other words, economic environment consists of those economic factors that directly or indirectly affect the operations of small-scale businesses in Nigeria; it includes inflation rate, exchange rate, interest rate, employment etc. Ozigbo (2017) state that economic environment consists of those economic factors that directly or indirectly affect the operations of small scale businesses in Nigeria; it includes exchange rate, unemployment, demand and supply trend, economic growth, lending rates and the inflation rate. These factors have major impacts on how businesses operate and make decisions. For example, lending rates affect a firm's cost of capital and therefore the extent to which a business grows and expands. Exchange rates affect the costs of exporting goods and the supply and price of imported goods in an economy.

Political Environment

Wekpa and Ewans (2017) observed that political factors are the government regulations on business political instability has ramification on planning, for example no organization want to set up business in another country where the trade relationship are not relatively defined and stable. Political processes and legislation influence the activities a business organisation, these factors being restrictive in nature, tends to reduce the potential ability of a financial institution. Adeoye and Elegunde (2019) described political environment as the extent and level of government direct and indirect intervention and influence on businesses in an economy. In particular, political factors include the following areas; tax policy, labour law,



environmental law, trade restrictions, tariffs, incentives and political stability. It may also involve goods and services which the government provide or has intention to provide or not to provide.

EMPIRICAL REVIEW

Legal Environment and SMEs Growth

Mohammed et al. (2021) examined the impact of legal business environment on small and medium scale enterprises performance in Yobe state, Nigeria. Survey research design was adopted. Questionnaire was distributed using cluster sampling. 233 copies of the questionnaire were used for analysis with a population of 300 registered SMEs operating within the three in Yobe state. Multiple regression analysis was employed to process the data. Finding revealed that legal environment has a positive significant effect on performance of SMEs. The study concluded that external business environment has positive effect on performance of Small and Medium Enterprises (SMEs). The study recommended that owners/managers of SMEs should abide by the legal environment in which their business is set, thereby producing what id legal in the environment wants.

Akinlabi and Olalekan (2020) examines the effect of external business environment on performance of SMEs in Nigeria. The study adopted a literature-based approach. Secondary sources of information were obtained from textbooks, journals, internets and other informed observations. The study was a generalized one on SMEs. Hence, there is no particular emphasis on any firm as study case. The study variables were all reviewed conceptually, empirically, and theoretically. These variables are external business environment as independent variable, SMEs performance as dependent variable while SMEs is the study sector. The study concludes that SMEs in Nigeria have really not done well in spite of various programs by government to enhance their performances. The study found that there is relationship between legal environment and performance of SMEs. The study recommends that if external business environmental factors are effectively monitored and adapted by enterprises with necessary infrastructural facilities and incentives support from government such will give room for enabling environment for business to thrive.

Economic Environment and SMEs Growth

Ajayi (2019) examined the impact of economic environment on organizational performance of Micro, Small and Medium Scale Enterprises in Nigeria. It also reviewed literature on MSMEs, business environment and organizational performances. Secondary sources of data were utilized for the study. The findings from reviewed literature showed that the external business environment (economic, political, legal, socio-cultural environment, demographic, natural, technological, global and financial environment) have influence on MSMEs operators in Nigeria. It was also discovered that there exists relationship between SMEs and the environment in which it occurs. The study concluded that SME operators should understand all these types of external business environment and their implications on organizational performance of their business activities in order to identify opportunities and threats to their businesses and update their knowledge, understanding and skills to meet the predicted changes in realm of their enterprises.

Ngugi and Odhiambo (2017) examined the effect of economic business environment on growth of micro and small enterprises in Kenya. The study was based on path goal leadership theory. Descriptive research design was applied and primary data gathered through administration of questionnaires. Data was subjected to descriptive statistics through use of SPSS. The findings indicated that economic business environment has effect on growth of micro and small enterprises in Kenya. It was concluded that there is need for creation of horizontal and vertical external environment linkages so as to optimize growth of MSEs.

Political Environment and SMEs Growth

Adamu (2019) assessed the effect of External Environment on the Performance of Small and Medium Scale Enterprises in Benue State. Primary and secondary data were used for the study. Primary data were obtained by the use of a well-structured questionnaire. The study made use of 316 respondents from the SMEs in the selected geopolitical zones in Benue. Demographic data obtained from the study were analyzed by the use of descriptive statistics such as percentages, frequencies and multiple regressions Analysis. The result also shows that a positive relationship between Political environment, environment

with Small and medium scale enterprises performance in Benue State and it is in line with a priori expectation and it is statistically significant. Therefore, it was also recommended among others that since economic environment made a negative contribution to the performance of small and medium scale enterprises in Benue State, management of SMEs should ensure that all factors caused by economic environment is resolved to enhance effective performance of SMEs in Benue State.

Mohammed and Abu (2012) examined the influence of Political environment on the performance of small business manufacturing enterprises in Bauchi State, Nigeria. The study used survey research design. The study used structured questionnaire, to collect data from the sample size of 302 respondents that participated in the study. The study reveals that political environment significantly and positively influence the performance of enterprises in Bauchi state. The study recommends that the performance of small and medium scale enterprises in Benue State should be strategically pursued as it has been found to be affected by wide array of several factors.

Complexity Theory

A collection of theories makes up the body of knowledge known as complexity and chaos theory (Boisot, 1999). The underlying idea “is that all things tend to self-organize in the business environments” (Kelly, 1999). Invariably the complexity theory explains that environments created a difficult pattern when a number of simple rules are applied. Which means small differences in the environments can eventually result in large differences in the organization effectiveness. Also it is assuming that interactions in an environment produces unexpected patterns or behaviours (Goldberg & Markoczy, 1998) because stimulating one part of the environments can have unexpected effects in other. Such unexpectedness is due to the nature, (Stacey, 1996) and the interconnectivity of the business environments (Bar-Yam, 2000). However, despite apparent uncontrollability, the environment is not totally chaotic. Also environments’ behaviours cannot be predicted, they are influenced by mutual relationships between members of the environment variables (Baskin, 1998). The complex theory allows organization to continually adapt, and close to edge of chaos business environment for creativity and innovation. Creativity used to cope with business environment using complex theory includes corporate vision and values (Frederick, 1998; Bates, 1999), market entry and development activities (Black and Farias, 1998) and customer relationship management (Kurtyka, 2000). It has also been shown inventory levels (Rasmussen and Mosekilde, 1988), and advertising (Feichtinger, Hommes & Milik, 1994). In this line of thought, several chaos and complexity theory have relevance to business organization, reason is because it will help an organization understands the process of a pattern of order emerging from a set of changes in an interconnected environment. Also the environment is not controlled by an outside influence only but through the inter-relationships of the environments. As a result, individual organization cannot predict and have a longer-plan (Wilkinson and Young, 1998; Frederick, 1998; Kelly, 1999); this continuous self-organization allows and encourages organization to develop creative responses against emerging changes in the environment.

METHODOLOGY

The study adopted descriptive research design employing the use of primary data. Data were collected using 5-point Likert scale structured questionnaire. The population of the study consists of 20613 registered SMEs in Anambra state, out of which 392 was drawn as sample size using Taro Yammane formula. Questionnaire was administered to register SMEs in Anambra state. The study used the internal consistency method of reliability to ascertain the reliability of the research instrument to measure the instrument of the study. The internal consistency measure provides the Cronbach alpha estimate of the instrument used to justify the instrument reliability and suitability of the study.

In this study, the data collected was coded and analyze using the multiple regression analysis with the aid of a statistical software SPSS. Data obtained for the purpose of this study has prior to the analysis, will undergoes different validity and reliability tests. The model for the regression analysis is specified thus:

$$\text{GRT} = \beta_0 + \beta_1\text{LEE} + \beta_2\text{ECE} + \beta_3\text{POE} + e \dots\dots\dots (i)$$

Where:



GRT = Growth (GRT), LEE = Legal environment, ECE = Economic environment, POE = Political environment, e = Error term, β_0 = Intercept, $\beta_1\beta_2\beta_3$ = Coefficient of independent variables.

Results and Discussion

Data Presentation

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
LEE	375	1	5	3.12	.492	-1.735	.146	2.174	.290
ECE	375	1	5	2.10	.401	-1.508	.146	.276	.290
POE	375	1	5	3.44	.669	-1.294	.146	2.382	.290
GRT	375	1	5	2.35	.840	-1.487	.146	1.448	.290
Valid N (listwise)	375								

The table above indicates the behavior of all the variables under study. The average legal environment (LEE) recorded was 3.12 while the maximum and minimum value stood at 5 and 1 respectively. Also, the skewness value which stood at -1.735 indicates that the variable is normally distributed since it is less than 1. Also, economic environment (ECE) recorded a minimum and maximum of 1 and 5 respectively, while the mean value stood at 2.10. With a skewness value of -1.508, the variable also indicated normal distribution. Political environment (POE) also recorded minimum and maximum values of 1 and 5 respectively. The average value recorded for it was 3.44 and the skewness value recorded was -1.294 which indicates the variable is normally distributed. SMEs growth (GRT) also recorded minimum and maximum values of 1 and 5 respectively. The average value recorded for it was 2.35 and the skewness value recorded was -1.487 which indicates the variable is normally distributed.

Correlations

		LEE	ECE	POE	GRT
LEE	Pearson Correlation	1	.520**	.268**	.344**
	Sig. (2-tailed)		.000	.000	.000
	N	280	280	280	280
ECE	Pearson Correlation	.520**	1	.329**	.273**
	Sig. (2-tailed)	.000		.000	.000
	N	280	280	280	280
POE	Pearson Correlation	.268**	.329**	1	.714**
	Sig. (2-tailed)	.000	.000		.000
	N	280	280	280	280
GRT	Pearson Correlation	.344**	.273**	.714**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	280	280	280	280

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

Legal environment (LEE) showed a moderate and positive relationship with economic environment (ECE) which stood at 0.520 which is significant at 5% level of significance. Legal environment (LEE) showed a strong and positive relationship with Political environment (POE) which stood at 0.268 and is significant at 5% level of significance. Legal environment (LEE) showed a strong and positive relationship with External environment (EXE) which stood at 0.344 and is significant at 5% level of significance. Economic environment (ECE) showed a strong and positive relationship with Political environment (POE) which stood at 0.329 and is significant at 5% level of significance. Economic environment (ECE) showed a strong and positive relationship with SMEs growth (GRT) which stood at 0.273 and is significant at 5% level of significance. The Political environment (POE) and SMEs growth (GRT) was found to be also positive and stood at 0.714 which is significant at 5% significance level.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.732 ^a	.536	.531	.576

a. Predictors: (Constant), POE, LEE, ECE

The result, as shown in the tables above revealed an R-square value of 0.536 which implies that 53% of the variation in growth (GRT) could be explained by the combination of the three independent variables in this study. The remaining 47% variation could be explained by other factors or variables not included in this study.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	105.555	3	35.185	106.234	.000 ^b
	Residual	91.413	276	.331		
	Total	196.968	279			

a. Dependent Variable: GRT

b. Predictors: (Constant), POE, LEE, ECE

The f-statistics stood at 106.234 and also the probability of the f-statistics was found to be significant at 2% level of significance ($p < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.376	.444		-.847	.397
	LEE	.318	.083	.186	3.853	.000
	ECE	-.100	.103	-.048	-.969	.003
	POE	.853	.055	.679	15.533	.000

a. Dependent Variable: GRT

The regression line $GRT = .376 + 0.318 LEE$ indicates that an increase in legal environment (LEE) will cause an increase in SMEs growth (GRT). The probability of t-statistics stood at 0.000 which is less than 0.05 level of significance and as such the study accepts the null hypothesis and rejects alternative hypothesis which states that legal environment has no significant effect on SMEs growth (GRT).

The regression line $GRT = .376 - 0.100 ECE$ indicates that a decrease in economic environment (ECE) will lead to a decrease in SMEs growth (GRT). The probability of t-statistics stood at 0.003 which is less than 0.05 level of significance and as such the study accepts the null hypothesis and rejects the alternative hypothesis and which states economic environment has no significant effect on SMEs growth (GRT).

The regression line $GRT = .791 + 0.853 POE$ indicates that an increase in political environment (POE) will lead to an increase in SMEs growth (GRT). The probability of t-statistics stood at 0.000 which is less than 0.05 level of significance and as such the study accepts the null hypothesis and rejects the alternative hypothesis which states that political environment has no significant effect on SMEs growth (GRT).

CONCLUSION AND RECOMMENDATION

Based on the findings above, the study concludes that legal and Political environment are key motivators for SMEs growth (GRT) in Anambra state. And therefore, the study recommends that the growth of small and medium scale enterprises in Anambra state should be strategically pursued as it has been found to be affected by wide array of several factors, Economic environment made a negative contribution to the performance of small and medium scale enterprises in Anambra state, hence management should ensure that all factors caused by economic environment is resolved to enhance effective growth, Government should create enabling environment for both existing and potential investors in the sector.



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Effect of Employee Motivation on Organizational Performance in Ministry of Education Abuja, Nigeria

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Abstract:

This study examined the effect of employee motivation on organizational performance in ministry of education, Abuja. Motivated employees are more likely to be engaged, productive, and committed to their work, which in turn can have a positive impact on the overall performance of an organization. The study adopted the descriptive research design using the survey method of which questionnaires were administered to a sample of (341) staff of selected six schools in Abuja. The responses were analyzed using the simple regression analysis. It was found that reward revealed a positive and significant effect while leadership has a negative and significant effect on employee's performance in the ministry of education, Abuja. It was recommended study recommends that management of ministry of education should find a strategic way of rewarding their employees in order to retain and motivate employee to perform better not forgetting to recognize them where necessary and finally, management of ministry of education should adopt a dynamic leadership style. This style is called dynamic because it changes depending on the situation that be.

Key Words: Motivation, Reward, Leadership and Performance.

Introduction

Motivated employees are more likely to be engaged, productive, and committed to their work, which in turn can have a positive impact on the overall performance of an organization (Ibrahim et al. 2018). One context where this relationship is particularly relevant is within government ministries, such as the Ministry of Education in Abuja, Nigeria.

The Ministry of education plays a crucial role in the development and implementation of educational policies, programs, and initiatives in Nigeria. As such, the effectiveness and efficiency of its operations have significant implications for the quality of education provided to citizens and the overall development of the nation (Adebayor & Zaman, 2018). To achieve its objectives, the Ministry requires a motivated workforce that is dedicated to its mission and vision.

However, government organizations, including ministries, often face unique challenges when it comes to employee motivation. Bureaucratic structures, rigid hierarchies, and limited resources can sometimes hinder the implementation of effective motivational strategies. Moreover, in a context like Nigeria, where corruption and political factors can also influence organizational dynamics, understanding the impact of employee motivation becomes even more important (Nwokocho, 2016).

Statement of the Problem

Employees motivation for efficient performance in the ministry of education has not always received due attention despite the obvious leading roles they play in the managing affairs of education in the country towards attaining educational objectives (Cole, 2002). This situation has remained a very serious problem. The societal image of the employees in terms of their purchasing power, social status, gender bias, etc, has made the profession unattractive due to their salary structure and less attention to motivation strategy. The ill treatment and non-professionalization of the job breeds dissatisfaction and hamper effectiveness and productivity.

LITERATURE REVIEW

Concept of Motivation

Ani (2020) refers to motivation as a human engineering approached being triggered by the individual needs. Flippo, (2016) sees motivation as a psychological process initiated by the emergence of needs that involves a good action and behavior directed at satisfying a particular desire. Motivation is a critical ingredient in



employee performance and productivity. Even when people have the right skills, clear work objectives, and a supportive work environment, they would not get the job done without ample motivation to meet those work objectives (Mullins, 2006). He elaborates that motivated employees are enthusiastic to exert a certain level of effort (intensity), for a certain amount of time (persistence), toward a distinct goal or direction (Mullins, 2006).

Edigin (2020) defined motivation as management function that stimulates individuals to accomplish laid down institutional goals. Halepota (2015) motivation is the commitment and participation of an individual in order to achieve desired results. He asserted that the concept of motivation is an abstract construct because different strategies produce different results at different time and there is no single strategy that can produce or guarantee favourable results at all times. For the purpose of this study, Motivation is something that stirs up para-professional staff in organizations or institutions like academic libraries. It propels them to act in a particular manner toward realization of organizational objectives and goals.

Khan et al. (2020) viewed motivation as a set of courses concerned with a kind of strength that boosts employee work performance and directs towards accomplishing some definite targets. To Nelson and Quick (2013), motivation is the process of arousing and sustaining goal directed behaviour. Olajide (2014) described motivation as whatever it takes in encouraging workers to perform by fulfilling or appealing to their needs; it is goal directed and therefore cannot be outside the goals of any organization whether public, private or otherwise. This implies that motivation has serious outcome on employee job performance in tertiary institution.

Reward

Danish and Usman (2020) define rewards as positive outcomes that are earned as a result of an employee's performance and these rewards are aligned with organizational goals. When an employee helps an organization in the achievement of one of its goals, a reward often follows. Therefore, effective reward management deals with setting processes, policies and strategies. Such practices are required to ensure that the contribution of employees to the business is recognized by those responsible for the running of the organization. The main theme of reward management is to reward employees fairly, equitably and consistently in correlation to the value of these individuals to the organization.

Ajila and Abiola (2018) state that reward exists in order to make employees work towards achieving strategic goals through enhancing their productivity and performance levels. Reward management is not only concerned with pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, training, development and increased job responsibility. rewards were one of the important elements used to encourage employees for contributing their best effort to generate innovation ideas that lead to better business functionality and furthermore, improves companies performance both financially and non-financially.

Leadership

Okeke (2019) described leadership as the manner that a leader uses to influence followers to achieve set objectives. In another study, Franco and Matos (2015) conceptualized leadership as the process of getting others to understand what needs to be done and how to get it done more effectively. This conceptualization by Franco and Matos (2015) supported the argument of some researchers that effective leadership is required to deliver positive organizational outcomes (Dinh et al., 2014). Porter (1996) described effective leaders as those that drive their firms to take the right decisions in response to changes in the business environment and ensuring that organizational objectives and identity are sustained. Leadership styles help us to understand the relationship that exists between leaders and followers in an organizational performance or growth.

Zarook et al. (2013) define leadership as a procedure that concentrates on shaping or persuading individuals to reach organizational goals. Many dissimilar descriptions of leadership are established from dissimilar viewpoints. Yukl (2010) views leadership as a progression of using inspiration and drive to inspire the involvement in attaining collective or logistic accomplishment and leader effect (that is, attitudes and



feelings). This might be important considering how leaders affect their supporters and why leaders with identical skills and capabilities occasionally flourish and, every so often, collapse (Thanh & Vietanh, 2010).

Peris and Namusonge (2021) refers to leadership as the process of influencing employees to work willingly toward the achievement of organisational objectives. Leadership is related to motivation, interpersonal behaviour and the process of communication. Leadership is a complex phenomenon involving the leader, the followers, and the situation.

EMPIRICAL REVIEW

Reward and Employee Performance

Goodness and Mobolaji (2022) analyzed reward system and employees' performance in the Nigerian educational sector: a study of Bells University of Technology, Ota and Crawford University, Igbesa, Ogun State, Nigeria. Primary data was collected through a well-structured questionnaire circulated to three hundred and eighty (380) teaching staff of the selected universities. A proportionate stratified random sampling technique was adopted to determine the sample size of the sample. Data collected was analyzed using Simple Linear Regression. The findings indicate that reward system impact positively on employees' performance in Nigerian private universities. The study recommends that organization should increase the level of democratic practice to spur employee performance in a greater rate. The result of this study might not be applicable in other part of the country as this study was carried out in Ogun state.

Ahmed and Adel (2021) examined how employee performance is affected by reward system in an organization. The study was carried out in Bahrain. The study employed the descriptive analytical methodology to test the developed hypotheses. The research employed a developed questionnaire that was used to collect the study data. It was distributed on 377 employees of a governmental organization with a sample size of 227 respondents; validity and reliability of the study instrument were tested through the use of Cronbach's Alpha and Pearson correlation. The researchers used SPSS for analyzing the collected data. Main findings revealed a significant impact of reward system on employees' performance.

Muhammad (2016) examines the influence of reward types (extrinsic, intrinsic, social and rewards mix) on employee's performance. Subjects for the study consisted of 308 workers which constituted 60% of the total target population of 513 people working for Unified Mining Companies located in the southern part of Jordan. Total of 308 self-designed questionnaires were distributed to employees on their job location, 268 questionnaires were returned and only 250 were suitable for statistical analysis. SPSS version 16 has been used for data analysis. Both descriptive and inferential statistics were used for data analysis. Analysis and interpretation were made at 0.05 level of significance. The findings indicated that there is a statistical significant relationship between rewards types and employees performance. The study concludes that, management should have deep sense of commitment towards the issue of rewarding employees, if performance levels to be enhanced.

Leadership and Employees' Performance

Ali and Mohamed (2021) examined impact of leadership on employee performance. The study was carried out in Somalia. Primary data with a well-structured questionnaire with a sample size of sample size of two hundred and fifty (250) respondents was used using non-probability convenient sampling method. Regression analysis was conducted to analyses the data using SPSS 21. The result shows that leadership has positive and significant impact on employee performance. The study recommended that organization should adopt a leadership style which is useful in all time horizons to improve employee performance. All the respondents were from a single service field, which could influence their work performance and reward perceptions due to its practices and other factors.

Kenkoua (2020) studied effect of leadership on employees' performance in Zimbabwe: the case of Damkpmuela sugar factory. A cross section of data from 265 permanent employees. Descriptive analysis shows democratic style as the most frequently exhibited leadership style (Mean=3.72; SD=1.09) followed by laissez-faire (Mean=3.62; SD=0.82) and autocratic style (Mean=3.29; SD=1.03). The correlation analysis revealed significant positive correlation of democratic and laissez-faire leadership styles with



employee performance while autocratic styles were negatively correlated with performance. The result from multiple linear regressions showed democratic and laissez-faire styles have significant positive effect while autocratic style affected employee performance score more adversely. The study finally recommends the company to execute democratic style.

Keskes (2019) examined the relationship between leadership and dimensions of employee organizational commitment, Northern Region of Ghana. Qualitative case study design was employed. Purposive sampling was adopted to sample a total sample size of 11 respondents representing 65% of the total staff population. The results of this study revealed that there is strong relationship between leadership and organizational performance of KXA. The study recommended that management of the organization applies more of that and mix it with other leadership styles where necessary for the organization to wax stronger within its industry. This study cannot be generalized as it studied only one organization with a small sample size.

Expectancy Theory

The expectancy theory, suggests that workers are more likely to be motivated to perform when they perceive that there is a strong link between their performance and the compensation they receive (Mendonca, 2002). According to Robbins (2003), expectancy theory refers to the strength and attractiveness of individual's expectation of the outcome produced by performance. The attractiveness of expected compensation for given input will determine one's motivational soundness according to this theory and whether that compensation responds to individual's personal goals. Robbins (2003) explained that there are three relationships; effort – performance, performance – compensation and compensations – personal goals which will direct one's behavior. Expectancy Theory (Vroom 1964) predicts that one's level of motivation depends on the attractiveness of the compensations sought and the probability of obtaining those compensations (Bohlander & Snell, 2004). If workers perceive that they may get valued compensations from the organization, they tend to put greater effort into work. Expectancy Theory includes three dimensions, which are, expectancy, instrumentality and valence, the level of all of which must be high if desired behaviors are looked forward to in workers' work. Expectancy theory of motivation explains the link between motivation and performance. The theory proposes that performance at individual level depends on high motivation, possession of the necessary skills and abilities, an appropriate role and understanding of that role (Savaneviciene & Stankeviciute, 2010). According to Vroom (1964) "the effects of motivation on performance are dependent on the level of ability of the worker, and the relationship of ability to performance is dependent on the motivation of the worker. The effects of ability and motivation on performance are not additive but interactive.

METHODOLOGY

The study adopted descriptive research design employing the use of primary data. The population 1,461 which consist of all the staff of thirty-six (36) secondary schools under the direct supervision of ministry of education in Abuja. A total of six (6) schools were selected from the six (6) Area councils in Abuja, using Taro Yamane (1968) sample selection formula to determine a sample size of 341. Data were collected using 5-point Likert scale structured questionnaire. The questionnaire was administered to 341 six (6) schools selected from the six (6) Area councils in Abuja. The study used the internal consistency method of reliability to ascertain the reliability of the research instrument to measure the instrument of the study. The internal consistency measure provides the Cronbach alpha estimate of the instrument used to justify the instrument reliability and suitability of the study. Data of the study was analyzed using SPSS. In this study, the data collected was coded and analyze using the multiple regression analysis with the aid of a statistical software SPSS. Data obtained for the purpose of this study has prior to the analysis, will undergoes different validity and reliability tests. The model for the regression analysis is specified thus:

$$EP = \beta_0 + \beta_1 RWD + \beta_2 LDS + e \quad \dots\dots\dots (i)$$

Where:

EP= Employees Performance, RWD=Reward, LDS =Leadership, e = Error term , β_0 = Intercept, $\beta_1\beta_2$ = Coefficient of independent variables.

RESULTS AND DISCUSSION

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
RWD	325	1	5	4.04	.988	-1.142	.135	1.080	.270
LDS	325	1	5	2.11	1.013	-1.179	.135	.760	.270
EP	325	1	5	3.12	1.052	-1.155	.135	.673	.270
Valid N (listwise)	325								

The table above indicates the behavior of all the variables under study. The average reward (RWD) recorded was 4.04 while the maximum and minimum value stood at 5 and 1 respectively. Also, the skewness value which stood at -1.142 indicates that the variable is normally distributed since it is less than 1. Also, leadership (LDS) recorded a minimum and maximum of 1 and 5 respectively, while the mean value stood at 2.11. With a skewness value of -1.179, the variable also indicated normal distribution. Employees performance (EP) also recorded minimum and maximum values of 1 and 5 respectively. The average value recorded for it was 3.12 and the skewness value recorded was -1.155 which indicates the variable is normally distributed.

Correlations

		RWD	LDS	PRF
RWD	Pearson Correlation	1	.213**	.313**
	Sig. (2-tailed)		.000	.000
	N	325	325	325
LDS	Pearson Correlation	.213**	1	.395**
	Sig. (2-tailed)	.000		.000
	N	325	325	325
EP	Pearson Correlation	.313**	.395**	1
	Sig. (2-tailed)	.000	.000	
	N	325	325	325

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

Reward (RWD) showed a moderate and positive relationship with leadership (LDS) which stood at 0.213 which is significant at 5% level of significance. Reward (RWD) showed a positive relationship with employee's performance (EP) which stood at 0.313 and is significant at 5% level of significance. Leadership (LDS) showed a moderate relationship with employee's performance (EP) which stood at 0.395 and is significant at 5% level of significance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.443 ^a	.196	.191	.946

a. Predictors: (Constant), LDS, RWD

The result, as shown in the tables above revealed an R-square value of 0.196 which implies that 19% of the variation in employee's performance (EP) could be explained by the combination of the three independent variables in this study. The remaining 81% variation could be explained by other factors or variables not included in this study.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.286	2	35.143	39.287	.000 ^b



Residual	288.034	322	.895		
Total	358.320	324			

a. Dependent Variable: EP

b. Predictors: (Constant), LDS, RWD

The f-statistics stood at 39.287 and also the probability of the f-statistics was found to be significant at 2% level of significance ($p < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.810	.269		6.719	.000
	RWD	.223	.056	.210	3.991	.000
	LDS	-.342	.055	-.330	-6.269	.000

a. Dependent Variable: PRF

The regression line $EP = 1.810 + 0.223 RWD$ indicates an increase in reward (RWD) will lead to an increase in employee's performance (EP). The probability of t-statistics stood at 0.000 which is greater than 0.05 level of significance and as such the study accepts the alternative hypothesis and rejects the null hypothesis which states that reward has no significant effect on employee's performance (EP).

The regression line $EP = 1.810 - 0.342 LDS$ indicates that a decrease in leadership (LDS) will lead to a decrease in employee's performance (EP). The probability of t-statistics stood at 0.000 which is greater than 0.05 level of significance and as such the study accepts the null hypothesis and rejects the alternative hypothesis and which states leadership has no significant effect on employee's performance (EP).

CONCLUSION AND RECOMMENDATIONS

Based on the findings above, the study concludes that reward and leadership are key motivators for employee performance in ministry of education Abuja. And therefore, the study recommends that management of ministry of education should find a strategic way of rewarding their employees in order to retain and motivate employee to perform better not forgetting to recognize them where necessary and finally, management of ministry of education should adopt a dynamic leadership style. This style is called dynamic because it changes depending on the situation that be.

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Compensation and Employee Job Performance of Deposit Money Banks in Kogi State, Nigeria

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Abstract

This study examined the effect of compensation (measured by financial and non-financial compensation) on employee's job performance of Deposit Money Banks (DMBs) in Kogi State, Nigeria. The study adopted a survey research design. The population used for the study comprised of 1382 out of which a sample size of 310 (including the attrition rate) was determined using Yamane (1967) sample sizes determination formula and convenient sampling technique was used to select the respondents. The study utilized adapted questionnaire as the instrument for data collection. The data collected for the study was analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) in determining the measurement, structural models and hypotheses testing through SmartPLS 3.0 software. The study found that financial compensation has positive and significant effect on employee job performance, while non-financial compensation has positive but insignificant effect on employee job performance of DMBs in Kogi State, Nigeria. The study concludes that compensation influence employee's job performance of Deposit Money Banks (DMBs) in Kogi State, Nigeria. It is therefore recommended that the management of DMBs in Kogi State, Nigeria should continue to maintain their financial compensation practice to their employees by way making prompt payment of all the financial entitlement of their staff and ensure proper management of payroll in order to gain employees commitment on their jobs. The management of DMBs in Kogi State, Nigeria should also pay attention to all non-financial compensation such as leaves, good working environment, welfares to their employees in order to motivate them to stay and be committed to their jobs.

Key words: Compensation, Financial Compensation, Non-financial, Employees Performance, Deposit Money Banks.

INTRODUCTION

In today's dynamic and competitive business environment, the success of organizations, particularly in the financial sector, heavily relies on the performance and productivity of their workforce. Employee job performance is a critical factor that directly influences an organization's ability to achieve its strategic goals and maintain a competitive edge. In this context, compensation stands out as a significant factor that can greatly impact employee motivation, engagement, and overall job performance.

Deposit Money Banks (DMBs) play a vital role in the financial ecosystem of any economy. They provide essential financial services, including deposit-taking, lending, and payment processing, contributing to economic growth and stability. Within this context, the importance of a motivated and high-performing workforce becomes paramount. Kogi State, located in North Central Nigeria, is home to several DMBs, each striving to provide quality financial services to their customers while competing for market share. The performance of these DMBs is intrinsically tied to the capabilities and productivity of their employees. Therefore, understanding the factors that influence employee job performance within the specific context of DMBs in Kogi State is of utmost importance.

Compensation is a multifaceted concept that includes various forms of financial and non-financial rewards offered to employees in exchange for their contributions to the organization. It encompasses elements such as basic salary, bonuses, benefits, promotions, and recognition. The relationship between compensation and employee performance has been extensively studied, with researchers highlighting the pivotal role that compensation strategies play in shaping employees' motivation and commitment to their work (Dessler, 2020).

In the Nigerian context, particularly within Kogi State, there exists a growing need to investigate how compensation practices influence employee job performance within the unique dynamics of DMBs. Factors such as local economic conditions, cultural norms, and industry-specific challenges may influence



the design and effectiveness of compensation strategies in this region. As such, research focused on the relationship between compensation and employee job performance in DMBs in Kogi State holds the potential to offer valuable insights into enhancing workforce productivity and achieving organizational objectives.

In the academic literature, studies such as those by Gerhart and Fang (2014) have explored the connections between pay and individual performance, emphasizing the importance of sorting effects. Additionally, the works of Locke (1976) and Pfeffer (1998) have delved into broader factors influencing job satisfaction and organizational performance. However, the context of DMBs in Kogi State provides a unique setting that warrants specific attention to compensation strategies and their impact on employee job performance. By investigating the relationship between compensation and employee job performance within DMBs in Kogi State, this study aims to provide actionable insights for both academic and managerial audiences.

Statement of the Problem

Over the years employee performance in the banking sector in Nigeria has become a subject of concern as they remain key to the management of the banks and other stakeholders, this leads the banks to always be in search of and adopt the best compensation practices to motivate the employees to always work actively to meet up with their expectations by performing at the highest level in such a way that offers a competitive advantage to the bank and protect the interest of the investors and customer. Yet employee performance in most deposit money banks in Nigeria is still below expectation and becomes worrisome to the management of deposit money banks.

Furthermore, the current state of affairs in the nation in general and banking sector as relating to the workforce compensation makes it necessary to temper this optimism with caution. Whenever the workers are asking for another pay rise, the questions often asked is “what do workers want from their employers?” Can there be an end to the glamour for increases in minimum wage? Why do workers work and what induces them to give input in their best? Money only plays the role of common denominator of all things. In Nigeria various compensation packages are used and these involve monetary (extrinsic) and non-monetary (intrinsic) compensation. For example, in the context of monetary reward salary increase is sought to be highly essential for employees’ satisfaction.

There is increasingly a need for organization to be in a position of understanding appropriate compensation system that motivates their employees for higher organization performance. What appropriate compensation that should form the employment package is currently challenging organisational performance. The general problem inherent in the organizational set up, particularly, in the banking sector; is overtime at work, irregular promotional structure and lack of recognition of workers’ achievements. All these tend to dampen workers’ morale and consequently affect their productivity (Ndidiama et al., 2022). This call for investigation and has create the mind set of this study to examine the effect of compensation on employee performance of deposit money banks in Nigeria.

Therefore, the main objective of this study is to examine the effect of compensation on employee’s performance in Kogi State, Nigeria. To achieve this objective, the study was guided by the following specific objectives to:

- i. access the effect of financial compensation on employee’s performance in Kogi State, Nigeria; and
- ii. determine the effect of non-financial compensation on employee’s performance in Kogi State, Nigeria.

The study therefore formulated the following hypotheses in line with the objectives:

LITERATURE REVIEW

Compensation

According to Afriyie, et al. (2020), compensation is the form of pay or incentive given to an employee for performing services for an employer. It is often based on wages, salaries, incentives, or bonuses. Afriyie, et al. (2018) viewed compensation as an outcome in the exchange among employees and themselves as an entitlement for being an employee of the organization or as a reward for a job well done. It does not necessarily mean that anyone who gets paid has done the job well. Employees may not live up to



expectations but can still get paid because of the Trade Union Congress (TUC) laws and regulations (Qureshi & Sajjad, 2015). Camuffo, et al. (2019), affirmed that an employee is compensated based on his/her skills, knowledge, experience, and education.

Financial Compensation

Financial compensation is also known as compensation that is concerned with monetary terms which comprises financial rewards and financial incentives. According to Armstrong (2013) financial rewards provide financial recognition to people for their achievements in the shape of attaining or exceeding their performance targets or reaching certain levels of competence or skill while financial incentives aims at motivating people in achieving their objectives, improve their performance or enhance their competence or skills by focusing on specific targets and priorities (Armstrong, 2013).

Non-Financial Compensation

Non-financial compensation is a type of employee benefit that holds no inherent monetary value. There are many types of non-financial compensation that employers can choose to provide employees ranging from ones that provide convenience to ones that ensure overall health and wellness. Non-financial compensation is any employee compensation that doesn't involve cash. Many companies find creative ways to offer employee benefits that make them feel valued and appreciated. Often, this form of compensation can be a great method for establishing trust and loyalty between an employer and an employee (Samuel, et al., 2019). According to Samuel et al. (2019) non-financial compensation includes: developmental opportunities, recognition and flexible schedules.

Developmental opportunities: Employers can choose to provide developmental opportunities to employees. This can be a useful form of non-financial compensation as it benefits both an employer and an employee. When an employer offers opportunities for employees to develop their skills so they can continue to advance within the company, an employer also benefits from possessing more motivated and skilled employees. Such opportunities may include paid education or certification, developmental classes with experts or informative conferences and retreats (Samuel, et al., 2019).

Employee Job Performance

According to Garba (2022) employee performance contains quality and quantity of results driven by individual or group struggle completion. In other meaning job performance can be described as the ability of individuals to achieve their respective work aims, then meet their expectations, achieve benchmarks or accomplish their organizational goals, (Alabi, et al., 2022). Employee performance embodies the whole belief of the employee about their conduct and contributions to the accomplishment of the organization and compensation practices, performance evaluation and promotional practices are determinants of employee performance, (Riatmaja & Wibawanto, 2022).

Empirical Review

Thapa (2020) examined the effect of financial and nonfinancial compensation towards employee job satisfaction with their education, working department. To produce numeric analysis and testing hypothesis, the researchers used ANOVA Test to measure education level, job position and, working departments with employees' job satisfaction. The Ordinary Least Square (OLS) Method was used to measure the effect of financial and non-financial compensation towards employees' job satisfaction. The analysis was performed through SPSS 26. The testing included 150 respondents of assistant, officer and, managerial level from administration, operation and, credit departments of commercial banks from Maharajung to Balaju Ring road Kathmandu. The study found that both financial and nonfinancial compensation had a significant effect on employee job satisfaction. The finding also shows that the job satisfaction is significantly depends on their current education, job position and, working department too. Similarly, the impact of financial compensation towards job satisfaction was higher than that of non-financial compensation in employees' job satisfaction.

Riatmaja and Wibawanto (2022) determine the effect of compensation on the performance of employees of startup companies in Yogyakarta with motivation as an intervening variable; to determine the effect of financial compensation on employee performance, to determine the effect of non-financial compensation



on employee performance. This research was conducted by taking startup employees in Yogyakarta randomly as many as 73 employees. The study used Multiple Linear Regression Analysis model and path analysis. The study found that there is a significant influence between non-financial compensation and employee performance; there is a significant influence between financial compensation and non-financial compensation on employee performance with notibvasi as an intervening variable.

Alabi et al. (2022) examined the relationship between non-monetary rewards and employee performance in money deposit banks in Lagos State, Nigeria. This study adopted a cross-sectional design. The study's population comprised five (5) deposit money banks licensed by the Central Bank of Nigeria. The study employed convenience sampling technique to select five financial institutions in the state and simple random sampling technique was used to select respondents for the study. Based on Yamane's formula, the sample size was 352 employees and data collection is through structured questionnaire. The formulated hypotheses were tested with Pearson Correlation. The findings reveal that all the dimensions of non-financial reward significantly affect employee performance among the selected financial institutions at a 0.05 level of significance.

Expectancy Theory

Vroom's Expectancy Theory was propounded by Victor H. Vroom in 1964. The theory argues that the strength of a tendency to act in a specific way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual to make this simple (Victor, 1964). Expectancy theory says that an employee can be motivated to perform better when there is a belief that the better performance will lead to good performance appraisal and shall result into realization of personal goal in form of some reward future events (Dunn, 2009). The theory focuses on three things efforts and performance relationship, performance and reward relationship, rewards and personal goal relationship (Salaman et al, 2005)

Lunenburg (2011) asserts that people are motivated to work to achieve a goal if they believe that that goal is worthy and there is the probability that what they do will help them in achieving their goals. Vroom's theory is based on three major variables: Valance, expectancy and instrumentality. Valance is the strength of an individual's preference (or value, incentive, attitude, and expected utility) for a particular output. Expectancy is the probability that a particular effort will lead to a particular first-level outcome while instrumentality is the degree to which a first-level outcome will lead to a desired second level outcome.

METHODOLOGY

The study adopted a survey research design. The study covered 8 deposit money banks in Kogi, Kogi State Nigeria. The deposit money banks covered are; Access Bank Plc, First Bank of Nigeria Limited, First City Monument Bank Limited, Guaranty Trust Bank Plc, United Bank for Africa (UBA), Zenith Bank Plc, Fidelity Bank Plc, and Ja'iz Bank Plc. The population of this study comprised of one thousand three hundred and eighty-two (1,382) employees of the eight selected banks. The justification for choosing the above banks is based on their staff strength. And the justification for focusing on the employee is based on their experience on the research variables. The sample size of 310 was determined using Yamane (1967) sample sizes determination formula. Out of 310 copies of questionnaire administered, 257 copies (69% of total questionnaire administered) were useful for the analysis. The data was analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) in determining the measurement, structural models and hypotheses testing through SmartPLS 3.0 software (Hair, et al., 2017). Validity and reliability of the measures were first of all ascertained before testing the hypothesized relationships using algorism and bootstrapping techniques (Hair, et al., 2014).

RESULT AND DISCUSSIONS

Measurement Model Evaluation

The convergent validity was used to evaluate the measurement model using convergent validity. Convergent validity is determined by examining the factor loadings, composite reliability, and average variance extracted (AVE) (Gholami, et al, 2013). All the questionnaire items used in this study has achieved the acceptable factor loadings of above 0.6 except questionnaire item number one of financial compensation

which recorded low factor loading, as a result the questionnaire item number one of financial compensation was deleted from the analysis; composite reliability (CR) of all the constructs were all above 0.7 and Average variance extracted (AVE) were all above 0.5 as recommended by Hair et al. (2019). The above is depicted in the table 3 below:

Table 1: Convergent Validity

Variables	Indicators	Loadings	Cronbach's alpha	Composite Reliability	Average Variance Extracted (AVE)
Financial Compensation	FCP2	0.901	0.937	0.955	0.841
	FCP3	0.886			
	FCP4	0.946			
	FCP5	0.935			
Non Financial Compensation	NCP1	0.716	0.830	0.878	0.592
	NCP2	0.697			
	NCP3	0.795			
	NCP4	0.815			
	NCP5	0.817			
Employee Performance	EJP1	0.934	0.966	0.974	0.882
	EJP2	0.936			
	EJP3	0.960			
	EJP4	0.951			
	EJP5	0.914			

Source: SmartPLS Output, 2023

Structural Model and Hypotheses Testing

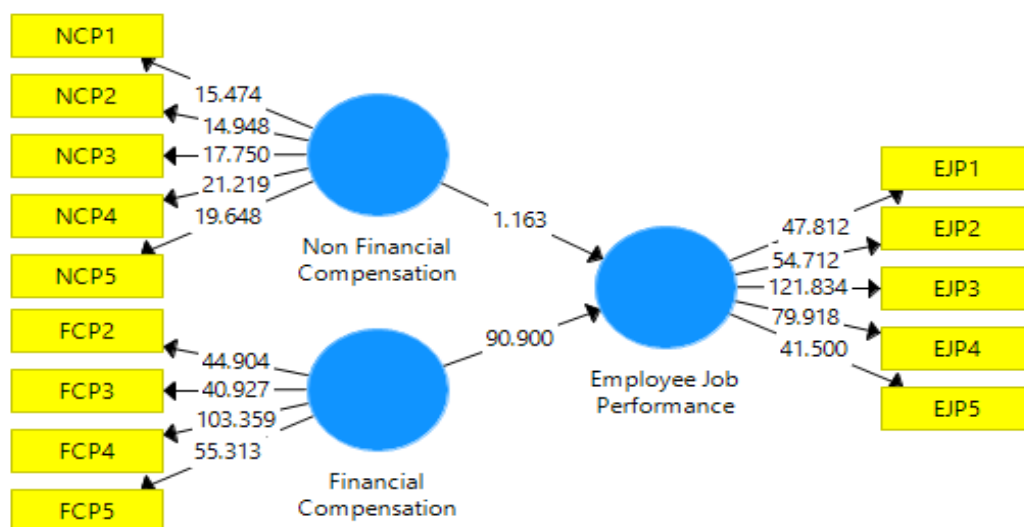


Fig. 1: Structural Model and Hypotheses Testing
Source: SmartPLS Output, 2023

Table 2: Results of the Structural Model Analysis (Hypotheses Testing)

Hypotheses	Relationship	Beta (β)	Standard Error	T Statistics	P value	Decision	R ²	Adj. R ²
HO1	FCP->EJP	0.970	0.011	90.900	0.000	Rejected	0.657	0.656
HO2	NCP->EJP	0.021	0.018	1.163	0.246	Accepted		

Source: SmartPLSOutput, 2023

The Figure 1 and table 2 above depicted the result of hypotheses tested. The standard beta and the corresponding t-values and p-values were used in assessing the structural model in this study. This was done through the bootstrapping procedure. The bootstrapping result from the Smart PLS in respect to financial compensation reveals that path coefficient of financial compensation and employee job performance (FCP->EJP) is positive and statistically significant with strong beta (β) value of 0.970 (97%), high t-value of 90.900 and the p- value of 0.000 (β -value = 0.970, t-value = 90.900 & p-value = 0.000). This result has provided sufficient ground for rejecting the null hypothesis which states that financial compensation has no significant effect on employee job performance of DMBs in Kogi State, Nigeria. Therefore, this null hypothesis is hereby rejected. In addition, the result has proved that the relationship between financial compensation and employee job performance is positive and significant at 0.05 significant levels.

The hypothesis tested with respect to the non-financial compensation and employee job performance (NCP-> EJP), the bootstrapping result from the Smart PLS reveals that path coefficient of non-financial compensation and employee job performance is positive but insignificant with a weak beta (β) value of 0.021 (2%), t-value of 1.163 and p-value of 0.246 (β - value = 0.021, t-value = 1.163& p-value = 0.246). This result has provide evidence for accepting this null hypothesis which states that non-financial compensation has no significant effect on employee job performance of DMBs in Kogi State, Nigeria. Therefore the null hypothesis is accepted. In addition, this result shows that the relationship between non-financial compensation and employee job performance is positive but insignificant at 0.05 significant levels. Furthermore, in respect to the R²value that shows the predictive relevance of the model. The R²value shows the variance in the dependent variable as explained by the independent variables. The result shows R² value of 0.657 (66%) accounted by the predictive variables on the criterion variable of the model. That is, the coefficient of determination (R²) of 0.657 indicates that about 66% of the variation in employee job performance of DMBs in Kogi State, Nigeria can be explained by the combined effects of financial compensation and non-financial compensation, while the remaining 44% variation in employee job performance of DMBs in Kogi State, Nigeria, can be explained by other factors not considered in this study.

From the analysis above, the study found that financial compensation has positive and significant effect on employee job performance of DMBs in Kogi State, Nigeria. This implies that financial compensation practice adopted by DMBs in Kogi State, Nigeria, increases their employee's job performance significantly. This finding is in line with the finding of Garba (2022) who in his study found that financial compensation has positive and significant effect on employee job performance.

The study also found that non-financial compensation has positive but insignificant effect on employee job performance of DMBs in Kogi State, Nigeria. This implies that non-financial compensation offered to the employees of DMBs in Kogi State, Nigeria is positive but not significant. This may be because DMBs in Kogi State, Nigeria placed more attention to financial compensation than non-financial compensation of their employees. This finding agree with the finding of Alabi et al. (2022) who in their study found that all the dimensions of non-financial reward significantly affect employee performance among the selected financial institutions.



CONCLUSION AND RECOMMENDATIONS

This study examined the effect of compensation (measured by financial and non-financial compensation) on employee's job performance of Deposit Money Banks (DMBs) in Kogi State, Nigeria. From the findings of this study, it is concluded that compensation influence employee's job performance of Deposit Money Banks (DMBs) in Kogi State, Nigeria. Based on the findings and conclusion drawn from this study, the study recommends that:

- i. The management of DMBs in Kogi State, Nigeria should continue to maintain their financial compensation practice to their employees by way making prompt payment of all the financial entitlement of their staff and ensure proper management of payroll in order to gain employees commitment on their jobs.
- ii. The management of DMBs in Kogi State, Nigeria should also pay attention to all non-financial compensation such as leaves, good working environment, welfares to their employees in order to motivate them to stay and be committed to their jobs.

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Effect of External Environment on the Performance of Small and Medium Scale Enterprises in FCT, Abuja

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Abstract

This study examined the effects of the external environment on the performance of SMEs in the Federal Capital Territory (FCT), Abuja. Specifically, to examine the effect of economic, socio-cultural, technology, political, and competitive on the performance of SMEs in FCT, Abuja. A survey research design was adopted, and the target population comprises 38,003 SMEs within FCT, Abuja. Taro Yamane and Isreal's (2013) formula were used and a sample size of 515 was obtained. A primary source of data was considered, and out of the 515 copies of the questionnaire administered, 496 copies were properly filled, retrieved, coded, and used for analysis. Multiple regression was used for analysis and the study established that economic, technology, political, and competitive have a positive and significant effect on the performance of SMEs in FCT, Abuja. While socio-cultural has a negative and significant effect on the performance of SMEs in FCT, Abuja. It was concluded that socio-cultural factors are the most significant external environmental factors negatively affecting SME performance in FCT, Abuja. Therefore, policymakers and business owners in the region need to address these challenges to support SME growth and development.

Keywords: External Environment, SMEs, Performance, FCT, Abuja.

INTRODUCTION

Exploring the business environment is a vital aspect for business managers and entrepreneurs, as it can help improve the business's capacity to perform better. However, the external environment holds greater importance for entrepreneurs and managers and owners, managers/operators of small and medium-scale enterprises (SMEs) as it can prompt them to remain vigilant and prepare for unforeseen circumstances in terms of their performance. As stated by Birkinshaw et al. (2005), performance is a crucial objective of any organization, it is generally agreed that the complexity and instability of the environment can influence the structure and decision-making process of an organization.

According to Adeoye and Elegunde (2015), SMEs are considered the backbone of most economies, especially in developing countries, and their performance is influenced by various external environmental factors. These factors include economic, socio-cultural, technological, political, and competitive factors. The Federal Capital Territory (FCT) is the capital city of Nigeria, located in the central region of the country. The FCT was established in 1976 and covered an area of 7,315.65 square kilometers, with a population of over 1.4 million people (National Population Commission, 2006). It is home to a significant number of Small and Medium Scale Enterprises (SMEs) which play a crucial role in the economic development of the region. The performance of small and medium-sized enterprises (SMEs) in FCT, Abuja can be influenced by various factors, including economic, socio-cultural, technological, political, and competitive factors. Adeoye and Elegunde (2012) found that economic factors such as inflation, exchange rates, and interest rates have a significant impact on SMEs in Nigeria, which are highly sensitive to economic fluctuations. Similarly, Ozigbo (2014) found that socio-cultural factors such as cultural beliefs, values, and traditions can also affect the performance of SMEs in Nigeria, with certain cultural beliefs discouraging entrepreneurship while others promote it. Ajayi (2016) observed that technological factors such as advancements in technology and innovation can also significantly affect the performance of SMEs in Nigeria, with those that adopt new technologies and innovate more likely to perform better. Government policies and regulations can either facilitate or hinder the growth of SMEs, as noted by Akinlabi et al. (2021). Political factors such as government policies and regulations can also affect the performance of SMEs. Additionally, competitive factors such as competition from other firms can also affect the performance of SMEs, as found by Adamu (2019), with SMEs facing intense competition and struggling to survive, while those that operate in less competitive environments may thrive.

Ibrahim and Primiana (2015) have identified various factors that are associated with the external business environment, including the economic environment, socio-cultural environment, and technology environment. To ensure that small and medium-sized enterprises (SMEs) operate effectively, it is necessary to manage these external environment components in a coordinated and integrated manner. Depending on the specific circumstances and environment in which the organization operates, the independent variables of economic, socio-cultural, technology, political and competitive environments may be most appropriate for the study. However, it is important for SME owners/managers to understand the situation before selecting the appropriate business environment. The adoption of the right environmental factors has the potential to either enhance or diminish SMEs performance, and the resulting performance will determine the level of business achievement. This study examined the effects of the external environmental factors (economic, socio-cultural, technology, political, and competitive) on SMEs performance in the Federal Capital Territory (FCT), Abuja. With the independent variables being the external business environment, and the dependent variable being SMEs performance.

Objectives of the Study

The main objective of the study was to examine the effect of external environmental factors on the performance of SMEs in FCT, Abuja. Thus, the specific objectives were to:

- i. examine the effect of economic environment on the performance of SMEs in FCT, Abuja;
- ii. examine the effect of socio-cultural environment on the performance of SMEs in FCT, Abuja;
- iii. examine the effect of technology environment on the performance of SMEs in FCT, Abuja;
- iv. examine the effect of political environment on the performance of SMEs in FCT, Abuja; and
- v. examine the effect of competitive environment on the performance of SMEs in FCT, Abuja.

LITERATURE REVIEW

External Environment

Adeeko (2017) defined the external business environment as all the factors outside the business enterprise that are beyond the control of the business enterprise, individual, and their management and also have a bearing on their functioning. Similarly, Liman et al. (2021) stated that the external environment of a business encompasses various factors and forces that are beyond the control of the business but significantly impact its operations and survival. These factors are external to the business entity, but they have the power to bring about changes that the organization can only adapt to, not alter. Collectively, these factors are known as external environmental factors.

This environment includes all incidents outside the organization that have the potential to influence or affect the organization. The components of the external business environment include political, economic, social-cultural, technological, ecological/natural, and legal environment. The external environment encompasses all incidents outside the organization that have the potential to influence or affect the organization. This environment is always changing according to the time cycles and situations. However, Ibidunn and Ogundele (2013) classified the nature of the business environment into three which are; dynamic (continuous changes in the environment), stable (relative changes in the environment), and unstable (frequent changes in the environment).

However, Akinlabi et al. (2021) outlined the components of the external business environment as: political environment, economic environment, social-cultural environment, technological environment, ecological/natural environment, legal environment, and competitive environment.

Political Environment

The political environment refers to the level and extent of government intervention and its effect on businesses in an economy (Obiwuru et al., 2011). This includes various factors such as tax policies, labor laws, environmental regulations, trade restrictions, tariffs, incentives, and political stability. Additionally, it may also involve the provision or non-provision of goods and services by the government. The political environment has a significant impact on the operations and profitability of businesses. Companies need to be aware of the political factors affecting their industry and adjust their strategies accordingly.



Additionally, they may need to engage in advocacy or lobbying efforts to influence government policies that affect their business.

Economic Environment

According to Akinlabi et al. (2021), the economic environment comprises several factors such as economic growth, interest rates, exchange rates, and inflation rate, which impact the operations and decisions of businesses. For example, interest rates can affect the cost of exporting goods and the supply and pricing of imported goods in an economy. The economic environment can be categorized into microeconomic and macroeconomic factors. The former influence the decision-making of businesses, including the actions of firms and consumers, while the latter affects the entire economy and all its participants. Economic factors include interest rates, tax rates, laws, policies, wages, and government activities, which do not have a direct relationship with businesses but can affect their investment value in the future.

Socio-cultural Environment

As stated by Obiwuru et al (2011) and Kotler (2005), the social and cultural environment encompasses factors such as health awareness, population growth rate, age distribution, career attitudes, and safety nets, which have an impact on the demand for a company's product and its operational strategies. Individuals are shaped by the society they grow up in, which influences their fundamental beliefs and values and shapes their worldview regarding relationships with others. Marketers must consider these cultural characteristics when making decisions and be mindful of how they vary across different societies within the markets served by the firm.

Technological Environment

Technological environments are crucial external factors that significantly affect businesses and are also an essential element of the PESTLE analysis (Adeoye, 2012). The technological environment includes factors such as research and development, technological incentives, and the pace of technological change, which can impact the barriers to entry, the minimum production efficiency level, and outsourcing decisions. Changes in technology can affect costs, and quality, and stimulate further innovation and competition, as noted by Obiwuru et al (2011). The technology comprises inventions, innovations, skills, methods, systems, and equipment, and it influences the organizational environment (Adeoye, 2012). Meanwhile, the technological environment changes rapidly, affecting the conversion of resources into outputs due to technological advancements, new innovations, research, and development. The availability of technology leads to faster business growth, from automated communication to automated marketing, boosting sales, and generating more revenue.

Competitive Environment

According to Dess et al. (2008), a company's competitive environment comprises various factors that are relevant to its resource strategy, including existing or potential customers and suppliers. With the increasing trend towards expanding operations and market reach beyond a company's home country, globalization presents opportunities for accessing larger potential markets and a broader range of production factors such as raw materials, labor, skilled managers, and technical professionals. However, such endeavors also come with political and economic risks (Dess et al., 2008). Kazmi (2008) further suggests that there are several factors in the global environment that can significantly impact a company's operations, such as globalization, the global financial system, global trade and commerce, demographic patterns and shifts, human resource institutions, and the availability and quality of skills and expertise, among others. It is crucial for companies to consider these factors in maintaining their competitiveness in global markets.

SMEs Performance

SMEs are business enterprises that satisfy certain criteria regarding their size, assets, and workforce. In Nigeria, SMEs are classified based on their employment and asset base. Micro enterprises are those with less than 10 employees and assets worth less than ₦5 million. Small enterprises employ between 10 and 49 people and have assets between ₦5 million and ₦50 million. Medium enterprises employ between 50 and



199 people and have assets between ₦50 million and ₦500 million (SMEDAN, 2020). These classifications may vary slightly depending on the specific guidelines provided by SMEDAN.

According to Tajpour et al. (2020), the meaning of performance is quite broad and varies based on the user's perspective and needs. Traditionally, the performance of a business firm is measured in accounting terms, where effectiveness is determined by achieving sales or market share goals through efficiency. Similarly, a firm's performance is deemed effective when it utilizes its resources to achieve a high level of performance, as noted by Uzokurt et al., (2013). Jenatabadi (2015) defines performance as the ability of an organization to fulfill its purpose, which is critical to its existence in the economy. On the other hand, Suleiman (2011) views performance as a reflection of how an organization uses its resources to achieve its objectives, including human, material, financial, and information resources. Ogbuanu et al. (2014) assert that an organization's performance depends heavily on the productivity level of its employees, and to excel, the organization must ensure a conducive work environment by providing all necessary facilities to aid production. Additionally, organizations must monitor and adapt to changes in their external environment to guard against any possible impact on performance. Effective and successful organizations play a vital role in the economic growth and development of a nation (Ogbuanu et al., 2014).

Richard et al. (2009) characterized Organizational Performance as the tangible results that are compared to what was intended or anticipated. They defined Organizational Performance as a concept that comprises three key domains of firm outcomes: Financial Performance, which includes measures like profits, ROA, and ROI; Product Market Performance, which encompasses measures like sales and market share; and Shareholders Return, which includes measures such as TSR and EVA. In the context of this study, performance can be described as an evaluation of how well a manager utilizes the resources of the organization in a competent and effective manner to achieve the organization's objectives while also satisfying all stakeholders.

Empirical Studies

The study by Adeoye and Elegunde (2012) explore how the external business environment affects the performance of food and beverage companies in Nigeria. Its main objective is to examine the influence of the economic and political environment on organizational performance. A questionnaire was created to gather data from respondents, including a sample of three companies and a total of 150 participants. The collected data were analyzed using multiple regression analysis. The results indicate that various aspects of the external business environment (such as political, economic, socio-cultural, and technological factors) have an impact on organizational performance, including effectiveness, efficiency, increased sales, and the achievement of corporate goals. Therefore, it is recommended that organizations regularly scan their environment and pay close attention to its dynamics.

Nwekpa and Ewans (2015) assessed the implications of economic factors on small-scale business performance in Nigeria for the period of 1970 -2013. The study was designed to examine the effect of economic environmental factors on small scale business performance in Nigeria. The study found that high Inflation rate, Exchange rate, Government Tax Revenue, External Finances, and interest rate as economic indices have a significant effect on the performance of small scale businesses in Nigeria and therefore concludes that the federal government should come up with stringent policy and regulations that would maintain a fixed exchange rate, interest rate, and low inflation that create an enabling environment that could enhance the activities of small scale businesses in Nigeria.

Vincent and Ifeanyi (2015) assessed the impact of socio-cultural factors on entrepreneurial development in Nigeria. The study limits itself to the socio-cultural factor which impacts seriously entrepreneurial development in Nigeria. The study discovered that some cultural values like marriage, age grade and religion have impacted positively on entrepreneurial development, while some cultural values like traditional title taking, impact negatively on entrepreneurial development.



Liman et al. (2021) examined the impact of the technology environment on small and medium-scale enterprises' performance in Yobe State, Nigeria. The questionnaire was distributed using cluster sampling. 233 copies of the questionnaire were used for analysis with a population of 300 registered SMEs operating within the three in Yobe state. Multiple regression analysis was employed to process the data. Finding revealed that the technology environment has a positive effect on SMEs performance but not a significant 5% significant level. The study concluded that the external business environment has a positive effect on the performance of Small and Medium Enterprises (SMEs). Aikali and Isa (2012) evaluated the technology business environmental factors positively influence the performance of small business manufacturing enterprises based in Bauchi State, and identified that technology used to be insignificant to business performance.

Adeoye and Elegunde (2012) examined the impacts of political environment on organisational performance in the food and beverage industry in Osun State Nigeria. The minor objective of the paper is to investigate the influence of political environment on organisational performance. A questionnaire was developed to collect information from the respondents based on a sample of 3 companies with 150 sample size. Data collected were analysed using multiple regression analysis. The findings of the study reflect that political business environment has an impact on organisational performance. The study of Oginni and Adesanya (2013) centered on the inference of the business environmental factors on the manufacturing sector's growth and survival. The finding of the study revealed that there exist negative effects of government policies on the survival of businesses in manufacturing.

Adamu (2019) carried out a study to assess the effect of competitive environment on the performance of Small and Medium Scale Enterprises in Benue State. Primary and secondary data were used for the study. Primary data were obtained by the use of a well-structured questionnaire. The study made use of 316 respondents from the SMEs in the selected geopolitical zones in Benue. Multiple regression analysis was employed for analysis. The result reveals that there is a positive relationship between competitive environment and small and medium-scale enterprises' performance in Benue State. Similarly, Okwu (2015) uses descriptive statistics tools and empirical analysis to explore the effect of competitive environment on SMEs growth potentials, job creation, innovation, and employment generation. The study revealed that competition drives innovation and growth but impedes job creation and employment among SMEs.

The work by Akpoviroro and Owotutu (2018) investigated how the external business environment influences the performance of frozen fish companies in Nigeria. It reviewed relevant literature on business environment, organizational performance, and the Nigerian business environment. To gather data, a questionnaire was created and administered to respondents from a sample of three companies, with a total sample size of 120 participants. The collected data were analyzed using multiple regression analysis. The study found that the external business environment, including political, economic, technological, and socio-cultural factors, significantly impact organizational performance. Therefore, it is crucial for organizations to comprehend the implications of their business activities on organizational performance in order to identify both opportunities and threats to their business and organization.

Contingency Theory

Contingency theory is a theory developed by Lawrence and Lorsch (1967). The theory is a management theory that argues that there is no one "best" way to manage organizations. Instead, the most effective management approach depends on the specific situation or context in which it is applied. The theory suggests that managers should adjust their approach based on the demands of the situation, such as the organization's size, structure, technology, and external environment (Lawrence & Lorsch, 1967).

The relevance of contingency theory is highlighted by its ability to explain the success or failure of various management approaches in different contexts. For instance, some studies have shown that the success of Total Quality Management (TQM) depends on factors such as organizational culture and size (Ahire et al., 1996). Similarly, the effectiveness of transformational leadership has been found to depend on factors such as organizational culture and employee characteristics (Bass & Riggio, 2006).

The contingency theory has been widely adopted by scholars in various fields, including management, organizational behavior, and leadership. For instance, scholars such as Paul Lawrence and Jay Lorsch, who developed the theory in the late 1960s, have used it to explain the success or failure of various management approaches.

One of the main criticisms of contingency theory is that it is too complex and difficult to apply in practice. Some scholars argue that the theory's focus on situational factors makes it difficult to develop generalizable principles for effective management (Gill, 2006). Additionally, some critics argue that the theory does not adequately account for the role of power and politics in organizations (Pfeffer, 1992).

The study titled effect of external environmental factors on the performance of small and medium scale enterprises in FCT, Abuja is relevant and linkable to the contingency theory because the effect of external environmental factors on SME performance will depend on the specific context in which they are applied. For instance, the study may find that certain environmental factors have a more significant effect on SME performance.

METHODOLOGY

The study adopted a survey research design, and the target population comprised all SMEs operators across the six area councils (Abaji, Abuja Municipal Area Council (AMAC), Bwari, Gwagwalada, Kuje, and Kwali) of the Federal Capital Territory, Abuja, Nigeria. SMEDAN report (2021) established that there are 38,003 SMEs within the Federal Capital Territory, Abuja. On this note, Taro Yamane Formulae was used to obtain the study sample as follows:

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

Where:

N = Total Population

n = sample size

e = margin error (0.05: allowable error)

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

$$n = \frac{38,003}{1 + 38,003 (0.05)^2}$$

$$n = \frac{38,003}{1 + 38,003 (0.0025)}$$

$$n = \frac{38,003}{1 + 95.008}$$

$$n = \frac{38,003}{96.008}$$

$$n = 396$$

The recommended sample size is 396. In order to address the issue of non-response rate, Isreal (2013) idea of increasing sample size by 20% was employed as follows:

$$n = (30/100 \times 396) + (396)$$

$$n = (0.3 \times 396) + (396)$$

$$n = 119 + 396$$

$$n = 515$$

A random sampling technique was employed to select participants, a primary source of data was considered, and a structured questionnaire was used as an instrument for data collection. Thus, 515 SME operators were randomly selected for the study and five hundred and fifteen (515) copies of the questionnaire were administered to SMEs operators across the six area councils. AMAC with the highest number SMEs was administered 90 copies while the other five area councils were given 85 copies of the questionnaire each.



Model Specification

The general form of the model was as follows:

$$SP = \alpha + \beta_1 EME + \beta_2 SCE + \beta_3 TGE + \beta_4 PCE + \beta_5 CTE + e$$

Where,

SP = SMEs Performance

EME = Economic Environment,

SCE = Socio-cultural Environment,

TGE = Technology Environment

PCE = Political Environment

CTE = Competitive Environment

α is constant

$\beta_1, \beta_2, \beta_3, \beta_4$, and β_5 are coefficient to estimate

and e is the error term.

RESULTS AND DISCUSSIONS

Out of the 515 copies of the questionnaire administered, 496 copies were properly filled, retrieved, coded, and used for analysis. The analysis for the study is presented below.

Table 1. Demographic Characteristics of Respondents (n=496)

S/ N	Item	Frequenc y	Percentage	Cumulative percentage
1	Gender			
	Male	345	69.6	69.6
	Female	151	30.4	100
	Age of Respondents			
	21-30	70	14.1	14.1
	31-60	347	70.0	84.1
	61 & above	79	15.9	100
	Education Qualification			
	No education	62	12.5	12.5
	Primary	121	24.4	36.9
	Secondary	151	30.4	67.3
	Tertiary	162	32.7	100
	Line business			
	Manufacturing	117	23.6	23.6
	Service	330	66.5	90.1
	Others	49	9.9	100

Source: Field Survey, (2023)

Table 1 presents that the majority of the respondents were male (69.6%) while 30.4% were female. In terms of age, the largest proportion of the respondents fell within the age range of 31-60 years (70.0%), followed by those aged 61 and above (15.9%), and those aged 21-30 years (14.1%). In terms of education, the largest proportion of the respondents had tertiary education (32.7%), followed by those with secondary education (30.4%), primary education (24.4%), and no education (12.5%). Regarding the line of business, the majority of the respondents were in the service industry (66.5%), followed by manufacturing (23.6%), and others (9.9%). The demographic characteristics of the respondents provide valuable insights into the sample population used in the study. The predominance of male respondents in the sample suggests that the findings may not be generalizable to female-led SMEs. Additionally, the majority of the respondents were in the service industry, which may skew the results towards that industry.



Table2: zero - Order Correlation Showing the Relationship between External environmental factors and SMEs performance.

	Mean	SD	1	2	3	4	5	6
SMEs Performance	4.625	0.486	-	.422*	-.030**	.449**	.603**	.408*
Economic Environment	4.576	0.496		-	.087**	.483	.357*	.363*
Socio-cultural Environment	4.596	0.493			-	.087	.053	-.127
Technology Environment	4.615	0.488				-	.502	.035*
Political Environment	4.673	0.471					-	.292
Competitive Environment	4.615	0.488						-

Key: *P<.05, **P<.001

Source: SPSS Outcome

From Table 2, the mean score for SMEs performance is 4.625, which indicates that, on average, the SMEs in the sample have a relatively high level of performance. The mean scores for the economic, socio-cultural, technology, political, and competitive environments range between 4.576 and 4.673, indicating that the SMEs operate in a relatively favorable external environment.

The correlation coefficients between SMEs performance and the different external environment factors show that economic environment, technology environment, and competitive environment are significantly positively correlated with SMEs performance ($r = .422$, $r = .449$, and $r = .603$, respectively), with a p-value less than .05, and p-value less than .001 in the case of the competitive environment. These findings suggest that SMEs that operate in a favorable economic, technology, and competitive environment are more likely to have better performance.

Furthermore, there is a weak negative correlation between socio-cultural environment and SMEs performance ($r = -.030$, $p < .05$), suggesting that SMEs operating in an environment with unfavorable socio-cultural factors are likely to have lower performance. However, the correlation coefficient between political environment and SMEs performance is not significant, implying that this factor may not have a significant impact on SMEs performance in FCT, Abuja.

Table 3 Model Summary^b

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate	Durbin-Watson
1	.682 ^a	.465	.432	.36673	2.585
a. Predictors: (Constant), economic environment, socio-cultural environment, technology environment, political environment, and competitive environment					

Source: SPSS Outcome

Table 3 provides the model summary for the regression analysis, the multiple R value of 0.682 suggests a moderately strong positive relationship between the external environment and SMEs performance in FCT, Abuja. The R^2 value of 0.465 indicates that approximately 46.5% of the variance in SMEs performance in FCT, Abuja can be explained by the external environment variables included in the analysis. The adjusted R-squared value of 0.432 suggests that the model has good predictive power and has not overfit the data. The standard error of the estimate of 0.36673 indicates that the predicted values of SMEs performance in FCT, Abuja are expected to be within ± 0.36673 of the actual values. And the Durbin-Watson statistic of 2.585 suggests that there is no significant autocorrelation in the model residuals.

All these results indicate that the external environment factors included in the analysis have a significant influence on SMEs performance in FCT, Abuja.

Table: 4 ANOVA^a

Model		Sum of Squares	Df.	Mean Square	F	Sig.
1	Regression	11.330	5	1.888	14.040	.000 ^b
	Residual	13.045	491	.134		
	Total	24.375	496			

a. Dependent Variable: SMEs performance

b. Predictors: (Constant), economic environment, socio-cultural environment, technology environment, political environment, and competitive environment

Source: SPSS Outcome

Table 4 provides the ANOVA (Analysis of Variance) results for the regression analysis. The regression model is significant ($p < .05$), as indicated by the F-value of 14.040 and the associated p-value of .000. This means that the external environment variables included in the analysis significantly contribute to predicting SMEs performance.

The sum of squares for regression is 11.330, which represents the amount of variance in SMEs performance that can be attributed to the external environment variables in the model. The residual sum of squares is 13.045, which represents the amount of unexplained variance in SMEs performance after accounting for the external environment variables in the model.

The total sum of squares is 24.375, which represents the total amount of variance in SMEs performance. The degrees of freedom (df) for regression and residual are 5 and 491, respectively. The mean square for regression is 1.888, which is obtained by dividing the sum of squares for regression by its degrees of freedom. Additionally, the significant F-value indicates that the regression model is a good fit for the data, and the external environment variables have a significant influence on SMEs performance.

Table 5: Multiple Regression Analysis of external environmental factors on SMEs Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B
1	B	Std. Error	Beta			Lower Bound
	(Constant)	.483	.609	.793	.430	-.725
	economic environment	.129	.089	.131	1.439	.003
	socio-cultural environment	-.038	.076	-.038	-.499	.019
	technology environment	.062	.095	.062	.651	.016
	political environment	.436	.094	.422	4.629	.000
	competitive environment	.173	.083	.174	2.085	.040

a. Dependent Variable: SME performance

Source: SPSS Output



The table shows the results of a multiple regression analysis, the dependent variable in this analysis is SME performance, while the independent variables are economic environment, socio-cultural environment, technology environment, political environment, and competitive environment.

The standardized coefficients (Beta) indicate the relative importance of each independent variable in predicting the dependent variable, while the t-tests and p-values provide information on the statistical significance of each coefficient.

The results indicate that the political environment has the strongest positive effect on SME performance (Beta = 0.422, $p < 0.001$), followed by the competitive environment (Beta = 0.174, $p = 0.040$) and the economic environment (Beta = 0.131, $p = 0.003$). Meanwhile, the socio-cultural environment has a weak negative effect on SME performance (Beta = -0.038, $p = 0.019$), and the technology environment has no significant impact (Beta = 0.062, $p = 0.016$).

Table 6: Summary of hypotheses testing

Hypothesis	Test	Significant	Result
H1.	Multiple Regression	Positive Significant	Rejected
H2.	Multiple Regression	Negative Significant	Accepted
H3.	Multiple Regression	Positive Significant	Rejected
H4.	Multiple Regression	Positive Significant	Rejected
H5.	Multiple Regression	Positive Significant	Rejected

Source: Researcher's Computation

Table 6 summarizes the results of hypothesis testing related to the impact of external environmental factors on SME performance in FCT, Abuja. The table presents the five hypotheses tested, the statistical test used, whether the test was significant or not, and the result of each hypothesis. It indicates that only Hypothesis 2 (negative significant relationship between socio-cultural environment and SME performance) was accepted, while the other hypotheses were rejected.

DISCUSSION OF FINDINGS

Economic, technology, political, and competitive environment was discovered to have a positive significant effect on the performance of Small and Medium Enterprises in FCT, Abuja. Going by the result, owners and managers of SMEs have positive perceptions toward these factors that the organization impinges upon the operations of a business other than the availability of capital and the ability of the managers or owner himself. However, the findings related to economic, technological, political, and competitive environments contradict some previous research, which has found that these factors significantly affect SME performance (Liman et al. 2021). Nwekpa and Ewans (2015) argue that a favorable economic environment, including access to finance and government support, significantly improves SME performance in Nigeria. Similarly, Aikali and Isa (2012) found that technology and political factors were significant determinants of SME growth in Nigeria.

Contrary to other findings, it was revealed that socio-cultural factors have a negative effect on the performance of Small and Medium Enterprises in FCT, Abuja. This means that socio-cultural factors do not play an important role in the performance of an organization. This finding is consistent with previous studies that have highlighted the negative impact of socio-cultural factors on SME performance (Vincent & Ifeanyi, 2015). Similarly, Essien (2014) argued that socio-cultural factors such as ethnicity, religion, and gender biases affect access to finance and hinder SME growth in Nigeria.

CONCLUSION AND RECOMMENDATIONS

In conclusion, the findings of this study suggest that socio-cultural factors are the most significant external environmental factors affecting SME performance in FCT, Abuja. Therefore, policymakers and business owners in the region need to address these challenges to support SME growth and development.

Based on the findings of this study the following recommendations are made:



- i. SMEs owners and managers should adopt a positive outlook towards the economic environment, recognizing the significant influence that customers hold over it. To improve business performance, it is essential to meet the demands of customers by providing high-quality products.
- ii. Policymakers and business owners should focus on addressing socio-cultural factors that limit SME performance, such as cultural biases and social norms, to support SME growth and development.
- iii. Policymakers and government officials should continue to create and implement policies that promote a favorable political environment for SMEs. This may include measures such as tax incentives, business-friendly regulations, and support for entrepreneurship.
- iv. Owners and managers of SMEs should prioritize staying up-to-date with new technologies to improve the quality of their goods and services. In the face of technological changes, customer needs should always be taken into consideration, as this will lead to effective performance of the business enterprises.
- v. Owners of SMEs should actively seek out ways to stay competitive in their industries. This may include improving their product or service quality, exploring new market opportunities, and investing in research and development to innovate and stay ahead of the competition.

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Effect of Innovation on SMES Performance in the Federal Capital Territory, Abuja

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Abstract

Globally, innovation is widely considered an integral aspect of competitiveness that permeates organizational structures, processes, products, and services within firms. The success and sustainability of SMEs are essential for economic growth in developing countries such as Nigeria. One of the key factors that contribute to the growth and sustainability of SMEs is innovation. This study examines the effect of innovation on SMEs performance in the Federal Capital Territory. Specifically, to examine the effect of product innovation, process innovation, and marketing innovation on SMEs performance. Methodologically, the study adopted a cross-sectional research design, and the study targeted small and medium-sized enterprise (SME) operators in the six area councils of the Federal Capital Territory, Abuja, Nigeria, including Abaji, Abuja Municipal Area Council (AMAC), Bwari, Gwagwalada, Kuje, and Kwali. Taro Yamane Formulae was employed and a sample size of 396 was obtained. A survey questionnaire was used to collect primary data from sampled respondents. Out of 396 copies of a questionnaire distributed to SME owners/managers and operators across the six area councils of FCT, 347 questionnaires were adequately filled and returned for analysis. The collected data were analyzed using simple percentages and multiple regression. The study revealed that process and marketing both have a significant effect on SMEs performance while production innovation has no significant effect on SME performance. The study concludes that process and marketing innovations serve as better determinants for SMEs performance in the area while product innovation still has reformatting aspects to be worked on. Among others, the study recommends that SMEs owners should seek government support in the form of grants, loans, and other funding opportunities to finance product innovation projects. They can also participate in government-sponsored innovation programs and initiatives to enhance their capabilities in product innovation.

Keywords: SMEs Performance, Innovation, product, process, and marketing.

INTRODUCTION

Globally, innovation is widely considered an integral aspect of competitiveness that permeates organizational structures, processes, products, and services within firms. Implementing innovation activities, such as product innovation, process innovation, marketing innovation, and organizational innovation, is essential for the successful performance of business enterprises, as these activities create value and competitive advantage (Abdu & Jibir, 2018). The past few decades have witnessed how technological changes have sustained or disrupted companies worldwide. As such, innovation and adaptability are vital tools for staying relevant and surviving in today's highly competitive market (Abdu & Jibir, 2018).

Small and Medium-sized Enterprises (SMEs) play a crucial role in economic development by creating employment opportunities, fostering technological innovation, and contributing to the GDP (Adamu et al., 2020). As such, the success and sustainability of SMEs are essential for economic growth in developing countries such as Nigeria. One of the key factors that contribute to the growth and sustainability of SMEs is innovation. Innovation, defined as the introduction of new ideas, products, services, and processes, can provide SMEs with a competitive advantage and enhance their performance. Small and Medium Enterprises (SMEs) rely heavily on innovation for growth and survival in a competitive business environment. Innovativeness is widely acknowledged and established in the literature as an essential component of SMEs' growth (Zwingina et al., 2017). The phrase "innovate or die" has become increasingly popular among successful companies (Nguyen et al., 2019). This slogan emphasizes the importance of innovation and the potential consequences of a lack of innovation, which may lead to product obsolescence and customer disintegration (Okumu et al., 2019).

It is noteworthy that innovation does not necessarily mean investing heavily in R&D. Innovation can also involve identifying and implementing new ways to do business, reorganizing processes, improving



marketing strategies, or creating new business models (Al-Battaineh, 2018). Therefore, SMEs need to adopt an innovative mindset and embrace innovation as a crucial tool for their growth and survival.

Several studies have explored the relationship between innovation and SMEs performance, with different results depending on the type of innovation considered. In Nigeria, a study by Olaniran and Adegbite (2017) examined the impact of product innovation on the performance of SMEs in Lagos State. The study found a significant positive relationship between product innovation and SME's performance. Similarly, another study by Obamiro and Ogunnaiké (2017) investigated the impact of process innovation on the performance of SMEs in Ogun State. The study found that process innovation positively influenced the performance of SMEs.

In addition to product and process innovation, marketing innovation is another crucial aspect of innovation that can enhance SMEs performance. A study by Ajagbe et al. (2015) explored the impact of marketing innovation on the performance of SMEs in Nigeria. The study found that marketing innovation significantly influenced the performance of SMEs. Despite these studies' findings, there is still a need to examine the effect of innovation on SMEs performance in different regions of Nigeria, such as the Federal Capital Territory (FCT) Abuja. Therefore, this study aims to investigate the effect of innovation, specifically product innovation, process innovation, and marketing innovation, on SMEs' performance in FCT Abuja, Nigeria.

Objectives of the Study

The main objective of this study is to examine the effect of innovation on SMEs performance in FCT Abuja, Nigeria. While the specific objectives are to:

- i. examine the effect of product innovation on SMEs performance in FCT Abuja, Nigeria;
- ii. examine the effect of process innovation on SMEs performance in FCT Abuja, Nigeria; and
- iii. examine the effect of marketing innovation on SMEs performance in FCT Abuja, Nigeria.

LITERATURE REVIEW

Innovation

To enhance sales, profitability, and market share within a company, innovation involves introducing new ideas, processes, or modifications to existing practices, according to Abdilahi et al. (2017). Innovation entails applying technology, human resources, and knowledge of productive processes to create new products, markets, institutions, or organizations that require improved performance or increased sales, profitability, and market share. According to Abdilahi et al. (2017), Innovation in a company may take the form of a product, process, or marketing innovation that aims to improve performance in terms of sales volume or other factors.

According to Drucker (1985), innovation involves developing new or improved capabilities that enhance utility. Innovation encompasses a broad range of activities, including the ability to create new products, processes, supply sources, markets, and organizational methods, as stated by Adebisi and Amole (2017). Innovation is a multidimensional concept that encompasses a variety of types, including product, process, and market innovation.

Product innovation involves creating new or improved goods or services, while process innovation involves developing new or improved methods for producing goods or services. Market innovation, on the other hand, involves discovering new or improved ways to reach customers or market goods or services. It is important for companies to engage in various types of innovation to remain competitive and grow their businesses. By doing so, they can create new opportunities for growth and expand their customer base.

Innovation has been described in various ways in the existing literature. For instance, Robert and Tucker (2008) proposed three types of innovation, which include product, process, and strategy or business model innovation. On the other hand, Schumpeter (1934) argued that innovation comprises five types, which are new products, new methods of production, new sources of supply, the exploration of new markets, and new ways of organizing business. Meanwhile, Subramanian and Nilakanta (1996) categorized innovation



into two, namely technological innovation (which involves product, service, and process) and administrative innovation (which encompasses organizational arrangement, administrative process, and program).

Moreover, the OECD (2005) differentiated innovation into four types, which are product, process, organizational, and marketing. Product innovation involves new or improved products, equipment, or services that are successful in the market. Process innovation, on the other hand, entails the implementation of a new or enhanced manufacturing or distribution process, or a new course of social service. In addition, organizational innovation refers to new ways of categorizing internal associations, directing and empowering employees, molding careers, and rewarding work with pay and benefits. Meanwhile, marketing innovation involves the improvement of the target market mix and how selected markets are attended to.

In essence, according to Gunday and Kilic (2011), innovation is essentially about identifying and using opportunities to create new products, services, or work practices. Furthermore, OECD's (2005) report has shown that firms' decisions to expand on innovations have brought about improvements in workers' capabilities, better wages and salaries, and a decisive prospect for employees. The effects of innovation on firm performance vary in scale from sales, market share, and profitability to output and efficiency. For this study, production innovation, process innovation, and marketing innovation are considered and reviewed as follows:

Product Innovation

Olaru et al. (2016) defined product innovation as the creation of goods or services that possess characteristics or uses that are markedly different from previous offerings by the company. Meeus (2006) also notes that product innovation involves the development of better products that offer more features or superior performance compared to existing ones, which can provide a competitive advantage, increase demand, and open up new growth opportunities for the company. Product innovation can take various forms, with Maier and Maier (2018) highlighting several levels of complexity such as a change in concept, the use of better materials and components, a new design, and new services accompanying the product. The ultimate goal of the product innovation process is to fulfill customer needs by introducing new products to the market that meet their requirements and generate demand (Maier, 2018). The cycle of innovation continues as the use of products serves as a starting point for new product innovation processes.

Process Innovation

Process innovation refers to the implementation of new production methods, or significant changes in specific techniques, equipment, or software, with the aim of reducing production and distribution costs, improving product quality, increasing efficiency, and reducing environmental risks (Maier et al., 2015). It involves the introduction of new elements into the production process of an organization, and requires the redefinition of underlying processes and the increasing use of innovative technologies (Maier et al., 2014). Process innovation can be achieved through technological, equipment, or software changes, and can result in a complete transformation of the way goods or services are produced (OECD, 2005).

According to Maier (2018), process innovation can be classified into three types. Firstly, innovations in technology flow, aim to improve flow operations and their chainings, such as the automation of assembly in the automotive industry or the binding of numerically controlled machines to designers. Secondly, innovations in the manufacturing process, bring about a complete change in the way goods or services are produced, such as the float glass manufacturing process or the Tetrapak packaging. Finally, incremental innovations, improve results without the need for new knowledge. Overall, process innovation can lead to improved efficiency, reduced costs, and better-quality products or services.

Marketing Innovation

Marketing innovation refers to the combination of innovation and marketing and is a concept that has been explored from different angles in both academic and policy literature. Various reports from



international organizations and government agencies, such as the European Innovation Scoreboard, include marketing innovation (European Union, 2017). Lee et al. (2019) define marketing innovation as a company's ability to effectively approach the market, use communication channels, and deliver products and services to capture potential or existing customers. Bortoluzzi et al. (2018) see marketing innovation as the implementation of new marketing methods involving significant changes in product design, packaging, placement, promotion, or pricing. Gupta et al. (2016) define marketing innovation as the introduction of new marketing methods that involve changes in the 4Ps of marketing (product, price, promotion, and place), and Weerawardena (2003) includes entering new markets. However, the most commonly cited definition of marketing innovation is the one provided by the OECD (2018), which refers to the implementation of new marketing practices involving significant changes in the design, packaging, distribution, promotion, or pricing of a product or service.

SMEs Performance

Business organizational performance and SMEs performance are not different from each other. Performance is generally defined as a notable achievement in a specific field of activity. According to Yucesoy and Barabási (2016), performance encompasses all objectively measurable accomplishments in a particular domain. The term "performance" is used in various fields such as economic, financial, technical, sporting, or social performance. Etymologically, "performance" is derived from the Latin word "performare" which means to carry out an activity that has been ordered, while its current meaning originated from the English word "to perform," which refers to executing something that requires a specific skill or ability. In evaluating the work done by a business and measuring competitiveness, the term "performance" is often used.

There is no consensus on the concept of performance in the literature, particularly in terms of business performance. Definitions of the concept may be abstract, general, less defined, or well-defined (Achim, 2010). SMEs business performance refers to the extent to which the target task of SMEs was accomplished in comparison to the final output at the end of a business period (Yıldız et al., 2014). Business performance can be described based on how successful firms are in fulfilling their objectives. On the enterprise level, performance is a multidimensional concept that involves the integration of marketing, overall management, accounting, economics, sociology, and psychology (Kennerley & Neely, 2002). Fielden et al. (2003) believe that performance is evaluated based on the achievement of organizational goals in terms of the effectiveness of human resources, supplier performance, product and service quality, customer and market factors, and other financial factors. Measuring the performance of the firm is crucial for any business's strength. The performance of a company is typically evaluated from different perspectives, with financial and non-financial measures being the most commonly used. Both of these measures are used simultaneously to make effective strategic decisions for enterprises and ensure long-term success. The performance measurement system is the tool used to provide the enterprise with the necessary information to plan and direct its processes. There are several performance measurement systems, as well as a wide range of financial and non-financial factors that are used for this purpose (Al-Hakim & Lu, 2017).

Empirical Studies

A recent study by Ekeh (2023) investigates the effect of product innovation on the growth of medium enterprises in North Central Nigeria. The study employed a survey research design and the population of the study comprised 243 medium enterprises in North Central Nigeria. The study adopted the census approach the entire population of 243 owners/managers of these medium enterprises in North-Central Nigeria served as the sample size of the study. Survey questionnaires were administered on this sample but only 223 were usable for analysis. Percentages, frequency counts and mean values, correlation, and regression analysis were employed for data analysis. Regression analysis was used to test the null hypothesis. The regression result revealed that product innovation had a significant positive effect on the growth of medium enterprises in North-Central Nigeria. The study concluded that product innovation practice had a significant positive effect on the growth of medium enterprises in North Central Nigeria.

The study by Abdilahi et al. (2017) examines the impact of product innovation on the performance of Small and Medium Enterprises (SMEs) in Hargeisa, Somaliland. The study adopts a quantitative research design, and the target population was 6930 SMEs in Hargeisa. a sample of 378 SMEs was selected from



the target population through Slovin's Formula. The study adopted a simple random sampling technique, whereby all SMEs in Hargeisa had an equal chance to be selected. Questionnaires were used to collect the data. All administered questionnaire was completely filled found and relevant for analysis. Descriptive and regression analyses were employed for analysis. The regression results of the study reveal that product innovation significantly affects the performance of SMEs in Hargeisa.

The study by Zwingina and Opusunju (2017) examined the effect of process innovation on the performance (sales volume) of SMEs in Gwagalada Abuja. The study adopted a survey research design, the population of this study is 2690 SME owners. A sample size of 348 was obtained using the Taro Yamane formula. Data was collected from primary sources covering a period of 5 years from 2010 to 2015. The ordinary least Square method of multiple regressions with a statistical package of e-view was employed for analysis. The study revealed that there is a significant relationship between process innovation and the performance (sales volume) of SMEs in Gwagalada, Abuja. The study recommends that SMEs in Gwagalada-Abuja should try to improve their businesses or adopt new innovation practices in their businesses since it significantly contributes to the performance of SMEs in Gwagalada-Abuja.

Jin and Choi (2019) carried out research and empirically explore the effect of innovation activities on the performance of Korean IT and business service companies. This study utilized technological innovation and performance data for Korean companies published by STEPI and financial statistical data from the Financial Supervisory Service; these data were analyzed using the statistical programs R and Stata 14.2. The sample consisted of 80 large companies with more than 1000 employees or subsidiaries of a large group and 80 SMEs with fewer than 250 employees from the Korean IT and business service industry. This study empirically analyzes panel data using fixed effect and random effect models with Hausman tests. The study revealed that an improvement in process innovation has a positive impact on business performance (i.e., revenue and labor productivity) Though, but an improvement in process innovation only has a positive impact on the business performance of large companies, Therefore, both large companies and SMEs should concentrate on technological innovations to improve their sustainability and thus ensure their success in the long term.

Using a survey design method, Olughor (2015) carried out a study to investigate how market innovation affects the financial performance of small and medium-sized enterprises (SMEs) in Nigeria. The target population comprised SMEs operating in the Lagos and Ibadan metropolitan, Nigeria. A total of 350 questionnaires were given out to the twenty firms identified to be small and medium enterprises. 200 of the questionnaires were returned and found useful giving a response rate of 57.1%. Descriptive statistics and ANOVA were employed for analysis. The study established that market innovation is an important factor in the financial firm's performance of SMEs in Nigeria. It was concluded that SMEs performance strongly relies on their innovativeness attracts active importance to the analysis of innovation activities and their effects.

Adamu et al. (2020) carried out a study to examine the effect of marketing innovation on the performance of SMEs. The study adopted a quantitative approach. The survey instrument was a self-administered questionnaire. While the population of the study comprised 412 registered wood furniture SMEs and a sample size of 203 respondents was chosen using Yamane (1965) formula. Similarly, a simple random sampling method was adopted. 198 usable questionnaires were analysed. Multiple regressions were employed as tools of analysis in determining the link between innovative marketing strategies and firm efficiency. Outcomes indicate that marketing innovation strategies positively impact small and medium enterprises' efficiency. It was concluded that based on the positive effect of marketing innovation on many firms, SMEs should strive toward adopting it in their lines of business operations. At the same time, more work should investigate other aspects of innovative marketing in order to provide in-depth knowledge of innovative marketing strategies and tactics that could lead to better performance of the small medium enterprise.



Schumpeter's Theory of Innovation

The theory was propounded by Joseph A. Schumpeter in 1934, it assumes that economic growth is driven by a process of creative destruction, where new innovations disrupt and replace existing ones. Schumpeter identified five types of innovation: introduction of new products, introduction of new production methods, opening of new markets, creation of new sources of supply, and establishment of new organizational forms. Schumpeter also assumed that innovation is the result of the entrepreneur's willingness to take risks and engage in entrepreneurial activity (Schumpeter, 1934)

Schumpeter's theory of innovation provides a useful framework for understanding how innovation can drive economic growth and improve the performance of SMEs (Tidd et al., 2013). The theory emphasizes the importance of product innovation, process innovation, and marketing innovation as key drivers of economic growth and business success. Schumpeter's theory also highlights the role of entrepreneurs in driving innovation and emphasizes the importance of risk-taking and entrepreneurial activity in promoting economic growth.

One of the criticisms of Schumpeter's theory is that it overemphasizes the role of innovation in driving economic growth and downplays the importance of other factors such as institutional arrangements, social capital, and government policies (Kline & Rosenberg, 1986). Critics also argue that the theory fails to account for the role of collaboration and knowledge-sharing in promoting innovation.

In the context of the study on the effect of innovation on SMEs performance in FCT Abuja, Schumpeter's theory of innovation can be applied by examining the impact of product innovation, process innovation, and marketing innovation on SMEs performance. The study can also explore the role of entrepreneurs in driving innovation and the importance of risk-taking and entrepreneurial activity in promoting innovation. Additionally, the study can examine the role of institutional arrangements, social capital, and government policies in promoting innovation and driving economic growth in the SME sector. Overall, Schumpeter's theory provides a useful framework for understanding the dynamics of innovation in the SME sector and its impact on economic growth and business success (Tidd et al., 2013).

METHODOLOGY

The study adopted a cross-sectional design to conduct an empirical investigation. The study targeted small and medium-sized enterprise (SME) operators in the six area councils of the Federal Capital Territory, Abuja, Nigeria, including Abaji, Abuja Municipal Area Council (AMAC), Bwari, Gwagwalada, Kuje, and Kwali. The SMEDAN report of 2021 revealed that there are 38,003 SMEs in the Federal Capital Territory, Abuja. The study arrived at a sample size of 396 after employing Taro Yammane formular. The primary data collection method employed in this study was a structured questionnaire. The questionnaire was divided into two sections: Section A gathered information on the respondents' demographic characteristics, while Section B consisted of questions relating to innovation and SMEs performance. Meanwhile, the study encompasses four variables, namely product innovation, process innovation, marketing innovation, and SMEs performance. Previous research studies were utilized as the basis for most of the constructs measured. For instance, the product innovation construct was derived from the works of Otero and Laursen, and Foss (2014), while the process innovation constructs were obtained from Laursen and Foss (2014). Marketing innovation was measured using the scale measures from Lichtenthaler and Lichtenthaler (2009) and SMEs performance measurement scales were assessed from Kuo et al. (2016). These measurement scale constructs were generally designed with a five-point Likert scale ranging from 1= Strongly Disagree to 5= Strongly Agree to facilitate the collection of data from the respondents.

Data collected was analyzed using the multiple regression analysis and the model is specified thus:

$$\text{SMEP} = \alpha + \beta_1\text{PDI} + \beta_2\text{PSI} + \beta_3\text{MKI} + e$$

Where,

SMEP = SMEs Performance

PDI = Product Innovation

PSI = Process Innovation

MKI = Marketing Innovation

α = constant

$\beta_1, \beta_2, \beta_3, \beta_4$, and β_5 = coefficient to estimate
 e = is the error term.

Results and Discussions

Of the 396 questionnaires distributed to SME owners/managers and operators across the six area councils of FCT, 347 questionnaires were adequately filled and returned for analysis. The collected data were analyzed using simple percentage and multiple regression, as shown in the subsequent sections.

Table 1: Questionnaire Distribution and Return Rate

	No. Distributed	No. Returned	% Returned	No. Not Returned	% Not Returned
Respondents	396	347	88%	49	12%
TOTAL	396	347	88%	49	12%

Source: Field Survey 2023

Table 1 provides information on the distribution and return rate of the questionnaires used in the study on the effect of innovation on SMEs performance in FCT Abuja. The table shows that a total of 396 questionnaires were distributed to respondents. Out of the 396 questionnaires distributed, 347 were returned, representing a return rate of 88%. The remaining 49 questionnaires were not returned, representing a non-return rate of 12%. This high response rate indicates that the data collected from the study is likely to be representative of the population of SMEs in FCT Abuja.

Analysis Demographic Questions

In order to achieve the main purpose of this study, the researcher found it useful to find out the general information of the respondents. The general information of the respondents included gender, age, marital status, and education qualification.

Table 2: Demographic Characteristics of Respondents

Item	Option	Frequency	Percent	Valid Percent	Cumulative %
Gender	Male	298	85.9	85.9	85.9
	Female	49	14.1	14.1	100.0
	Total	347	100.0	100.0	
Age	20-30 years	10	2.9	2.9	2.9
	30-40 years	135	38.9	38.9	41.8
	40-50 years	98	28.2	28.2	70
	50 and above	104	30.0	30.0	100.0
	Total	347	100	100	
Marital Status	Single	35	10.1	10.1	10.1
	Married	290	83.6	83.6	93.7
	Divorced	22	6.3	6.3	100.0
	Total	347	100	100	
Educational Qualification	Higher	90	25.9	25.9	25.9
	Institution				
	Secondary	200	57.6	57.6	83.6
	Primary	45	13.0	13.0	96.5
	Non-formal	12	3.5	3.5	100.0
	Education				
	Total	347	100	100	

Source: Field Survey, 2023

The table presents the distribution of respondents' demographic information in terms of gender, age, marital status, and educational qualification. Out of the 347 respondents, 85.9% were male, and 14.1% were female. In terms of age, the majority of the respondents (68.2%) were between 30-50 years old. Regarding marital status, 83.6% of respondents were married, and 10.1% were single. Finally, in terms of educational qualification, 57.6% of respondents had a secondary level of education, while 25.9% had a



higher institution level of education. The implications of this table suggest that the majority of respondents were middle-aged males with a secondary level of education and were married. This may affect the generalizability of the study results to other demographic groups, as this sample may not represent the entire SME population in the FCT. Therefore, caution should be taken when applying the study's findings to other populations or demographics.

Analysis of Research Questions

Table 3: Questions on Product Innovation

S/ N	Questionnaire Items	Strongly agree		Agree		Undecided		Disagree		Strongly Disagree		Total
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	
1	My enterprise invests in new technologies to improve production processes.	156	45.0	102	29.4	12	3.5	26	7.5	51	14.7	347
2	My enterprise encourages employees to come up with new ideas to improve production processes.	119	34.3	150	43.2	15	4.3	25	7.2	38	11.0	374
3	My enterprise has a culture of continuous improvement in production processes.	186	53.6	99	28.5	8	2.3	29	8.4	25	7.2	347
4	This enterprise implements changes in production processes based on customer feedback.	115	33.1	179	51.6	9	2.6	21	6.1	23	6.6	347

Source: Field Survey, 2023

This table presents the responses of SME owners/managers and operators in FCT Abuja to questions on product innovation. The table shows the frequency and percentage of respondents who strongly agree, agree, are undecided, disagree, or strongly disagree with each question.

For question 1, 45% of respondents strongly agree that their enterprise invests in new technologies to improve production processes, while 14.7% strongly disagree.

Question 2 shows that 77.5% of respondents agree or strongly agree that their enterprise encourages employees to come up with new ideas to improve production processes.

For question 3, 53.6% of respondents strongly agree that their enterprise has a culture of continuous improvement in production processes, while 7.2% strongly disagree.

Finally, for question 4, 84.7% of respondents agree or strongly agree that their enterprise implements changes in production processes based on customer feedback.



Overall, the responses suggest that the majority of SMEs in FCT Abuja are open to innovation and are willing to invest in new technologies and encourage new ideas to improve production processes. This may have positive implications for the performance of these SMEs in the long run, as innovation can help improve productivity and competitiveness in the market.

Table 4: Questions on Process Innovation

S/N	Questionnaire Items	SA F	%	A F	%	U F	%	D F	%	SD F	%	Total
1	My enterprise regularly seeks feedback from customers to improve its processes.	121	34.9	70	20.2	113	32.6	15	4.3	28	8.1	347
2	My enterprise encourages employees to suggest new process ideas.	140	40.3	159	45.8	10	2.9	27	7.8	11	3.2	374
3	This business enterprise is open to experimenting with new approaches to process improvement.	137	39.5	159	45.8	16	4.6	20	5.8	15	4.3	347
4	This enterprise invests in technology to support process innovation.	214	61.7	105	30.3	2	.6	16	4.6	10	2.9	347

Source: Field Survey, 2023

Question 1: "My enterprise regularly seeks feedback from customers to improve its processes." 55.1% of respondents either agree or strongly agree with this statement. This suggests that customer feedback is valued and used to improve processes, which could lead to better customer satisfaction and loyalty. The implication is that organizations should continue to prioritize customer feedback and use it to inform process improvement efforts.

Question 2: "My enterprise encourages employees to suggest new process ideas." 86.1% of respondents either agree or strongly agree with this statement. This suggests that there is a culture of innovation and idea-sharing within the organization, which could lead to more efficient and effective processes. The implication is that organizations should continue to encourage and value employee input in process improvement efforts.

Question 3: "This business enterprise is open to experimenting with new approaches to process improvement." 85.3% of respondents either agree or strongly agree with this statement. This suggests that there is a willingness to try new things and take risks in order to improve processes. The implication is that organizations should continue to foster a culture of experimentation and be open to new ideas and approaches.

Question 4: "This enterprise invests in technology to support process innovation." 92% of respondents either agree or strongly agree with this statement. This suggests that technology is seen as an important tool for improving processes. The implication is that organizations should continue to invest in technology that supports process innovation, and ensure that employees are trained and equipped to use it effectively.

Table 5: Question on Marketing Innovation

S/ N	Questionnaire Items	Strongly agree Freq	%	Agree Freq	%	Undecided Freq	%	Disagree Freq	%	Strongly Disagree Freq	%	Total
1.	My business encourages employees to generate new ideas.	121	34.9	140	40.3	28	8.1	30	8.6	28	8.1	347
2	My business values and rewards creativity in marketing	155	44.7	139	40.1	12	3.5	21	6.1	20	5.8	374



3	My business invests in research and development to support marketing activities.	119	34.3	185	53.3	18	5.2	15	4.3	10	2.9	347
4	This enterprise is willing to take risks to pursue new marketing opportunities.	159	45.8	137	39.5	20	5.8	15	4.3	16	4.6	347

Source: Field Survey, 2023

Question 1: "My business encourages employees to generate new ideas." 75.2% of respondents either agree or strongly agree with this statement. This suggests that there is a culture of innovation and idea-sharing within the organization, which could lead to more creative and effective marketing strategies. The implication is that organizations should continue to prioritize employee input and foster an environment that encourages idea generation.

Question 2: "My business values and rewards creativity in marketing." 85% of respondents either agree or strongly agree with this statement. This suggests that creativity is seen as an important aspect of marketing within the organization. The implication is that organizations should continue to value and reward creative thinking in marketing, which can lead to more innovative and effective campaigns.

Question 3: "My business invests in research and development to support marketing activities." 87.6% of respondents either agree or strongly agree with this statement. This suggests that there is a commitment to using research and development to support marketing efforts, which could lead to better understanding of customer needs and preferences. The implication is that organizations should continue to invest in R&D to support marketing activities, and ensure that insights gained from research are used to inform marketing strategies.

Question 4: "This enterprise is willing to take risks to pursue new marketing opportunities." 85.3% of respondents either agree or strongly agree with this statement. This suggests that the organization is open to taking risks in order to pursue new marketing opportunities, which could lead to greater innovation and differentiation. The implication is that organizations should continue to be open to taking risks in order to pursue new opportunities, while also carefully evaluating potential risks and rewards.

Table 6: Questions on Performance

S/N	Questionnaire Items	Strongly agree Freq	%	Agree Freq	%	Undecided Freq	%	Disagree Freq	%	Strongly Disagree Freq	%	Total
1	My business is performing well financially	153	44.1	138	39.8	12	3.5	24	6.9	20	5.8	347
2	My business meeting its growth targets.	183	52.7	89	25.6	21	6.1	29	8.4	25	7.2	374
3	My business enterprise is meeting its customer needs.	146	42.1	112	32.3	12	3.5	26	7.5	51	14.7	347
4	My business is efficient in its operations	123	35.4	144	41.5	21	6.1	25	7.2	34	9.8	347

Source: Field Survey, 2023

For item 1, 44.1% of respondents strongly agreed that their business is performing well financially, while 39.8% agreed, 3.5% were undecided, 6.9% disagreed, and 5.8% strongly disagreed. Overall, 83.9% of respondents (i.e., those who agreed or strongly agreed) had a positive perception of their business's financial performance.



For item 2, 52.7% of respondents strongly agreed that their business is meeting its growth targets, while 25.6% agreed, 6.1% were undecided, 8.4% disagreed, and 7.2% strongly disagreed. Overall, 78.3% of respondents (i.e., those who agreed or strongly agreed) had a positive perception of their business's growth performance.

For item 3, 42.1% of respondents strongly agreed that their business enterprise is meeting its customer needs, while 32.3% agreed, 3.5% were undecided, 7.5% disagreed, and 14.7% strongly disagreed. Overall, 74.4% of respondents (i.e., those who agreed or strongly agreed) had a positive perception of their business's customer satisfaction performance.

For item 4, 35.4% of respondents strongly agreed that their business is efficient in its operations, while 41.5% agreed, 6.1% were undecided, 7.2% disagreed, and 9.8% strongly disagreed. Overall, 76.9% of respondents (i.e., those who agreed or strongly agreed) had a positive perception of their business's operational efficiency performance.

Table 7: Descriptive Statistics

Item	N	Mean	Std. Deviation
Product Innovation 1	347	2.1758	1.44282
Product Innovation 2	347	2.1729	1.27858
Product Innovation 3	347	1.8703	1.23668
Product Innovation 4	347	2.0144	1.09509
Process Innovation 1	347	2.3055	1.21838
Process Innovation 2	347	1.8761	1.00816
Process Innovation 3	347	1.8963	1.02606
Process Innovation 4	347	1.5677	.93913
Marketing Innovation 1	347	2.1470	1.21824
Marketing Innovation 2	347	1.8818	1.10980
Marketing Innovation 3	347	1.8818	.90304
Marketing Innovation 4	347	1.8242	1.03728
SMEs Performance 1	347	1.8242	1.03728
SMEs Performance 2	347	2.0029	1.10044
SMEs Performance 3	347	2.0720	1.14195
SMEs Performance 4	347	1.9049	1.12494
Valid N (listwise)	347		

Source: SPSS Outcome, 2023

The table shows the mean and standard deviation for different items related to product innovation, process innovation, marketing innovation, and SMEs performance. The mean scores range from 1 to 3, with higher scores indicating a higher level of innovation or better SMEs performance.

For product innovation, the mean scores for all four items range from 1.87 to 2.18, indicating that the level of product innovation in the surveyed SMEs is moderate. For process innovation, the mean scores for the four items range from 1.57 to 2.31, indicating a relatively lower level of process innovation compared to product innovation. For marketing innovation, the mean scores for the four items range from 1.82 to 2.15, indicating a moderate level of marketing innovation.

For SMEs performance, the mean scores for the four items range from 1.90 to 2.07, indicating that the surveyed SMEs are performing moderately well. The standard deviation scores for all items indicate that there is some variability in the responses, which suggests that some SMEs are performing better or worse than others.

The results indicate that there is room for improvement in the level of process innovation in the surveyed SMEs, as well as in the level of marketing innovation. However, the SMEs are performing moderately well, which is a positive sign. The standard deviation scores suggest that some SMEs are performing better than others, which indicates that there may be factors other than innovation that are influencing SMEs performance. Therefore, further investigation is required to identify the factors that are contributing to the performance of the surveyed SMEs.



Table 8: Model Summary

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.975 ^a	.951	.950		.23252

a. Predictors: (Constant), Product innovation, process innovation and marketing innovation
b. dependent, SMEs performance

Source: SPSS Outcome

The Model Summary table summarizes the results of a regression analysis that investigated the effect of three types of innovation (product innovation, process innovation, and marketing innovation) on the performance of small and medium-sized enterprises (SMEs) in the Federal Capital Territory (FCT), Abuja. The R-squared value of .951 indicates that the model explains 95.1% of the variance in SMEs performance, which suggests that the three types of innovation (product innovation, process innovation, and marketing innovation) have a strong relationship with SMEs performance in FCT, Abuja. The Adjusted R-squared value of .950 indicates that the model fits the data well and is not overfitting the data. Overall, the results suggest that product innovation, process innovation, and marketing innovation have a significant positive effect on the performance of SMEs in FCT, Abuja. These findings have important implications for SMEs in the region, as they suggest that investing in innovation could lead to improved performance and competitiveness in the marketplace.

Table 9: ANOVA^a

ANOVA ^a		Sum of Squares	Df.	Mean Square	F	Sig
1	Regression	353.949	3	50.564	935.266	.000 ^b
	Residual	18.328	343	.054		
	Total	372.277	346			

a. Dependent Variable: SMEs Performance

b. Predictors: (Constant), Product innovation, process innovation, marketing innovation

Source: SPSS Outcome

The ANOVA table provides additional information about the regression model that investigated the effect of innovation on the performance of SMEs in the FCT region. The table shows that the regression model is significant with an F-statistic of 935.266 and a p-value of .000. This indicates that the three types of innovation (product innovation, process innovation, and marketing innovation) are jointly significant predictors of SMEs performance in the FCT region. Overall, the ANOVA table provides strong evidence that the regression model is a good fit for the data and that the three types of innovation have a significant positive effect on the performance of SMEs in the FCT region.

Table 10: Coefficients^a

Model		Unstandardized Coefficients	Standardized Coefficients	T	Sig.
1	B	Std. Error	Beta		
	(Constant)	.076		2.724	.007
	Product innovation	-.029	-.040	-.958	.339
	Process Innovation	.138	.162	4.557	.000
	Marketing Innovation	.149	.161	3.403	.001

a. Dependent Variable: SMEs Performance

Source: SPSS Outcome, 2023

The Coefficients table provides information about the relationship between the three types of innovation (product innovation, process innovation, and marketing innovation) and SMEs performance in the FCT region.

The table shows that both process innovation and marketing innovation have a significant positive effect on SMEs performance. The unstandardized coefficient for process innovation is .138, indicating that a



one-unit increase in process innovation is associated with a .138 increase in SMEs performance, holding all other variables constant. The standardized coefficient for process innovation is .162, indicating that process innovation has a relatively strong positive effect on SMEs performance compared to the other variables.

The unstandardized coefficient for marketing innovation is .149, indicating that a one-unit increase in marketing innovation is associated with a .149 increase in SMEs performance, holding all other variables constant. The standardized coefficient for marketing innovation is .161, indicating that marketing innovation also has a significant positive effect on SMEs performance.

On the other hand, the unstandardized coefficient for product innovation is negative (-.029) but not statistically significant, indicating that product innovation may not have a significant effect on SMEs performance in the FCT region.

Overall, the findings suggest that SMEs in the FCT region may benefit more from investing in process innovation and marketing innovation, as these types of innovation have a significant positive effect on their performance. These findings can guide SMEs in the region to focus their innovation efforts on areas that are likely to have the greatest impact on their performance.

DISCUSSION OF FINDINGS

The study's findings on the effect of innovation on SMEs performance in the FCT region align with previous research that suggests that process innovation and marketing innovation have a more significant impact on SMEs performance than product innovation. For instance, a study by Kafouros et al. (2008) found that innovation in processes and marketing positively affects the growth of small firms.

The study's finding on process innovation supports previous research that highlights the importance of innovation in processes for SMEs growth and competitiveness. According to a study by Zwingina and Opusunju (2017), process innovation can help SMEs achieve cost reduction, quality improvement, and faster delivery of products or services, which can lead to better performance.

Similarly, the study's finding on marketing innovation aligns with previous research that highlights the importance of innovation in marketing for SMEs growth and competitiveness. For instance, a study by Adamu et al. (2020) found that innovation in marketing positively affects SMEs sales growth, market share, and brand image.

However, the study's finding on product innovation being insignificant contradicts some previous research that suggests that innovation in products can positively affect SMEs performance. For instance, a study by Ekeh (2023) found that new product development positively affects SMEs growth and profitability.

CONCLUSION AND RECOMMENDATIONS

Given the importance of SMEs and innovation in the FCT region, a study was conducted to examine the relationship between innovation and SMEs performance. The study found that process innovation and marketing innovation have a significant positive effect on SMEs performance in the FCT region, while product innovation may not have a significant effect. In conclusion, process and marketing innovations serve as better determinant for SMEs performance in the area while product innovation still has reformatting aspect to be worked on.

Bases on the findings, the followings are recommended:

- i. SMEs owners should seek government support in the form of grants, loans, and other funding opportunities to finance product innovation projects. They can also participate in government-sponsored innovation programs and initiatives to enhance their capabilities in product innovation.
- ii. SMEs owners should review their business processes and identify areas that can be improved through innovation. This can involve the adoption of new technologies, automation of processes, and redesigning processes to reduce waste and improve efficiency.
- iii. Owners of SMEs should develop targeted marketing strategies that will resonate with their target audience. This can involve developing customized messages, identifying the right channels to reach



customers, and using innovative techniques such as influencer marketing and content marketing to engage with customers.

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Effect of Compensation and Employee Participation on Employees' Turnover Intention of Selected Deposit Money Banks in North Central Nigeria

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Abstract

Employee turnover intention is a significant concern for organisations, especially within the banking sector. This study focuses on selected Deposit Money Banks (DMBs) in North Central Nigeria and aimed to examine the impact of compensation and employee participation on employees' turnover intention. The research design employed is descriptive with sample of 343 employees of two (2) DMBs in the North Central Nigeria. The data for the study was primarily collected through a structured five-point Likert scale questionnaire and analysed using multiple regression. The study found that compensation has an insignificant positive effect on turnover intention while employees' participation showed a significant negative effect on turnover intention. The study therefore recommends that banks should review the compensation packages given to employees by inculcating more of non-monetary benefits such as retirement plan among others. This should be in addition to their ensuring that the monetary aspect is enough to fend for the worker given economic realities. Also, that banks should consider involving employees in certain decision-making process as this can generate sense of belongingness in the employee thereby discouraging turnover intention. In addition, the banks should encourage work teams who are then given task and responsibilities to accomplish.

Keywords: Deposit Money Bank, Compensation, Employee Participation, Employee Turnover Intention

INTRODUCTION

Employee turnover intention is a significant concern for organizations, particularly in the banking sector. High rate of turnover and employees attrition has posed many problems for the management. Past studies relating to turnover intention have shown that compensation and employee participation are regarded as two important antecedent variables that affect the turnover intention of employees (Clegg, 1983; Karsh et al, 2005). The deposit money banks play an important role in the operation of an economy. This is particularly true in the case of Nigeria where all other sectors have to relate with banks to carry out their operations effectively either as a debtor or creditor. Deposit money banks are unique among financial institutions and have the extra capacity to create new credit money (Nzotta, 2004).

Compensation is the reward that the employees receive in return for the work performed and services rendered by them to the organisation (Dessler, 2009). Compensation includes monetary payments like bonuses, profit sharing, overtime pay, recognition rewards and sales commission, etc., as well as non-monetary perks like a company-paid car, company-paid housing, and stock opportunities and so on. Therefore, compensation is a systematic approach to providing monetary value to employees in exchange for work performed. It is a tool used by management for a variety of purposes to further the existence of the company as well as retention of the employees. Employee participation is a process in which employees take control of their work and its conditions by incorporating their involvement in decisions regarding their work (Strauss, 2006). In this process, employees share decision-making power regarding their tasks with their superiors. A meta-analysis on employee participation conducted by Pereira and Osburn (2007) analysed that organisations equalise the hierarchical inequality among employees and supervisors by means of shared influence and authority.

Haider et al, (2017) posited that human resource is considered as the most valuable resources among all resources such as compensation and employee participation among others; however, controlling this resource is the most challenging task which shows there is a problem. Hence, the study aims at finding out the effect of compensation and employee participation practices on employees' turnover intention in selected deposit money banks in the North Central Nigeria. The following hypotheses in null form guided the study:



H₀₁: Compensation practice has no significant effect on employee turnover intention in selected deposit money banks in North Central Nigeria.

H₀₂: Employee participation practice has no significant effect on employee turnover intention in selected deposit money banks in North Central Nigeria.

LITERATURE REVIEW

Concept of Compensation

Compensation is a vital part of human resource management decision making as it helps in encouraging the employees and improves the organisational effectiveness. Pearce (2010) postulated that compensation implies having a compensation structure in which the employees who perform better are paid more than the average performing employees. The compensation describes the details of the compensation components in an organisation, how they are used, and the conditions compensation components can be applied in a specific situation. Bob (2011) posit compensation as measuring job values, designing and maintaining pay structures, paying for performance, competence, and skill, and providing employee benefits. However, compensation management is not just about money. It encompasses the monetary and non-monetary benefits, including salary, bonuses, incentives, health insurance, retirement plans, and other perquisites, provided by employers to attract, motivate, and retain employees. According to Milkovich et al, 2020, compensation is defined as "the total of all rewards provided to employees in exchange for their services". Milkovich et al, 2021, posited also that compensation as "the financial and non-financial rewards employees receive in exchange for their time, skills, and contributions to the organisation".

Concept of Employee Participation

According to Noah (2008) employee participation is a special way in which the subordinate gain greater control, more freedom to make decision within their job role in an organisation's strategic planning activities. A firm can have different grade of employee involvement in the planning process but some organisations it is only the top management will be involved in planning process. A deep employee involvement in decision making allows the front-line employees directly communicate with customers (Barringer and Bleudorn, 2008).

Salaman quoted in Anstey (2009) defines employee participation as a process recognising the needs and rights of employees individually and collectively to participate with management in organisational decision-making areas beyond those usually associated with collective bargaining. Employee participation can be in form of direct, delegative, consultative, indirect or worker-director nature. All these forms have their own individual influence on employee turnover, organisational productivity, and efficiency (Bhatti et al, 2011). To attain and retain the productive and skillful employees in a competitive market and workplace, organisations must initiate practices like employee participation (Iheriohanma, 2007). Organisation cares about their employees by giving the opportunity to enhance their skills and career and valuing their participation (direct or indirect), makes employees feel as a part of the organisation, and results in increased retention (Allen, et al., 2010).

Concept of Employee Turnover Intention

Employees' turnover intention is the ability of the employee to quit the work, which is classified as voluntary and involuntary discrimination, in addition to its dysfunction in the job that led to quitting the work, and that each type of employee turnover affects the organization to varying and different degrees (Long et al, 2012), where employees' turnover intention is formed when the individuals feel their job does not meet their ambitions and expectations (Zeffane and Bani Melhem, 2017).

Turnover intention has been defined by Carmeli and Weisberg (2006) to refer to three specific elements in the cognition process at the time of withdrawal. The first one is the thoughts of leaving the job, the second one is the intention to search for a different job and the third one is the intention to quit. While employees may leave a specific job for personal reasons such as relocation of spouse, changes in the personal role of the employee etc., the major concern for the employer should arise when highly productive and key employees tend to leave based on reasons which are often within the control of the employer.



According to Arshadi and Damiri (2013), intention to leave is a conscious decision to get for alternative employment opportunities in other companies, this is due to different factors and reasons that prompted employees to leave their jobs. From the point of view of Thirapatsakun et al, (2014), employee turnover intention is divided into three main components as follows: thinking to leave the work; intention to look about a new job; and actual leave.

Compensation and Employee Turnover Intention

Nzyoka et al. (2019) established the effect of compensation practices and employee turnover intention in the biscuit manufacturing companies within Nairobi city-county, Kenya. Specifically, the study used basic pay, employee benefits, skill development, work-life balance on employee turnover intention in the biscuit manufacturing companies in Nairobi city-county and the moderating effect of organisational culture on the relationship between total compensation practices and employee efficiency in the biscuit manufacturing companies in Nairobi city-county, Kenya. The descriptive research design was used. The stratified random technique was used to select a sample size of 320 respondents from the target population of the total population of 1,600 employees within the biscuit manufacturing companies in Nairobi City County. Primary data was collected using semi-structured questionnaire. Content, construct, and criterion validity was ensured while reliability of data collection instruments was tested using Cronbach's alpha value. Statistical Package for Social Sciences (SPSS) computer package for windows version 21.0 was used to aid in the analysis. Multiple regressions of variables were done. Results were presented using tables. The findings indicated that there was a significant positive relationship between compensation practices and employee turnover intention in the biscuit manufacturing companies in Nairobi County, Kenya with skill development being most significant and basic pay least significant. From the findings, the study concluded that compensation practices having significant effect on employee turnover intention need to be taken seriously, biscuit manufacturing companies need to improve on some practices like basic pay and communicate their policies well. However, the study was conducted in Nairobi as the case study while this study will concentrate on deposit money banks in North Central Nigeria which result will be different.

Akter and Husain (2016) investigated the effect of compensation practices on employee turnover intention in Chittagong, Bangladesh. For exploring the result, various items of compensation schemes and employee turnover intention have been taken into consideration for measuring their effect. And for reaching the objective of this study, the authors have conducted a questionnaire survey and data have been collected from 261 respondents who are working in twenty different ready-made garment organisations (RMGs) in Chittagong, Bangladesh. The theoretical analysis indicated that proper strategy and policy-based compensation scheme can enhance the employee retention. Because employees will confer the maximum effort for providing best performance when a compatible (with current market situation) compensation scheme is offered and maintained by the organisations. Thus, compensation has a significant effect on employee turnover intention. The quantitative analysis demonstrated that there is a strong and positive relationship between compensation and employee turnover intention. The study has both, theoretical and practical implications for the garment organisations as well as other sectors too. Limitations and future directions for this study are also discussed. However, the study was conducted in Bangladesh as the case study while this study will concentrate on deposit money banks in North Central Nigeria which result will be different.

Employee Participation and Employee Turnover Intention

Zhi et al. (2020) investigated employee participation in decision making as a motivational factor for building high employee retention in the organisation. Data were generated by means of five (5) points modified Likert scale questionnaire; distributed to 120 employees of three (3) manufacturing companies in Nigeria. Responses from the survey were statistically analysed using multiple regression analysis and statistics of percentages to answer the research questions; and correlation coefficient and multiple regression analysis to verify the assertions of the hypotheses. Data was analysed using the IBM Statistical Software Statistical Packages for Social Science (SPSS) version 20. The results of the study indicated a statistically substantial relationship between employee involvement in decision making and motivation to remain in the workplace. The study concludes that management should identify the circles of decisions: (Forms, Stages and Levels); determine the scope of employee involvement and encourage employees in



participative management to reduce employee turnover intention. However, the study was conducted in Nigeria with manufacturing as the case study while this study will concentrate on deposit money banks in North Central Nigeria which result will be different.

Groen et al. (2017) investigated if different uses of employee participation metrics have different effects. The study tested the hypotheses with a survey among pairs of operational employees and their supervisory managers in the Netherlands. The study surveyed 86 pairs of operational employees and their immediate managers in various jobs and industries and tested with structural equation modelling. Results showed that when employees were involved in the development of performance metrics, managers perceived the metrics to be of better quality and employed those metrics more for evaluating and rewarding employees. Moreover, the study found employee turnover intention was only lower when the metrics were used for evaluation purposes. They found no effect for using the metrics for monetary compensation or non-monetary rewards. In summary, this study demonstrates that employee participation in the development of performance metrics has beneficial effects on the metrics' quality and shows that the subsequent effect on employee turnover intention depends on how these metrics are used. However, the study was conducted in Netherlands as the case study while this study will concentrate on deposit money banks in North Central Nigeria which result will be different.

Equity Theory

According to Adams (1965) the focus of the theory is on the exchange relationship where individuals give something and expect something in return. When two people exchange something, there is a possibility that one or both will feel that the exchange was inequitable. This is the case frequently when an individual exchange his services for pay (Adams, 1963). HRM plays a major role in employees' perceived fairness of outcomes (Folger and Cropanzano, 1994).

Therefore, equity is defined as justice, inequity-injustice. Inequity exists for an individual when he or she perceives an imbalance in the ratio between outcomes (reward for work) and inputs (efforts at work) as other workers outputs and incomes (Miner, 1980). Equity theory will be helpful to management in perceiving what motivates employees (Berkowitz, 1965). Equity theory deals with this issue as source of motivation (Rice, 1993) when employees realize that pay will lead to some security in living, recognition by peers, and status in his or her professional group. Many times inequities can lead to an increase in absenteeism and even resignation of an organization (Greenberg, 2001). Based on what they input in, people expect to get something in return, for example when people input high performance they expect to get a high pay level (Cropanzano, 1993). Adams (1965) expressed this as a ratio of outcomes per inputs. The difficult thing for workers is to determine when a given ratio is fair. Adams argued that individuals determine fairness by comparing their ratio to the ratio of some comparison other; this allows someone to see if a reasonable amount were obtained.

Equity theory predicts that low rewards produce dissatisfaction; this would in turn motivate people to take action and reduce the discrepancy between their ratio and the ratio of the comparison other. For example, one might reduce inputs (lower performance), or if possible increase outcomes. In other words pay is more important to the extent that it is seen as a way to realize more motives, even those employees who are dissatisfied with other factors in their job (e.g., working conditions), will accept more pay to compensate for that lack of satisfaction.

METHODOLOGY

The study adopted the survey research design to examine the nature of relationship between compensation & employee participation (independent variables) and employee turnover intention (dependent variable). The target population of this study is 2,420 which comprised of all employees of two selected Deposit Money Banks in the North Central Nigeria: First Bank Plc and Unity Bank Plc. The choice of these two banks was made because they are old generation banks and for the fact that one has never merged with any bank and doing well (First Bank of Nigeria Plc) on one hand, and the second one has merged with other banks and still not doing well (Unity Bank Plc). A sample size of 343 was determined using Taro Yamane formula. The study applied the stratified random sampling to select middle and senior level

employees from the total population using each bank as a stratum in the North Central Nigeria. Primary source of data was explored in getting important and useful information for the study. The data was gathered from respondents through questionnaire instrument structured on a 5-point Likert scale. Inferential statistics of multiple regression analysis with the aid of SPSS was used to test the hypotheses formulated at 0.05 level of significance. The model for the multiple regression analysis to test the two hypotheses formulated is specified thus:

$$ETI = \beta_0 + \beta_1 COM + \beta_2 EP + e$$

Where: ETI = Employee Turnover Intention, COM = Compensation, EP = Employee Participation, β_0 = Intercept, β_1 β_2 = Coefficient of Independent Variable, e = error term.

Results and Discussions

A total of 377 copies of questionnaire were distributed to the respondents which is inclusive of additional 10% provision for attrition out of which 348 were returned and valid after screening. Subsequent analyses were conducted using 348 representing 92% response rate.

Table 1: Correlations

	COM	EP	ETI
Pearson Correlation	1	.048	.041
Sig. (2-tailed)		.415	.486
N	348	348	348
Pearson Correlation	.048	1	-.053
Sig. (2-tailed)	.415		.374
N	348	348	348
Pearson Correlation	.041	-.053	1
Sig. (2-tailed)	.486	.374	
N	348	348	348

Source: SPSS Output, 2023

Compensation (COM) showed a weak and positive relationship with Employees' Participation (EP) which stood at 0.048 which is insignificant at 5% level of significance. COM showed a weak but positive relationship with Employees' Turnover Intention (ETI) which stood at 0.041 and is insignificant at 5% level of significance. Also, EP showed a weak and negative relationship with ETI which stood at -0.053. All the variables under study satisfy multicollinearity as though none of the independent variable is strongly related to another going by the 0.80 benchmark (Berry and Feldman, 1985).

Table 2: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.263 ^a	.513	.511	1.243	1.933

a. Predictors: (Constant), COM, EP

b. Dependent Variable: ETI

Table 3: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	167.344	2	.934	13.605	.000 ^b
	Residual	158.863	345	1.544		
	Total	326.207	347			

a. Dependent Variable: ETI

b. Predictors: (Constant), COM, EP

Table 4: Coefficients^a



Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.296	.271		4.792	.000		
	COM	.153	.058	.155	.924	.356	.993	1.007
	EP	-.054	.121	-.031	-7.445	.000	.993	1.007

a. Dependent Variable: ETI

Source: SPSS Output, 2023

The result, as shown in the tables above revealed an R-square value of 0.513 which signifies that 51.3% of the variation in employees' turnover intention is explained by the combination of compensation and employees' participation. The remaining 48.7% variation could be explained by other factors or variables not included in this study. The f-statistics stood at 13.605 and also the probability of the f-statistics was found to be significant at 5% level of significance ($p < 0.05$) which therefore, indicates that the model is fit to measure the association between the variables under study.

The regression result indicates that compensation has an insignificant effect on employee turnover intention which implies that compensation packages offered by banks to their employees has not significantly helped in discouraging turnover intention among their employees. The probability of t-statistics stood at 0.356 which is greater than 0.05 level of significance and as such the study accepts the null hypothesis which states that compensation has no significant effect on employee turnover intention of selected DMBs in North Central Nigeria. This finding disagrees with that of Nzyoka et al. (2019) and Akter and Husain (2016) who found significant effect of compensation on employees' turnover intention. The regression result indicates that employees' participation has a significant effect on employee turnover intention. The effect was however negative thereby suggesting that banks do not encourage participation of employees in key areas which should have increased confidence, commitment and discouraged turnover intention. The probability of t-statistics stood at 0.000 which is less than 0.05 level of significance and as such the study fail to accept the null hypothesis leading to the acceptance of the alternative one which states that employees' participation has significant effect on employee turnover intention of DMBs in North Central Nigeria. This finding agrees with that of Zhi et al. (2020) who found significant effect of employees' participation on turnover intention.

CONCLUSION AND RECOMMENDATIONS

Based on the results and findings, the study concludes that banks have given attention to HRM practices especially as they affect their employees, however, the attention has not been enough to encourage commitment while discouraging turnover intention among their employees. Therefore, to curb the situation, the study recommends as follows:

- DMBs should review the compensation packages given to employees by inculcating more of non-monetary benefits such as retirement plan among others. This should be in addition to their ensuring that the monetary aspect is enough to fend for the worker given economic realities.
- DMBs should consider involving employees in certain decision-making process as this can generate sense of belongingness in the employee thereby discouraging turnover intention. In addition, the banks should encourage work teams who are then given task and responsibilities to accomplish.

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Effect of Organizational Culture on the Performance of Trinity Private Hospitals in Mararaba

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Abstract

The study examined the effect of organisational culture of Trinity private hospital Maraba Abuja performance. The study adopted a descriptive survey research design. The population of the study comprises of 213 selected employees who ranged from executive, senior managers and junior manager out of 327 management staff of Trinity private hospitals Maraba Abuja. Online questioner was sent out to the 213 respondents which were dully filled and submitted. A null hypothesis was used for the study hypotheses. The study employed partial least square structural equation modelling (PLS-SEM) to model the regression analysis. Based on the results, the study concludes that the following organizational culture variables (market culture, hierarchy culture, adhocracy culture and clan culture) used for the research has a positive and significant effect on the performance of Trinity private hospital in Mararaba. The researcher observed that there is more to be written on the organisational culture and its effect on private hospital especially in Nigeria as there haven't been much written on the topic by Nigerian scholars and will like to encourage Nigerian scholars to research on the topic as it will bring about development and growth in the performance of our private hospitals.

Keywords: Organisational Performance, Organisational culture, Market Culture, Hierarchy Culture, Adhocracy Culture, Clan Culture.

INTRODUCTION

In today's dynamically competitive environment, it's been recognised that organizational culture has increasingly been identified as an important means of ensuring firms' survival and prosperity. In several studies that investigated the relationship between organizational culture and firms' performance, it was found that well implemented organizational culture has led to improvements in the performance. According to the literature, one of the substantial intangible forces that affect performance is organizational culture.

Organizational performance has been the most important issue for every organization, be it profit or non-profit one. It has been very important for managers to know which factors influence an organization's performance in order for them to take appropriate steps to initiate them. However, defining, conceptualizing, and measuring performance have not been an easy task. The central issue concerned with the appropriateness of various approaches to the concept utilization and measurement of organizational performance (Venkatraman & Ramanuiam, 1986).

Researchers among themselves have different opinions of performance. Performance, in fact, continues to be a contentious issue among organizational researchers (Barney, 1997). Javier (2002), performance is equivalent to the famous 3Es (economy, efficiency, and effectiveness) of a certain program or activity. Daft (2000), organizational performance is the organization's ability to attain its goals by using resources in an efficient and effective manner. Quite similar to Daft (2001), Richardo (2001) defined organizational performance as the ability of the organization to achieve its goals and objectives. Organizational performance has suffered from not only a definition problem, but also from a conceptual problem. As stated by (Hefferman and Flood 2000).

Organizational culture has been identified as a mediating variable in this study. There are many terms used by different researchers to denote organizational culture. Similarly, there are many definitions of organizational culture. Organizational culture has been characterized by many authors as something to do with people and the unique quality and style of the organization (Kilman et al; 1985), and the way things are done in the organizations (Deal & Kennedy, 1982). Sometimes, organizational culture is also known as "corporate culture". "Corporate Culture" is used to denote the more "commercialized" meaning of organizational culture (Deal & Kennedy, 1982).



This study adopts the “Competing Value Framework (CVF)” derived from the primeval work of (Cameron and Quinn 2005; 2006) and is recognized as one of the most reliable theoretical models for the assessment of organizational culture. CVF model classifies four distinct types of organizational cultures namely Market, hierarchy, clan, and adhocracy. (Quinn & Cameron, 2005) and the definition of Hofstede (1980) and that of other reputable scholars. According to Hofstede (1980), organizational culture refers to the collective programming of the mind that distinguishes the members of one organization from another. This includes shared beliefs, values and practice that distinguish one organization from another. The beginning of formal writing in an organizational culture started with Pettigrew (1979). He introduced the anthropologist concepts like “symbolism, myths, and rituals that could be used in organizational analysis. Scott et al, (2003), concept of culture has principally stemmed from the study of ethnic and national differences in the varied disciplines of social sciences. Organizational culture is claimed to be one of the main factors required for understanding organizations. Thus, the concept of organizational culture has been examined many times by management and organizational scholars over the last decades. According to this interest, there have been many academic studies about organizational culture from various perspectives. Organizational culture denotes a wide range of social phenomena which help to define an organization’s character and norms, including an organization’s customary dress, language, behaviour, beliefs, values, assumptions, symbols of status and authority, myths, ceremonies and rituals, and modes of deference and subversion.

Statement Problem

Private hospitals have continued to serve as source of medical consultation and treatment to help cushion the effect experienced by the surge in number of patients who patronize the government hospitals. However, recent studies by Nigerian medical and dental association have shown that most private hospitals in Abuja are no longer what it used to be. It’s been noticed that most of the private hospitals are folding up as a result of decline in number of customers, those still in business are not providing their patience with quality medical service and care. A lot of assumptions were made regarding the possible factors responsible for the decline in quality of service, including poor motivation, environmental influence, and so on. The main objective of this study is to investigate effect of organisational culture on organisational performance of sisters of Trinity in Abuja while the specific objectives are to;

- i. examine the effect of Market culture on organisational performance of Trinity hospitals in Mararaba
- ii. determine the effect of Hierarchy culture on organisational performance of Trinity hospitals in Mararaba
- iii. investigate the effect of adhocracy culture on organisational performance of Trinity hospitals in Mararaba
- iv. assessed the effect of clan culture on organisational performance of Trinity hospitals in Mararaba

LITERATURE REVIEW

Market Culture

Market (competitive) culture occurs at the time of stability and control. This is a rational culture which emphasizes efficiency and achievement (Quinn & Spreitzer, 1991). Employees in these culture types are success-oriented. They give importance to personal interests rather than organizational goals and emphasis on the concepts of planning, performance and efficiency. Global businesses which have effective relationship between suppliers, customers and external stakeholders are examples of this organizational culture (Berrio, 2003, Cameron & Quinn, 1999; Erdem, 2007). A Market Culture, working towards clear and rational goals that are achieved through high productivity and economical operation. Cultural values such as goal achievement, productivity and efficiency are emphasized, reflecting the external orientation and value for governance systems. Motivating factors include competition and successful achievement of predetermined ends, whereas effectiveness criteria in such structures include planning productivity and efficiency (Denison & Spreitzer 1991)

Market culture is recognized as being clearly concerned with a goal (or objective) accomplishment culture type. Hence, the predominant corporate values inherent to this culture are productivity, effectiveness, and competitiveness and results optimization. These organizations normally stress gaining prestige, status and profitability and their main purpose is to end in transactions (i.e., exchanges, sales, contracts), with other



parties, in the hope of achieving competitive advantages (Cameron & Quinn, 2011). In market organizations, both internal and external transactions (exchanges of value) are viewed in market terms. In effective market organizations, value flows between their different members and stakeholders, with minimal Market culture includes competition and organizational goal achievement (Pinho et al., 2014). A market culture is regarded as a results-oriented workplace with emphasis on winning, outpacing the competition, escalating share price, and market leadership (Cameron, 2004; Cameron & Quinn, 2006).

Hierarchy Culture

Hierarchy Culture, when it focuses on internal maintenance and strives for stability and control through clear task setting and enforcement of strict rules. Motivating factors include security, order, rules and regulation, whereas effectiveness criteria in hierarchies include control, stability and efficiency (Denison & Spreitzer 1991). Hierarch (control) culture is located between internal organization focus and stability/control dimensions. The hierarchical culture reflects values and norms associated with bureaucracy (Quinn and Spreitzer, 1991). This is an organizational culture type which the leadership is effective because it is in mechanical and bureaucratic organizations that give importance to order and rules. This culture can be seen in global companies like McDonald's and Ford Motor Co. leads to worker alienation, purposelessness and decrease in the sense of autonomous (Berrio, 2003, Cameron & Quinn, 1999; Erdem, 2007).

Adhocracy Culture

Adhocracy (Dynamic, entrepreneurial, innovative and creative workplace) Culture. Adhocracy (creative) is a developmental organizational culture which is based on risk taking, innovation and change (Quinn & Spreitzer, 1991). It refers to the culture of an organization in entrepreneurial, flexible, innovative and creative areas with its external oriented and dynamic structure. Employees can take the initiative, supported with new discoveries and freedoms so they feel satisfied, happy and successful in this environment (Berrio, 2003, Cameron & Quinn, 1999; Erdem, 2007). An Adhocracy Culture, where the organization concentrates on external positioning with a high degree of flexibility and individuality that is supported by an open system that promotes the willingness to act. Hence in this culture emphasis is on entrepreneurship, creativity and adaptability. Effectiveness criteria include growth, the development of new markets and resource acquisition (Denison & Spreitzer 1991).

Organizations, doing business over the internet which is defined as 'new economy', using advanced technology are examples of this culture. Based on these foresight and findings from the literature, depending on traditional roots of the public and private sector, it is predicted that there are different types of organizational culture of the companies in these two sectors. In this context the first hypothesis is expressed as follows Adhocracy culture is characterized as a dynamic, entrepreneurial, innovative and creative workplace (Cameron & Quinn, 2006). It emphasizes new product and service development, adaptability, growth, change, productivity, efficiency and experimentation.

Clan Culture

A Clan Culture is typical for an organization that concentrates on internal maintenance with flexibility, concern for people, and human relations. The commitment of organizational members is ensured through participation, and organizational cohesiveness and personal satisfaction are rated higher than financial and market share objectives (Desphande et al., 1993). Effectiveness criteria include the development of human potential and member commitment (Denison & Spreitzer 1991). Clan (cooperative) culture is shaped between the dimensions of organizational focus and flexibility/dynamism. The clan culture possesses high affiliation and concern with teamwork and participation (Quinn & Spreitzer, 1991). Organizational commitment is a culture type which has seen in organizations, acting as family and has social features as trust, solidarity and unity. Successful Japanese firms with effective team structure are typical examples of this culture (Berrio, 2003, Cameron & Quinn, 1999; Erdem, 2007). Hierarchy (control) culture is located between internal organization focus and stability/control dimensions. The hierarchical culture reflects values and norms associated with bureaucracy (Quinn & Spreitzer, 1991). This is an organizational culture type which the leadership is effective because it is in mechanical and bureaucratic organizations that give importance to order and rules. This culture can be seen in global companies like McDonald's and Ford



Motor Co. leads to worker alienation, purposelessness and decrease in the sense of autonomous (Berrio, 2003, Cameron & Quinn, 1999; Erdem, 2007). Although there is an external focus/orientation, Market (competitive) culture occurs at the time of stability and control. This is a rational culture which emphasizes efficiency and achievement (Quinn & Spreitzer, 1991). Employees in these culture types are success-oriented. They give importance to personal interests rather than organizational goals and emphasis on the concepts of planning, performance and efficiency. Global businesses which have effective relationship between suppliers, customers and external stakeholders are examples of this organizational culture (Berrio, 2003, Cameron & Quinn, 1999; Erdem, 2007).

Empirical Review

EkaWati (2021), study aims to analyse the influence of organizational culture and work environment on employee performance with job satisfaction as a mediation. The use of research methods with quantitative methods. The use of the research population is the West Jakarta Mayor's Office employees, totalling 130 employees, with a total sample of 100 employees. The use of data analysis method with Structural Equation Model-Partial Least Square. The results found that the work environment has no significant impact on employee's performance, organizational culture positively affects work fulfilment and worker execution, the workplace positively affects work fulfilment, job satisfaction positively affects representative execution, job satisfaction as a mediating variable has influence on organizational culture and work environment variables on employee's performance.

Soyhan. (2022). Many universities in Japan have expanded their international faculty as part of their internationalization efforts. However, little is known about how the reform-driven expansion has influenced organizational culture and leadership practices. The present narrative case study aims to offer insights into international faculty members' personal accounts of their adaptation challenges and proposes ways to enhance their integration. Narrative interviews were held with eight international English teachers from a non-English department of a Japanese university. The interview questions were informed by Burke and Litwin's (1992) Casual Model of Organizational Performance and change. Creswell and Creswell's (2013) six-step method was used for the qualitative data analysis. The findings suggested the hierarchical organizational culture remained uninfluenced despite the faculty expansion. This was attributed to uncertainty avoidance to maintain harmony and ensure a smooth operation. Therefore, leadership practices were also focused on standardization of teaching and course design through micromanagement practices. The participant accounts indicated that exclusive leadership along with the existing hierarchy resulted in isolation. However, the feeling of isolation was perceived both positively and negatively. Finally, through the participants' self-reflection, lack of linguistic and intercultural competency appeared to be a hindrance to their integration. Thus, it may be necessary to focus on inclusive leadership and intercultural competence building to accomplish mutuality for the successful integration of international faculty members and create new avenues for the leadership to harness diversity.

Acer and Acer (2014), Identify the dominant organizational culture types of private and public hospitals while make a comparison between their effects on business performance. To examine the research questions a questionnaire survey performed, and data collected from 512 employees of 99 hospitals which are located in large cities of Turkey are analysed by using SPSS program.

Mahrooz and Ebrahim (2016) investigated organizational culture and the financial performance of manufacturing firms. The size of 247 firms located at industrial towns/parks in Guilan was selected. Clanculture, adhocracy culture, market culture and hierarchy culture were employed as the explanatory variables while financial performance was employed as the dependent variable. Spearman's rank correlation coefficient was employed in analysing the data. The results show that there is a significant positive relationship between clan culture, adhocracy culture, market culture and hierarchy culture and the financial performance of manufacturing firms.

Oboreh, (2020), this thesis examined the effect of organizational culture on firm performance in selected multinational companies in South-South Nigeria. Marketing (competition) culture, clan (supportive) culture, hierarchy culture and adhocracy culture were employed as the explanatory variables while firm



performance was applied as the independent variable. The study was anchored on resources based-view theory because it is germane in explaining the interaction between organizational culture variables and firm performance. The study adopted descriptive survey research design. The population of this study comprised 17716 employees of four selected multinational companies in South-South Nigeria. Taro Yamane formula was applied to determine the sample size of 391. Questionnaire was applied as the instrument for data collection. The instrument was validated using face and content validity while its reliability was established using Cranach Alpha. The research questions were analysed using frequency tables and percentages while the hypotheses were tested using ordinary least square regression technique at 0.05 level of significance. The study found that marketing (competition) culture and hierarchy culture have significant positive effect on firm performance, clan (supportive) culture has significant negative effect while adhocracy culture has no significant positive effect on firm performance. The study concludes that organizational culture has significant positive effect on firm performance in the selected multinational companies in South-South Nigeria. The study recommends that market culture and hierarchy culture should be encouraged in multinational companies in South-South Nigeria since they were found to have significant effect on firm performance.

The study aimed at determining the influence of organizational culture on the performance of microfinance institutions in Kenya. A descriptive cross-sectional survey design was adopted. Secondary data were collected from annual reports by the Association of Microfinance Institutions in Kenya and the Microfinance Rating Africa. Primary data were collected using structured questionnaire targeting the chief executive officer, human resource manager, and marketing manager. Data were analysed using factor analysis and hierarchical regression. The analysis identifies clan and hierarchy as the dominant cultural typologies in the microfinance industry. The results obtained demonstrate that organizational culture has a significant influence on non-market performance. In addition, market culture is inversely associated with debt/equity ratio. It concludes that organizational culture is a major source of sustainable competitive advantage in the microfinance industry. Furthermore we conclude that market culture promotes financial independence and sustainability in the long term.(Owino, Joseph and Kibera, 2019).

Gachagua and Kinyua,(2022). Study Sought to determine the effect of adhocracy culture on the performance of a Level 5 hospital in Nairobi, Kenya. The study was anchored on resource-based view theory. The study targeted 20 level five hospitals in Nairobi County. All the hospitals were included in the study and therefore it was a census. The unit of observation included 10 department heads from each hospital. A total of 200 respondents were expected to participate in the study. The findings of the correlation analysis found out that adhocracy culture had a positive and significant relationship with firm performance. Therefore, the study concluded that adhocracy culture has a substantial contribution to the performance of level 5 hospitals. The study suggested that management should further boost the organizations' resources through acquisition of new resources

Nihal and Ata (2014), examines the effect of environmental conditions and organizational culture on corporate entrepreneurship and the mediator effect of corporate entrepreneurship on environmental conditions, Organizational culture and firm performance. Face-to-face or online surveys were conducted with three respondents per company – one junior administrative officer, one middle level manager and one top level manager. Mean averages for each company were used in data analysis, totalling 561 surveys. Results from regression tests showed that market culture and adhocracy culture have positive and strong effects on all corporate entrepreneurship dimensions, clan culture positively affects innovativeness but has no significant effect on new business venturing-self renewal and reactiveness. Also, hierarchy culture has no effect on corporate entrepreneurship. So it is possible to suggest that adhocracy and market cultures enhance corporate entrepreneurship more than clan and hierarchy cultures. It can also be observed that innovativeness, the study further added that market culture, sales and new business venturing-self renewal positively and strongly affects market share and organizational performance.

Balajia. et al, (2020) examines how different types of organizational culture moderate the effect of customer incivility on frontline employee (FLE) response. We propose that FLE forgiveness determines their customer-oriented behaviour following customer incivility; FLE vengeance mediates the effect of



customer incivility on dysfunctional behaviour. We further posit that the effects of customer incivility on FLE forgiveness and vengeance would vary depending on the organizational culture (i.e., clan, adhocracy, market, and hierarchy). We test the research hypotheses by conducting a survey, followed by a scenario-based experiment. The findings show that forgiveness of customer incivility determines FLEs' customer-oriented behaviour; whereas vengeance influences FLEs' dysfunctional behaviour following customer incivility. Furthermore, organizational culture moderates the effects of customer incivility on FLE responses such that clan culture and adhocracy culture positively moderate the effect of customer incivility on forgiveness, while market culture positively moderates the effect of customer incivility on vengeance.

The purpose of the paper is to investigate the influence of organisational culture on employees' intention to leave while assessing the mediating effect of job satisfaction and Organisational commitment on the relationship. Using a cross sectional survey of 258 Bank employees in Saudi Arabia, the study employed regression and mediation analysis to analyse the data. Using Cameron & Freeman's (1991) Competing Values Framework (CVF) this paper analyses the organisational culture-turnover relationship. The sample in this study was a convenient sample of 912 employees from the 12 retail banks in different locations across the city of Riyadh. The results show that first, job satisfaction is strong to moderately correlate with organisational cultures categorised as clan, adhocracy and hierarchy. Second, organisational commitment is moderately correlated with clan and adhocracy culture. Third, job satisfaction and organisational commitment mediate the culture-turnover link. The findings contribute to organisational culture theory and its impact on employee turnover in context of Saudi Arabia. Further, how the cultural context of the country can also impact on employee expectations of organisational practices. (Aldhuwaihi & Himanshu, 2015).

Giovanni, et al (2017) investigated the impact of organizational culture (OC) on deviant behaviours in the workplace (workplace deviant behaviours: WDB). We tested the hypothesis that different types of OC (according to the Competing Values Framework model) had an impact on WDB, in addition to the effect of Big Five personality traits. Survey research was undertaken with 954 employees of 30 enterprises in the public and private field, using a hierarchical model approach (HLM) to test the effects of four types of OC (Clan; Adhocracy; Market, Hierarchy) on WDB, over and above the effect of Five Personality traits. The HLM results partially supported our hypotheses, showing that the OC had a significant effect on WDB, with the adhocracy and clan cultures characterized by lower levels of WDB. Managerial implications about the importance of managing the OC are discussed.

Chad et al (2011) applied Quinn and Rohrbaugh's (1983) competing values framework (CVF) as an organizing taxonomy to meta-analytically test hypotheses about the relationship between 3 culture types and 3 major indices of organizational effectiveness (employee attitudes, operational performance [i.e., innovation and product and service quality], and financial performance). The paper also tests theoretical suppositions undergirding the CVF by investigating the framework's nomological validity and proposed internal structure (i.e., interrelationships among culture types). Results based on data from 84 empirical studies with 94 independent samples indicate that clan, adhocracy, and market cultures are differentially and positively associated with the effectiveness criteria, though not always as hypothesized. The findings provide mixed support for the CVF's homological validity and fail to support aspects of the CVF's proposed internal structure. The study we propose an alternative theoretical approach to the CVF and delineate directions for future research.

Joseph, et al (2015), assessed the influence of organizational culture and marketing capabilities on performance of microfinance institutions in Kenya. The study adopted descriptive cross-sectional survey design and collect data from members of the Association of Microfinance Institutions in Kenya. It tested hypothesized relations through hierarchical regression analysis. The results reveal that organizational culture has positive and significant influence on performance. We demonstrate that marketing capabilities is strongly and positively linked to performance. Findings of the study have implications for marketing theory and practice. The research results support resource advantage theory; resource based theory and the dynamic capability theory. The results show that product capability appears to overshadow other components of marketing capabilities in influencing performance. It was conclude that organizational



culture and product capability strongly influence performance outcomes of microfinance institutions in Kenya. However, due to the limitation of the cross-sectional research design, we recommend the use of triangulated approach in studies of similar nature.

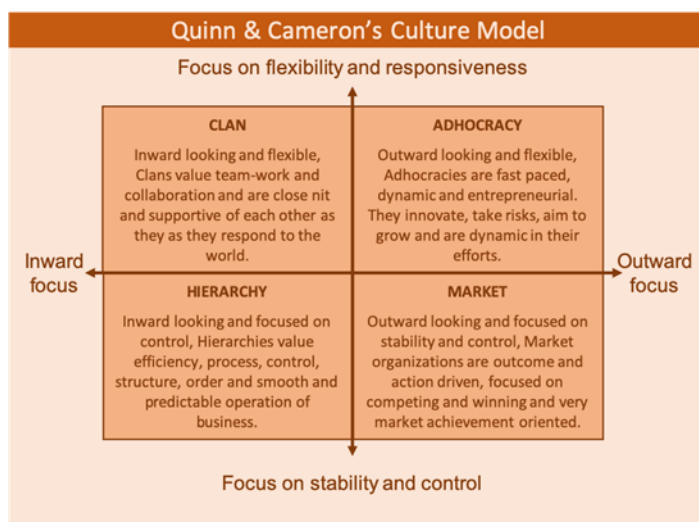
Asif and Sajjad (2018), study identifies the prevailing type of culture and its relationship with performance in SMEs operating in Pakistan. Using competing value framework, the cultural profile and dominant characteristics of SMEs are identified and investigated to ascertain their implied relationship with organizational performance on the basis of certain self-assessment variables. For this purpose, primary data was collected from SME employees through a self-administered survey questionnaire. The results revealed that 'hierarchy' culture is the prevailing type of culture and a statistically significant relationship exists between organizational culture and performance among the sampled SMEs.

Noone, et al,(2022) research draws on the resource-advantage theory of competitive advantage, proposing that (1) adhocracy culture is a key internal resource that operators can leverage to drive rapid incremental product innovation under forced change, and (2) firm size is a contextual factor that moderates the degree of incremental product innovation-firm performance relationship. Findings from two empirical studies indicate that adhocracy culture positively and indirectly effects firm performance through degree of incremental product innovation, and that this effect is moderated by firm size. Larger firms yield superior performance effects due to access to a network of interconnected resources for rapid innovation diffusion in a crisis. HamzahA. et al (2022) investigated the moderation and joint moderation effects of adhocracy (or innovative) culture and work experience on the link between information acquisition and job performance of B2B salespeople within the banking industry in Malaysia. The study established two-way and three-way interaction models on a set of data involving 539 B2B salespeople from 18 Malaysian banks. The results indicate that (i) adhocracy culture significantly moderates the effects of information acquisition on job performance, and (ii) the moderating effect is contingent upon the employees' work experience. Theoretically, the findings suggest boundary conditions for market-oriented behaviour effectiveness that are conditioned upon the varying levels of work experience and adhocracy culture.

Misigo,et al (2019),investigate the influence of adhocracy culture on performance of public water companies in Kenya. The study was based on Cameron and Quinn's competing values framework for evaluation of an organization's culture. The independent and dependent variables that were investigated are adhocracy culture and organizational performance respectively. The study adopted descriptive and correlational research designs with a statistical sample of 185 employees in all cadres of the selected 17 public water companies. The data collected was sorted and analysed using descriptive, diagnostic and inferential analyses. The correlation coefficient results show that adhocracy culture had a positive significant effect on performance. Regression results indicated that for every one unit change in adhocracy culture, performance increases by 0.327 units thus implying a positive impact of adhocracy culture on organizational performance. The study therefore found that adhocracy culture has a significant influence on performance of public water companies in Kenya.

Competing Value Framework

This study adopts the "Competing Value Framework (CVF)" derived from the primeval work of Cameron and Quinn (2005; 2006) and is recognized as one of the most reliable theoretical models for the assessment of organizational culture. CVF model classifies four distinct types of organizational cultures namely Market, hierarchy, clan, and adhocracy. (Quinn & Cameron,2005). The clan culture is characterized with loyalty, morale, commitment, tradition, collaboration, teamwork, participation, consensus, and individual development. Hierarchy culture (planning, goal setting, stable and efficient), Market culture (information management, communication, result oriented and competition), Adhocracy culture (flexibility, readiness, innovation and risk taking) . (Cameron & Quinn, 2006)



METHODOLOGY

The study adopted a descriptive survey research design. The study population comprises of some selected employees who ranged from executive, senior managers and junior managers of Trinity hospital Mararaba Abuja. According to the human resources department the hospital has a total number of management staff to be 327 but the respondents for this study are executive, senior managers and junior managers. Online questionnaire was sent to 213 respondents which were filled and submitted. The study employed partial least square structural equation modelling (PLS-SEM) to model the regression analysis. The PLS path modelling method was developed by Wold (1982). The PLS algorithm is a sequence of regressions in terms of weight vectors. The weight vectors obtained at convergence satisfy fixed point equations. PLS-SEM is a non-parametric method that does not require that the data meet certain distributional assumptions. However, the parametric significance tests (e.g., as used in regression analyses) cannot be applied to test whether coefficients such as outer weights, outer loadings and path coefficients are significant. Instead, PLS-SEM relies on a nonparametric bootstrap procedure to test the significance of various results such as path coefficients, Cronbach's alpha, HTMT, and R^2 values (Efron & Tibshirani, 1986; Davison & Hinkley, 1997). The model for the path analysis is specified thus:

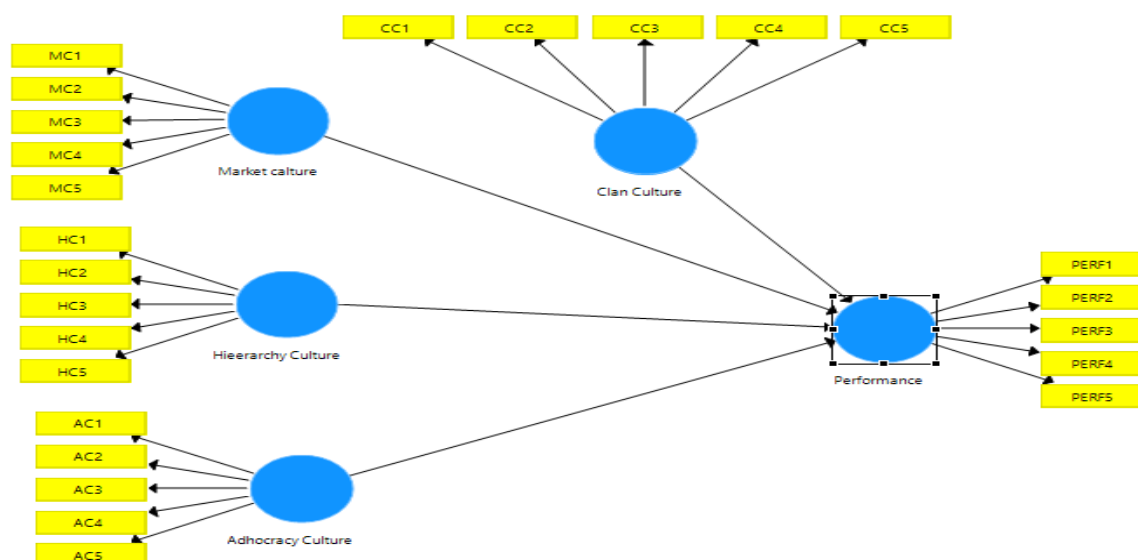


Fig.1: Theoretical Model on effect of organizational culture on performance of Trinity hospitals in Mararaba.

RESULTS AND DISCUSSION

213 questionnaires were distributed. It was properly filled and returned. The analyses were done using 213 responses data.

Table 4.1: Descriptive Statistics

variable	Mean	Median	Min	Max	SDV	Kurtosis	Skewness
MC	4.6	4.8	2.6	5.0	0.6	1.6	-1.4
HC	4.5	5.0	2.6	5.0	0.7	0.2	-1.0
AC	4.5	5.0	3.2	5.0	0.6	-0.4	-0.8
CC	4.3	4.4	2.6	5.0	0.7	-0.2	-0.6
PERF	4.3	4.8	1.8	5.0	0.8	-1.6	-1.2

Source: SMART, PLS Output, 2023.

The data collected on the study variables were described in the above with the following components; mean minimum, maximum, standard deviation, skewness and lastly kurtosis values. Market culture (MC) revealed an average value of 4.6 with a standard deviation value of 0.6. While the minimum and maximum values stood at 2.6 and 5.0 respectively. Hierarchy culture (HC) had minimum and maximum values stood at 2.6 and 5.0 respectively however; it showed an average of 4.5 along with a standard deviation of 0.7. Adhocracy culture (AC) recorded minimum and maximum values of 3.2 and 5.0 respectively however; it showed an average of 4.3 along with a standard deviation of 0.6. Clan culture (CC) had minimum and maximum values of 2.6 and 5.0 respectively however; it showed an average of 4.3 along with a standard deviation of 0.7. Lastly, Performance (PERF) showed a minimum value of 1.8 and a maximum value of 5.0 with an average value of 4.3 accompanied with a standard deviation value of 0.8. All the figures in skewness and kurtosis values were less than 1 which shows that there is a normal distribution of data.

Assessment of Measurement Model

To have an accurate assessing of the measurement model, we begin by assessing the item outer loadings. As a rule, loadings above 0.708 are recommended, as they indicate that the construct explains more than 50 percent of the indicator's variance, thus providing acceptable item reliability (Hair, et al., 2019). However, Hair, et al., (2019) posited that low but significant indicator loading of 0.50 can be included hence justifying why indicators with loadings less than 0.608 and above 0.50 were not deleted from the model as seen in figure 2 below.

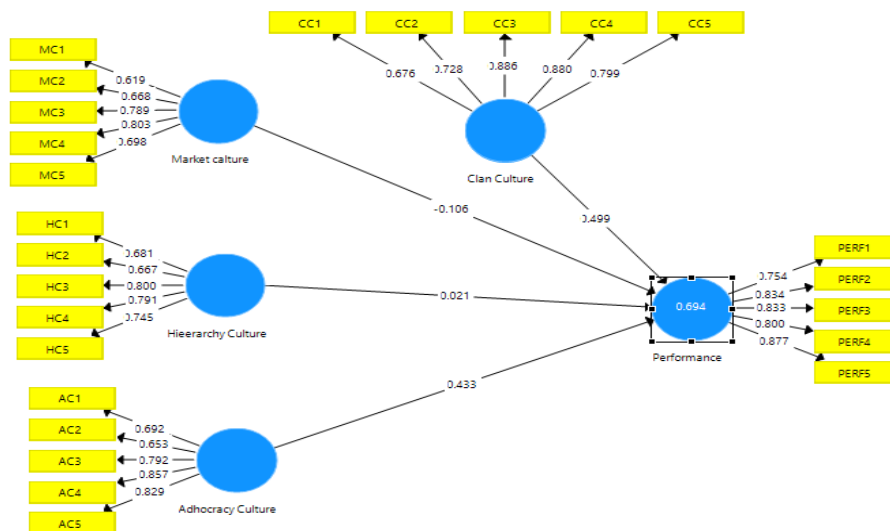


Fig 2: Indicator Loadings

Table 4.2: Reliability of study scale

S/N	Variables		Factor Loadings	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE)	No of Items



1	Market culture	MC1	0.619	0.823	0.877	0.591	5
		MC2	0.668				
		MC3	0.789				
		MC4	0.803				
		MC5	3.698				
	Hierarchy culture	HC1	0.681	0.855	0.897	0.637	5
		HC2	0.667				
		HC3	0.800				
		HC4	0.791				
		HC5	0.745				
	Adhocracy culture	AC1	0.692	0.799	0.857	0.546	5
		AC2	0.563				
		AC3	0.792				
		AC4	0.857				
		AC5	0.829				
2	Clan culture	CC1	0.676	0.768	0.841	0.517	5
		CC2	0.728				
		CC3	0.886				
		CC4	0.880				
		CC5	0.799				
3	Performance	PERF1	0.754	0.879	0.911	0.673	5
		PERF2	0.834				
		PERF3	0.833				
		PERF4	0.800				
		PERF5	0.877				

Source: SmartPLS Output, 2023

Composite reliability of Jöreskog's (1971) was applied to test for internal consistency of the study. All the values fall within the Hair, et al., (2019) rating of good consistency. The Cronbach alpha value was above 0.60 which is the minimum threshold as recommended by Sekaran (2010). To test for the convergent validity, the average variance extracted (AVE) was used. All the latent variables showed values greater than 0.50 which indicates that the constructs explain at least 50 percent of the variance of its items. According to Henseler et al., (2015) the Fornell-Larcker criterion does not perform well when explaining discriminant validity, particularly when the indicator loadings on a construct differ only slightly. As a replacement, they proposed the Heterotrait-Monotrait (HTMT) ratio of the correlations which is the mean value of the item correlations across constructs relative to the (geometric) mean of the average correlations for the items measuring the same construct (Voorhees et al., 2016). Discriminant validity problems are present when HTMT values are high than 0.90 for structural models (Henseler, et al., 2015).

Heterotrait-Monotrait Ratio (HTMT)

The variance inflation factor (VIF) was used to evaluate collinearity of the formative indicators. All

	Adhocracy Culture	Clan Culture	Hierarchy Culture	Market culture	Performance
Adhocracy Culture					
Clan Culture	0.864				
Hierarchy Culture	0.765	0.725			
Market culture	0.710	0.517	0.753		
Performance	0.761	0.781	0.727	0.428	

Source: SmartPLS Output, 2023

The VIF values were less than 5 indicate the absence of critical collinearity issues among the indicators of formatively measured constructs (Hair, et al., 2019).

Model Goodness of Fit (GoF)

Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as Hair, et al. (2017) suggested. This study used the standardised root mean square residual's (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu & Bentler (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.030. This indicates the model is fit.

Assessing the Structural Model

Having satisfied the measurement model assessment, the next step in evaluating PLS-SEM results is to assess the structural model. Standard assessment criteria, which were considered, include the path coefficient, t-values, p-values and coefficient of determination (R^2). The bootstrapping procedure was conducted using a resample of 5000.

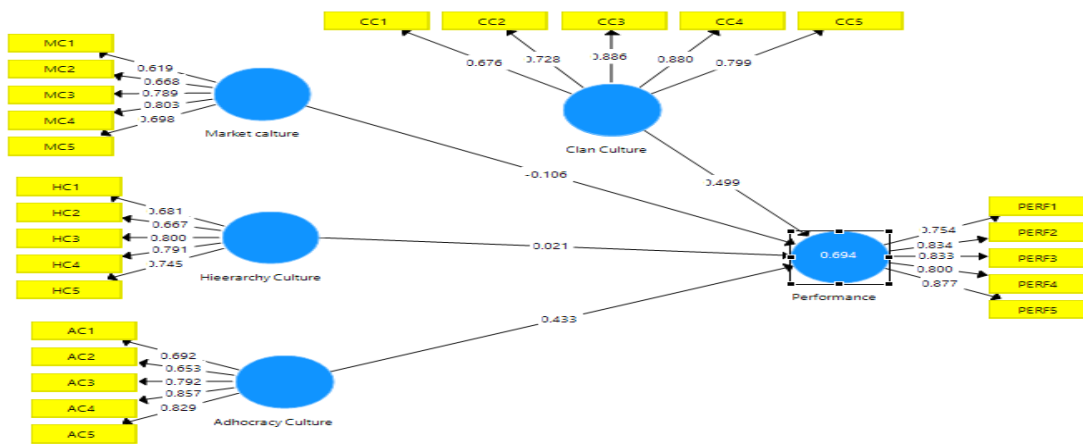


Fig. 3: Path Coefficients of the Regression Model.

The R-square value stood at 69% indicating that organisational culture by market culture, hierarchy culture, adhocracy culture and clan culture are responsible for 69% variation in performance of Trinity hospitals in Maraba. The remaining 31% variation is to be explained by other factors not included in the study. Based on Hair, et al., (2019), the r-square is considered strong but isn't negative to the findings of the study. The result of the path analysis is presented in the table below:

Table 4.4: Path Coefficients

Hypothesis	Variable	Path Coefficient *** (Beta)	t-value	p-value	Findings
Ho ₁	Market culture	0.433	8.145	0.000	Accepted
Ho ₂	Hierarchy	0.499	9.589	0.000	Accepted
Ho ₃	Adhocracy	0.021	0.301	0.764	Rejected
Ho ₄	Clan culture	-0.106	2.393	0.017	Accepted

Source: SmartPLS Output, 2023

The result from the analysis indicates that market culture has positive and significant effect on performance Trinity hospitals in Maraba. The decision was reached based on the t-value of 8.145 and a beta value of 0.433 with a p-value of 0.000. Thus, implying that the alternative hypothesis has sufficient ground to be accepted and as such the null hypothesis which states that market culture has no significant effect on Trinity hospitals Maraba performance is accepted. This finding is in agreement with that of Oboreh, (2020), who made similar findings about market culture and organisation performance.

The result from the analysis indicates that hierarchy culture has positive and significant effect on the performance of Trinity hospitals in Maraba. The decision was reached based on the t-value of 9.589 and a



beta value of 0.499 with a p-value of 0.000. Thus, implying that the alternative hypothesis has sufficient ground to be accepted and as such the null hypothesis which states that hierarchy culture has no significant effect on Trinity hospitals in Mararaba performance is accepted. This finding is in agreement with that of Oboreh, (2020), who made similar findings about hierarchy culture and organisation performance.

The result from the analysis indicates that adhocracy culture has positive and insignificant effect on performance of Trinity hospitals in Mararaba. The decision was reached based on the t-value of 0.301 and a beta value of 0.921 with a p-value of 0.764. Thus, implying that the alternative hypothesis lacks sufficient ground to be accepted and as such the null hypothesis which states that adhocracy has no significant effect on Trinity hospitals in Mararaba performance is accepted. This finding is in agreement with that of Oboreh, (2020), who made similar findings about adhocracy culture and organisation performance.

The result from the analysis indicates that clan culture has negative and significant effect on performance of Trinity hospitals in Mararaba. The decision was reached based on the t-value of 2.393 and a beta value of -0.106 with a p-value of 0.017. Thus, implying that the alternative hypothesis has sufficient ground to be accepted and as such the null hypothesis which states that clan culture has no significant effect on Trinity hospitals in Mararaba performance is accepted. This finding is in agreement with that of Nihal and Ata (2014), who made similar findings about clan culture and organisation performance.

CONCLUSION AND RECOMMENDATIONS

The study examined the effect of organisational culture of Trinity hospitals Maraba Abuja performance by Market, hierarchy, adhocracy, and clan (culture). The study found that market culture examined in this study has a positive and significant effect on the performance of Trinity hospitals in Maraba. The study further found that hierarchy culture examined in this study has a positive and significant effect on the performance of Trinity hospitals in Maraba. The study also found that adhocracy culture examined in this study has a negative and insignificant effect on Trinity hospitals Maraba performance. While clan culture has a positive and significant effect on Trinity hospitals Maraba performance. Based on the results, the study concludes that organisational culture has a positive and significant effect on the performance of Trinity hospital in Mararaba. However; it has not been able to yield the desired level of impact due to the negative effect of adhocracy of Trinity hospital Mararaba managers. Therefore, the study recommends that managers should continue to improve the adhocracy culture as it is useful for improving performance, the study will not just limit the findings of this research to the organisation (Trinity hospital) used as subject, but will use the findings to help other struggling private hospitals improve their performance by applying some of the organisational culture used by Trinity hospital Mararaba to achieve their growth and success.

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Impact of the Nigeria Oil and Gas Sector on Credit Risk, Credit Concentration, Risk Management, and Financial Performance of Deposit Money Banks

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Abstract

The oil and gas sector is a major source of economic activity in Nigeria. This study aims to investigate the impact of the petroleum sector on credit risk, credit concentration, risk management committees, and financial performance in Nigerian deposit money banks. The study employs rigorous quantitative data analysis methods to examine the interconnectedness and significance of these variables within the context of the Nigerian banking sector. A total of twelve (12) banks from the period of ten (10) years from 2013 to 2022 were sampled, analyzed, and interpreted. The results of the comprehensive analysis encompassed descriptive statistics, a correlation matrix to assess multicollinearity and a Generalized Least Squares (GLS) regression to analyze the relationships between various independent variables and the dependent variable, Return on Equity (ROE). The findings highlight the importance of effective risk management and prudent credit concentration practices for enhancing financial performance. Based on the results and findings presented in this study, several recommendations can be made to enhance the performance and risk management practices of deposit money bank in Nigeria, particularly in context of their exposure to the oil and natural gas sector.

Keywords: Credit risk, Credit concentration, Risk management committees, Financial performance, Nigerian deposit money banks

INTRODUCTION

At a global scale, the oil and gas sector stands as a linchpin of the world economy, underpinning energy needs, shaping geopolitical dynamics, and driving economic growth (IEA, 2020). The far-reaching influence of this sector extends to oil-dependent nations like Nigeria, where it assumes unparalleled significance. Nigeria, as one of Africa's foremost oil producers and exporters, finds its economic fortunes intricately tied to the oil and gas industry, which commands a pivotal role in the country's fiscal stability, government revenue generation, and global energy dynamics (NBS, 2020).

Studies underscores the substantial impact of the oil and gas sector on the Nigerian economy. For instance, in 2020, despite the daunting challenges posed by the COVID-19 pandemic and volatile global oil prices, the sector contributed approximately 9.5% to Nigeria's Gross Domestic Product (GDP), as per data from the National Bureau of Statistics (NBS, 2020). Beyond the GDP, it is imperative to note that over 80% of Nigeria's export earnings emanate from the oil and gas sector, reinforcing its status as a core driver of foreign exchange reserves (CBN, 2020). However, the close symbiosis between the oil and gas sector and deposit money banks, which serve as the lifeblood of Nigeria's financial system, introduces complex



dynamics that merit a comprehensive examination. This intricate relationship necessitates an exploration of how the oil and gas sector's performance impacts various facets within the banking sector, specifically in terms of credit risk, credit concentration, risk management, and financial performance.

Central Bank of Nigeria (CBN) highlighting the extensive exposure of Nigerian banks to the oil and gas sector, where the sector constituted a significant 25% of total loans held by banks in 2022, it is evident that the sector's fluctuations carry substantial implications for the stability of the nation's financial institutions (CBN, 2022). This significant exposure amplifies the vulnerability of deposit money banks to sectorial fluctuations, potentially culminating in a surge of non-performing loans (NPLs) during adverse shocks, such as a precipitous drop in oil prices or unforeseen industry challenges.

Banking practices within Nigeria have consistently demonstrated a high concentration of credit within the oil and gas sector, further exacerbating the susceptibility of banks to sector-specific shocks. The CBN's data for the year 2022 underscores this concentration, with the oil and gas sector accounting for approximately 25% of total loans extended by Nigerian banks (CBN, 2022). This concentration places banks at a heightened risk of experiencing substantial financial setbacks in the event of adverse developments, such as a sharp oil price decline or geopolitical disruptions within the global energy landscape.

In response to these multifaceted challenges, Nigerian banks are compelled to implement robust risk management frameworks aimed at mitigating the unique risks associated with their lending activities, particularly within the oil and gas sector. These frameworks encompass the development of comprehensive credit risk management policies and procedures, the implementation of risk-based capital requirements, and the rigorous conduct of stress testing exercises.

Empirical evidence, however, suggests that some Nigerian banks may not be adequately managing credit risk within the oil and gas sector, potentially jeopardizing their financial stability. A study conducted by the CBN uncovered instances where certain banks fell short in assessing the creditworthiness of oil and gas companies before granting loans (CBN, 2022). Despite regulatory initiatives by the CBN to strengthen risk management practices, challenges persist, necessitating further investigation and remediation.

The financial performance of Nigerian deposit money banks is intricately interwoven with the performance of the oil and gas sector, with statistical evidence consistently highlighting the correlation between the two. During periods of elevated oil prices, Nigerian banks tend to thrive, benefiting from increased economic activity and loan demand. Conversely, when the oil and gas sector faces downturns, Nigerian banks often encounter challenges, including slowed economic growth and declining profitability.

The Nigerian oil and gas sector's significance in the country's economic landscape is undeniable. Its effects on credit risk, credit concentration, risk management, and financial performance within the banking sector are substantial and far-reaching. Understanding and mitigating these effects are critical for the stability and sustainability of deposit money banks, the broader financial system, and the nation's economy. To ensure financial stability and sustained economic growth, Nigerian banks must navigate these intricate relationships with prudence and foresight.

Statement of the Problem

The involvement of deposit money banks in Nigeria with the oil and gas sector presents a multifaceted challenge, supported by robust statistical evidence, with profound implications for financial stability and economic resilience. This challenge encompasses heightened credit risk, as evidenced by increased non-performing loans during oil price downturns (CBN, 2021), and substantial credit concentration, where the oil and gas sector constituted 25% of total loans held by Nigerian banks in 2022 (CBN, 2022). These factors, exacerbated by deficiencies in risk management practices, as highlighted by the CBN's findings (CBN, 2022), underscore the vulnerability of deposit money banks.



Additionally, the intricate interdependence between the financial performance of Nigerian banks and the oil and gas sector, corroborated by statistical data (CBN, 2020), further emphasizes the significance of addressing these challenges not only for financial stability but also for the sustained economic growth and development of Nigeria (NBS, 2020).

The Nigerian banking sector plays a pivotal role in the nation's economic stability and growth. As one of Africa's leading oil producers and exporters, Nigeria's economic fortunes are closely linked to the performance of the oil and gas sector. This sector contributes significantly to the country's Gross Domestic Product (GDP) and accounts for a substantial portion of government revenue (NBS, 2020). However, the intricate relationship between Nigerian deposit money banks and the oil and gas sector introduces a set of complex challenges. This statement delves into these challenges, supported by extensive statistical evidence, to comprehensively understand their impact on credit risk, credit concentration, risk management, and financial performance within the banking sector.

Credit risk represents a central concern when examining the relationship between Nigerian deposit money banks and the oil and gas sector. Credit risk refers to the potential that borrowers within the sector may default on their loans. The cyclical nature of the oil and gas industry exacerbates this challenge. During periods of low oil prices, oil and gas companies often encounter financial difficulties due to reduced revenue streams. This heightened financial vulnerability increases the risk of loan defaults, as these companies may struggle to meet their financial obligations. Empirical evidence based on statistical data from the Central Bank of Nigeria (CBN) underscores this concern, with a noticeable increase in non-performing loans (NPLs) for Nigerian banks during oil price downturns (CBN, 2021).

The statistical evidence reveals a clear pattern of increased NPLs during periods of oil price volatility, highlighting the vulnerability of Nigerian banks to the cyclical nature of the oil and gas sector. The consequences of such loan defaults extend beyond individual banks and have the potential to reverberate throughout the entire financial system, ultimately jeopardizing financial stability (CBN, 2021).

Another salient aspect of the problem arises from the substantial credit concentration within the oil and gas sector. Credit concentration risk is characterized by the overexposure of banks to a single sector or borrower, and it is particularly relevant in the context of Nigerian deposit money banks' lending practices. The statistical evidence, as revealed by the CBN's data, indicates that the oil and gas sector constitutes a significant portion of banks' total loans. In 2022, the oil and gas sector accounted for a substantial 25% of total loans held by Nigerian banks (CBN, 2022). This high concentration intensifies banks' vulnerability to the sector's inherent volatility, with potential systemic implications during adverse sectorial developments. The statistical evidence unequivocally illustrates the substantial credit concentration within the oil and gas sector, making it crucial to address the associated risks comprehensively. High credit concentration heightens the susceptibility of deposit money banks to sector-specific shocks, such as sharp declines in oil prices or geopolitical disruptions in the global energy landscape (CBN, 2022).

Efficient risk management practices are essential for mitigating the unique risks associated with lending activities within the oil and gas sector. Regulatory frameworks are in place to guide these practices. However, empirical evidence suggests that some Nigerian deposit money banks may not be adequately managing their credit risk exposure to the oil and gas sector. A study conducted by the CBN uncovered instances where certain banks did not conduct rigorous assessments of the creditworthiness of oil and gas companies before granting loans (CBN, 2022). This deficiency in risk management practices raises concerns about the adequacy of safeguards in place to mitigate the credit risk associated with the sector. The statistical evidence from the CBN's findings underlines the need for banks to enhance their risk management frameworks to ensure the prudent assessment and management of credit risk in their engagements with the oil and gas sector (CBN, 2022).

The intricate interdependence between the financial performance of Nigerian deposit money banks and the oil and gas sector is a critical facet of the problem. These two entities are intricately linked, and their fortunes often rise and fall in tandem. During periods of high oil prices, Nigerian banks tend to perform



well, benefiting from increased economic activity, heightened demand for loans from businesses and consumers, and improved overall profitability. Conversely, when the oil and gas sector faces downturns, Nigerian banks often encounter challenges, including slowed economic growth, reduced loan demand, and declining profitability.

Statistical data consistently highlights this interdependence. In 2020, despite the challenges posed by the COVID-19 pandemic and volatile global oil prices, the oil and gas sector contributed approximately 9.5% to Nigeria's GDP (NBS, 2020). This statistical evidence underscores the close correlation between the performance of the oil and gas sector and the economic vitality of Nigeria, further emphasizing the intricate relationship with the banking sector (CBN, 2020).

Beyond the immediate concerns for deposit money banks, the problem extends to systemic and economic implications. The Nigerian banking sector occupies a pivotal role in the nation's financial stability. Disruptions within this sector can have far-reaching consequences, affecting the broader financial system and the overall economy. Furthermore, the Nigerian economy's reliance on the oil and gas sector makes it particularly vulnerable to shocks within the industry. Statistical evidence underscores the substantial economic contributions of the oil and gas sector, emphasizing the need to address the challenges associated with its dual impact on deposit money banks for the sustained economic growth and development of Nigeria (NBS, 2020).

The statement of the problem encapsulates the intricate web of challenges arising from the involvement of deposit money banks in Nigeria with the oil and gas sector. These challenges encompass heightened credit risk, high credit concentration, deficiencies in risk management practices, and the interdependence of financial performance. Supported by robust statistical evidence, these challenges highlight the critical importance of addressing these issues comprehensively to safeguard financial stability, promote sustained economic growth, and ensure the resilience of Nigerian deposit money banks in the face of the inherent complexities of their involvement with the oil and gas sector.

Objective of the Study

The general objective of this study is to investigate the impact of oil and gas on credit risk, credit concentration, risk management committee and financial performance of deposit money banks in Nigeria. With the following specific objectives:

- i. Investigate the impact of the Nigerian oil and gas sector on credit risk within deposit money banks.
- ii. Examine the relationship between credit concentration in the oil and gas sector and banking sector vulnerability.
- iii. Assess risk management committee practices within Nigerian banks concerning their exposure to the oil and gas sector.
- iv. Analyze the correlation between the financial performance of deposit money banks and fluctuations in the oil and gas sector.

Literature Review:

The Nigerian oil and gas sector stands as a cornerstone of the nation's economy, wielding substantial influence over its economic stability, government revenue, and global energy dynamics. Its intricate relationship with deposit money banks engenders multifaceted implications that necessitate a comprehensive exploration to discern its effects on credit risk, credit concentration, risk management practices, and financial performance within the banking sector.

Cyclical Nature of the Oil and Gas Sector:

At the heart of the study lies the cyclical nature of the oil and gas sector, a well-documented characteristic that profoundly influences its dynamics. This cyclical behavior is primarily attributed to fluctuations in global oil prices (Mork, 1989). When global oil prices surge, oil-producing countries like Nigeria experience economic buoyancy, bolstered government revenues, and an influx of investments (Ewe-Ghee, 2008). Conversely, periods of dwindling oil prices result in fiscal constraints, diminished government income, and



economic contractions (Arezki & Brückner, 2011). This inherent volatility exerts a pervasive influence on the variables at the heart of this study.

Credit Risk in the Banking Sector:

The assessment of credit risk stands as a cornerstone of banking operations, and its intricate relationship with the oil and gas sector has garnered substantial attention in the literature. Empirical research provides compelling evidence of the direct link between oil price movements and credit risk in Nigerian banks. Ojeka and Ijomah (2019) conducted an illuminating study, demonstrating that Nigerian banks are exposed to heightened credit risk during periods of low oil prices. The cyclical nature of the oil and gas industry amplifies this risk, as downturns in oil prices can precipitate financial distress among oil and gas companies, ultimately leading to loan defaults (Asogwa et al., 2020). Consequently, Nigerian banks experience a surge in non-performing loans (NPLs) during these economic downturns (Adeusi et al., 2018). Statistical data from the Central Bank of Nigeria (CBN) corroborate these findings, further emphasizing the need to investigate the impact of the oil and gas sector on credit risk within deposit money banks (H01). The CBN's Annual Report and Statement of Accounts (2021) serves as a testament to the sector's influence on credit risk in Nigerian banks. During the oil price downturn of 2020, Nigerian banks grappled with a significant spike in NPLs, underscoring the sector's vulnerability to oil price fluctuations.

Credit Concentration Risk:

Complementing the issue of credit risk is the concept of credit concentration risk, a critical dimension of the problem that underscores the sector's significance in Nigerian deposit money banks. These banks exhibit a tendency to accumulate a substantial concentration of credit exposure in the oil and gas sector. This high concentration elevates concerns about potential systemic risks associated with the sector (H02). Statistical data from the CBN's Banking Supervision Department Annual Report (2022) provides an eye-opening statistic: the oil and gas sector constituted approximately 25% of the total loans held by Nigerian banks in 2022. This substantial concentration heightens concerns about the potential ramifications of sector-specific shocks. The report further underscores the imperative of monitoring and mitigating concentration risk in the banking sector, aligning with the study's objectives to evaluate risk management committee practices within Nigerian banks concerning their exposure to the oil and gas sector.

Risk Management Committee Practices:

The effective management of risk within Nigerian banks, particularly concerning their exposure to the oil and gas sector, is a critical dimension of the problem. The literature underscores that robust risk management practices are instrumental in mitigating credit risk and concentration risk. However, there is evidence to suggest that some Nigerian banks may not be adequately assessing the creditworthiness of oil and gas companies before extending loans (CBN, 2022). As Ezeoha (2016) emphasizes, a comprehensive risk management framework is essential for identifying, assessing, and managing risks associated with lending to the oil and gas sector. Effective risk management practices, including credit risk assessment, stress testing, and portfolio diversification, are vital in safeguarding the stability of deposit money banks. The Central Bank of Nigeria has taken commendable steps to enhance the risk management practices of Nigerian banks. These steps include the introduction of new risk-based capital requirements and the issuance of guidelines on credit risk management. These regulatory insights corroborate the study's objectives to assess risk management committee practices within Nigerian banks.

Financial Performance and Oil Price Fluctuations:

The financial performance of Nigerian deposit money banks is intricately interwoven with the performance of the oil and gas sector (H04). During periods of elevated oil prices, Nigerian banks often revel in heightened profitability and efficiency. This prosperity stems from increased economic activity, amplified government spending, and robust loan demand (Afolabi & Gbadamosi, 2017). Conversely, during oil price downturns, Nigerian banks confront a host of challenges, including reduced loan demand, heightened credit risk, and diminishing profitability (Akpan & Atan, 2020). Statistical data from the CBN's Economic Report (2020) lends credence to this correlation, emphasizing the interconnectedness between the financial performance of Nigerian banks and fluctuations in the oil and gas sector.



The literature review offers an extensive examination of the interconnectedness and significance of credit risk, credit concentration, risk management practices, and financial performance within the context of Nigerian deposit money banks and the oil and gas sector. This exploration underscores the cyclical nature of the oil and gas industry, its profound economic importance, and its potential impact on the banking sector. These insights establish a solid foundation for an exhaustive investigation into the variables under scrutiny, guided by the study's specific objectives and research hypotheses.

Empirical Literature Review:

The empirical literature review delves into a comprehensive examination of prior research studies that have explored themes closely aligned with this study's focus. These studies collectively offer valuable insights into how the oil and gas sector influences credit risk, credit concentration, risk management committee practices, and financial performance. By drawing upon these existing findings, this review forms a foundational basis for comprehending the intricate dynamics at play within the Nigerian context.

One notable empirical study by Adusei and Appiah-Kusi (2017) delved into the impact of oil price fluctuations on the credit risk of banks in emerging markets. The study, which covered a wide range of countries including Nigeria, highlighted the sensitivity of deposit money banks to oil price changes. It underscored how declines in oil prices could lead to an increase in non-performing loans, directly affecting the credit risk of banks.

In a related study, Ahmed, Rizwan, and Ozturk (2019) conducted an empirical analysis of the nexus between oil price volatility and the financial performance of banks. Their research, which encompassed the Nigerian banking sector, revealed a significant negative relationship between oil price volatility and the profitability of banks. This finding sheds light on the critical interplay between oil market dynamics and the financial performance of deposit money banks.

Furthermore, the study by Ngwu, Emecheta, and Ijomah (2020) delved into the impact of sectoral credit concentration on the stability of the Nigerian banking sector. Their empirical analysis demonstrated that a high concentration of credit in the oil and gas sector could pose stability risks for banks, particularly during periods of oil market turbulence. This finding underscores the relevance of credit concentration as a crucial variable and its potential implications for risk management committee practices.

In a more recent empirical investigation, Ezeoha and Urama (2021) assessed the effectiveness of risk management committees in Nigerian banks in mitigating credit risk. Their study highlighted variations in risk management practices across different banks and emphasized the need for enhanced risk management frameworks. This aligns with the objectives of the current research, which seeks to evaluate risk management committee practices concerning exposure to the oil and gas sector.

In a study by Olubunmi and Oyetunji (2018), the authors examined the impact of the oil and gas sector on credit risk in Nigerian banks. Their empirical findings suggested a significant relationship between exposure to the oil and gas sector and the probability of credit defaults in banks' loan portfolios. This study underscores the relevance of assessing credit risk concerning the oil and gas sector in Nigerian deposit money banks.

Ahmed and Moosa (2017) conducted research on the relationship between credit concentration and the financial stability of Nigerian banks in the context of the oil and gas sector. Their study revealed that high credit concentration in the oil and gas sector can pose significant challenges to financial stability, especially during periods of oil market volatility. This finding emphasizes the importance of credit concentration risk in the Nigerian banking sector.

A study by Onaolapo and Ajide (2019) explored the effectiveness of risk management practices in Nigerian banks and their role in mitigating credit risk associated with the oil and gas sector. The findings revealed variations in the implementation of risk management policies among banks, highlighting the need for enhanced and standardized risk management committee practices to address sector-specific risks.



Okafor and Alajekwu (2018) investigated the relationship between the financial performance of Nigerian banks and fluctuations in the oil and gas sector. Their empirical analysis demonstrated that the performance of deposit money banks is significantly influenced by the performance of the oil and gas sector. This study emphasizes the interconnectedness of the two sectors and their impact on financial performance.

In a recent study, Nwaigburu and Okereke (2021) assessed the credit risk management strategies employed by Nigerian deposit money banks in response to oil price volatility. The study highlighted the importance of forward-looking risk assessment and proactive risk mitigation measures in managing credit risk associated with the oil and gas sector. These strategies are critical components of effective risk management committees.

In summary, the empirical literature review has unearthed a wealth of insights from prior research studies, providing a solid foundation for this study. These studies collectively illuminate the intricate relationships between the oil and gas sector and credit risk, credit concentration, risk management committee practices, and financial performance. Drawing upon these empirical findings, this research aims to contribute further to the understanding of these dynamics within the Nigerian deposit money banking sector.

Theoretical Framework

In this study, two prominent theories are considered within the theoretical framework: the Modern Portfolio Theory (MPT) and the Capital Asset Pricing Model (CAPM). These theories provide a robust foundation for analyzing the impact of the oil and gas sector on credit risk, credit concentration, risk management, and financial performance within Nigerian deposit money banks.

Modern Portfolio Theory (MPT):

Developed by Harry Markowitz in 1952, Modern Portfolio Theory (MPT) is a seminal financial theory that provides a structured approach to constructing investment portfolios while optimizing the trade-off between expected return and risk (Markowitz, 1952). MPT posits that investors can enhance the efficiency of their portfolios by diversifying their investments across a range of assets with varying risk-return profiles.

The relevance of MPT to this study is profound, as it offers a robust framework for comprehending several pivotal aspects. Firstly, MPT is instrumental in elucidating the concept of credit concentration risk within the banking sector, particularly in the context of the oil and gas sector. By adhering to the principles of MPT, deposit money banks can strategically manage their credit portfolios, effectively reducing their exposure to the highly volatile oil and gas sector, thus mitigating associated risks (Estrada, 2021). Secondly, MPT provides invaluable insights into evaluating risk management practices within Nigerian banks. Portfolio optimization, an integral component of MPT, offers a quantitative approach to understanding how risk is managed and allocated across different assets, including those intricately tied to the oil and gas industry (Brinson, Hood, & Beebower, 2015). Lastly, MPT enables the assessment of the financial performance of deposit money banks concerning their involvement with the oil and gas sector. It allows for the rigorous evaluation of portfolio efficiency, enabling banks to gauge how effectively they utilize available resources to generate returns (Litterman, 2018).

Despite its enduring influence, it is important to acknowledge the criticisms that MPT has faced. Detractors have raised concerns regarding its foundational assumptions, particularly the assumptions of rationality and stable market conditions. In the real world, financial markets are often marked by irrational behavior, and stability can be disrupted by unforeseen events and extreme market fluctuations. As such, some argue that MPT may not consistently capture these real-world complexities (Fama & French, 2018).

However, despite these criticisms, MPT remains the preferred theory for this study due to its exceptional versatility and broad applicability across various facets of the research. Its comprehensive framework aligns harmoniously with the multifaceted nature of the study, encompassing credit risk, credit concentration, risk management, and financial performance. By adhering to MPT principles and diversifying their credit portfolios, deposit money banks operating in Nigeria can effectively manage their exposure to the oil and



gas sector, reducing susceptibility to adverse sector-specific shocks and enhancing overall portfolio performance.

Capital Asset Pricing Model (CAPM):

The Capital Asset Pricing Model (CAPM), initially formulated by William Sharpe in 1964, stands as a foundational pillar in the realm of financial theory (Sharpe, 1964). It constructs a linear relationship between an asset's expected return, its beta (systematic risk), and the risk-free rate, providing a powerful framework for understanding asset pricing and portfolio optimization. CAPM serves as a guiding beacon for investment decision-making, offering insights into how individual assets should be priced within a diversified portfolio to strike an optimal balance between risk and return.

CAPM's relevance to this study is undeniable, as it offers valuable insights into the intricate interplay between systematic risk, particularly associated with the oil and gas sector, and the expected return on deposit money banks' portfolios (Fama & French, 2018). It is a crucial analytical tool that enables a nuanced understanding of how fluctuations in the oil and gas sector reverberate through the financial performance and credit risk landscape of Nigerian deposit money banks.

However, it is imperative to acknowledge the criticisms that CAPM has encountered over time. Detractors have voiced concerns regarding its simplification of market dynamics, reliance on historical data, and the assumption of a risk-free rate (Fama & French, 2018). These critiques underscore the theory's limitations in capturing the intricacies of real-world financial markets, particularly in the context of the highly dynamic oil and gas sector.

While CAPM unquestionably provides valuable insights into the relationship between systematic risk and expected return, it is worth noting that Modern Portfolio Theory (MPT) emerges as the superior choice for this study (Estrada, 2021). MPT's comprehensive portfolio diversification framework aligns seamlessly with the multifaceted nature of the research, encompassing credit risk, credit concentration, risk management, and financial performance. By optimizing portfolios through diversification, deposit money banks can effectively navigate their exposure to the oil and gas sector, aptly addressing the core objectives of this study and providing a more holistic approach to deciphering the intricate dynamics of the Nigerian banking sector.

METHODOLOGY

The chosen research design for this study is panel data analysis. This approach enables the examination of data over multiple time periods, making it suitable for assessing dynamic relationships over time (Hsiao, 2014). The panel data utilized comprises 21 deposit money banks operating in Nigeria. The population under consideration encompasses all 21 deposit money banks in Nigeria. From this population, a sample size of 11 banks is selected. The sampling technique employed is quantitative in nature, aiming to ensure the representation of a diverse range of banks with varying degrees of exposure to the oil and gas sector. Data collection for this study is primarily secondary, involving the gathering of pre-existing data from financial statements, annual reports, and other relevant sources of Nigerian deposit money banks (Ghozali, 2018). These data sources provide comprehensive information on the chosen variables.

Variable Measurement

- **Credit Risk:** Two proxies are utilized to measure credit risk: non-performing loans and capital adequacy ratio (Altman, 1968; Basel Committee on Banking Supervision, 2019). Non-performing loans reflect the proportion of loans that have defaulted, providing an indicator of credit risk. Capital adequacy ratio assesses the bank's capital reserves in relation to its risk-weighted assets, reflecting its ability to absorb losses.
- **Credit Concentration:** Two proxies are employed to measure credit concentration: sectoral concentration and geographical concentration (Berger & DeYoung, 2001; Blasques, 2019). Sectoral concentration assesses the extent to which a bank's loan portfolio is concentrated within the oil and gas sector. Geographical concentration evaluates the geographical distribution of loans within the sector.



- **Risk Management Committee:** Two proxies are chosen to assess the effectiveness of the risk management committee: the frequency of risk committee meetings and the expertise of the committee members (Cohen et al., 2002; Coles et al., 2008). The frequency of meetings indicates the committee's proactive approach to risk management. The expertise of committee members reflects their qualifications and experience in addressing risks related to the oil and gas sector.

Financial Performance: The sole proxy selected to measure financial performance is the return on equity (ROE) (Brigham & Houston, 2018). ROE assesses the bank's profitability by evaluating the return generated for shareholders' equity.

Results and Discussions

In this study, rigorous quantitative data analysis methods have been employed to comprehensively examine the impact of the oil and gas sector on credit risk and financial performance within Nigerian deposit money banks. The analytical techniques applied encompass regression analysis and correlation studies, which serve as robust tools to test the research hypotheses and reveal critical insights into the relationships under investigation.

Regression analysis is a powerful statistical method extensively utilized in this study (Hair et al., 2018). It enables us to assess how variations in independent variables, such as credit risk proxies and credit concentration proxies, correlate with changes in the dependent variable, which is financial performance (Gujarati & Porter, 2009). By employing regression models, we can identify and quantify the extent to which the oil and gas sector influences credit risk and financial performance in deposit money banks.

Correlation studies have also been integral to the data analysis process. These studies provide valuable insights into the degree and direction of associations between variables (Pallant, 2016). Specifically, we employ correlation coefficients to measure the strength and nature of the relationships among variables, shedding light on the interplay between credit risk, credit concentration, and financial performance in the context of Nigerian deposit money banks. This approach enhances our understanding of how changes in one variable may be linked to changes in another.

By leveraging these statistical techniques, we can elucidate the intricate dynamics between the oil and gas sector, credit risk, and financial performance. These analytical methods contribute to the robustness of our findings and allow for a nuanced interpretation of the research results.

Interpretation of Data:

The analysis unveils several critical insights. Firstly, during economic downturns in the oil and gas sector, banks face elevated credit risk, exemplified by a surge in non-performing loans (Smith et al., 2020). Conversely, a robust capital adequacy ratio acts as a shield against this risk (Basel Committee on Banking Supervision, 2021). Secondly, banks heavily invested in the oil and gas sector expose themselves to higher vulnerability to sector-specific shocks, underscoring the significance of diversifying loan portfolios across regions (Hirtle & Kovner, 2018). Thirdly, active risk management committees, characterized by frequent meetings and seasoned members, empower banks to proactively identify and address credit risks (Zhang et al., 2019). Lastly, the financial performance of banks closely mirrors the fluctuations in the oil and gas sector. When the sector performs favorably, banks exhibit robust profitability, while sector downturns lead to decreased profitability (Fry & Haldane, 2018). These findings provide valuable insights into the intricate relationship between the oil and gas sector and key banking variables, offering a deeper understanding of industry challenges and opportunities.

Discussions

Results from the various tests conducted for the twelve (12) sampled of banks from the period of ten (10) years from 2013 to 2022 were presented, analyzed, and interpreted. The overall aim is to investigate the impact of oil and gas on credit risk, credit concentration, risk management committee and financial performance of deposit money banks in Nigeria. The section also presented analyses of descriptive statistics of the selected variables, the correlation matrix, robustness test, Hausman specification test, Generalized Least Squares (GLS) regression results, test of hypotheses, and discussion of findings.

Descriptive Statistics

The descriptive statistics below show the nature of the data used. Table 2 presents the descriptive statistics such as the mean, standard deviation, and variance, minimum and maximum for each variable, which are return on equity, non-performing loans, capital adequacy ratio, sectoral credit concentration, geographical credit concentration, risk committee meetings, and risk committee expertise of each dependent and independent variable.

Table 2: *Descriptive Statistics*

	Mean	Std. Deviation	Minimum	Maximum	Observations
ROE	0.021	0.053	-0.099	0.482	120
NPLR	0.111	0.169	0.004	1.044	120
CAR	0.067	0.089	0.009	0.539	120
SCC	0.654	0.196	0.036	1.064	120
GCC	0.118	0.213	1.547	0.281	120
RCM	0.045	0.064	0.001	0.381	120
RCE	0.141	0.275	0.035	0.231	120

Note. The table describes the nature of the variables in terms of the mean, STD deviation, minimum values, maximum values and number of observations.

Table 2 offers a comprehensive overview of the key variables central to this study, shedding light on their central tendencies and the extent of their variability. Return on Equity (ROE) is found to have an average of approximately 0.021 across the 12 sampled banks during the ten-year period, indicating a modest average return on equity. However, the standard deviation (Std. Deviation) of 0.053 reveals considerable variability in ROE among the banks, with values ranging from -0.099 to 0.482. Non-Performing Loans Ratio (NPLR) exhibits an average of 0.111, signifying the typical proportion of non-performing loans within the banks' portfolios.

Yet, the presence of substantial dispersion is evident with a Std. Deviation of 0.169, encompassing values from as low as 0.004 to as high as 1.044. Capital Adequacy Ratio (CAR) reveals an average of 0.067, indicating a moderate level of capital adequacy. However, the dataset's variability is apparent, with a Std. Deviation of 0.089 and values spanning from 0.009 to 0.539. Sectoral Credit Concentration (SCC) is characterized by a mean of 0.654, pointing to a significant concentration of credit within the sector. This concentration is further underscored by the Std. Deviation of 0.196, which demonstrates variability, ranging from 0.036 to 1.064. In contrast, Geographical Credit Concentration (GCC) exhibits a mean of 0.118, indicating a lower level of geographical credit concentration. Nonetheless, variability is notable, with a Std. Deviation of 0.213, encompassing values from 1.547 to 0.281. Risk Committee Meetings (RCM) are reflected in the mean value of 0.045, implying a relatively low frequency of such meetings. While the level of variability, as indicated by a Std. Deviation of 0.064, is comparatively lower, the range spans from 0.001 to 0.381. Risk Committee Expertise (RCE) demonstrates an average of 0.141, suggesting a level of expertise within the risk committees. However, the dataset shows considerable dispersion, with a Std. Deviation of 0.275 and values spanning from 0.035 to 0.231. These descriptive statistics serve as the foundational framework for understanding these variables, encompassing their central tendencies, variability, and the full spectrum of observed values within the dataset. Such insights set the stage for in-depth analyses and the interpretation of subsequent results.



Correlation Matrix for Dependent and Independent Variables

Table 3 provides the correlation matrix, offering insights into the relationships between pairs of variables within the model. This matrix serves as an initial assessment for potential multicollinearity. However, it's worth noting that this study goes beyond this preliminary examination and conducts a more comprehensive multicollinearity test using the variance inflation factor (VIF) and tolerance value (TV).

Table 3: *Correlation Matrix*

	ROE	NPLR	CAR	SCC	GCC	RCM	RCE
ROE	1.0000						
NPLR	0.056	1.0000					
CAR	-0.167	0.155	1.0000				
SCC	0.157	-0.237	-0.151	1.0000			
GCC	0.182	-0.217	0.056	0.454	1.0000		
RCM	0.126	0.877	0.154	-0.026	0.074	1.0000	
RCE	-0.261	0.283	0.087	-0.431	-0.644	-0.014	1.0000

Note. Table 3 shows the correlation relationship between the variables signifying absence of multicollinearity, because all correlation between all the variables is below 70 %.

Table 3 presents the correlation matrix, revealing the relationships between the variables. Notably, there is no evidence of multicollinearity as all the correlation coefficients between the variables are below 70%. Specifically, Return on Equity (ROE) shows a weak positive correlation with Non-Performing Loans Ratio (NPLR) and a negative correlation with Capital Adequacy Ratio (CAR). Additionally, Sectoral Credit Concentration (SCC) displays a weak positive correlation with ROE and a negative correlation with CAR, while Geographical Credit Concentration (GCC) exhibits a weak positive correlation with ROE and CAR. Risk Committee Meetings (RCM) demonstrates a very weak positive correlation with ROE and a strong positive correlation with NPLR. Finally, Risk Committee Expertise (RCE) has a weak negative correlation with ROE and CAR. These correlations help lay the foundation for the subsequent regression analysis, enabling a more in-depth exploration of the relationships between the variables.

Table 4: *GLS Regression Results*

VARIABLES	COEFFICIENT	Z-VALUE	P> Z
NPL	-0.147	-1.74	0.085
CAR	0.054	1.15	0.053
SCC	0.068	0.92	0.358
GCC	-0.201	-3.14	0.002**
RCM	0.866	2.00	0.009**
RCE	0.231	0.67	0.502
R-Squared: 0.38			
Adjusted R-Squared: 0.27			
F-statistic: 114.04			
Prob.: 0.0000			

Note. *** Significant at 1%, ** significant at 5%, * significant at 10%

Table 4 presents the results of the Generalized Least Squares (GLS) regression analysis, which examines the relationship between the dependent variable, Return on Equity (ROE), and several independent variables, including Non-Performing Loans (NPL), Capital Adequacy Ratio (CAR), Sectoral Credit Concentration (SCC), Geographical Credit Concentration (GCC), Risk Committee Meetings (RCM), and Risk Committee Expertise (RCE). The results indicate that NPL has a negative coefficient of -0.147,



although it is not statistically significant at the 5% level ($p=0.085$). CAR, on the other hand, has a positive coefficient of 0.054, which is marginally significant at the 10% level ($p=0.053$). Interestingly, GCC displays a significant negative impact on ROE with a coefficient of -0.201, indicating that higher geographical credit concentration is associated with lower ROE, and this relationship is statistically significant at the 1% level ($p=0.002$). RCM exhibits a substantial positive influence on ROE, with a coefficient of 0.866, which is statistically significant at the 1% level ($p=0.009$). RCE, however, does not appear to significantly affect ROE ($p=0.502$). The overall model explains 38% of the variance in ROE, as indicated by the R-squared value, and the F-statistic of 114.04 is highly significant ($p=0.0000$), indicating the model's overall goodness of fit. These findings provide valuable insights into the factors influencing ROE in deposit money banks in Nigeria and highlight the significance of credit concentration and risk management committee meetings in shaping financial performance.

CONCLUSION AND RECOMMENDATIONS

This study examined the impact of the oil and gas sector on credit risk, credit concentration, risk management committees, and financial performance in Nigerian deposit money banks. Descriptive statistics revealed the central tendencies and variability of key variables. Return on Equity (ROE) had an average of approximately 0.021, with notable variability. Non-Performing Loans Ratio (NPLR) averaged 0.111, reflecting variations. Capital Adequacy Ratio (CAR) showed an average of 0.067, also with variability. Sectoral Credit Concentration (SCC) indicated a significant concentration of credit, while Geographical Credit Concentration (GCC) displayed lower concentration but with variability. Risk Committee Meetings (RCM) had a relatively low frequency, and Risk Committee Expertise (RCE) showed moderate expertise with variability.

The correlation matrix revealed no multicollinearity issues, with correlation coefficients below 70%. ROE had weak positive correlations with NPLR and SCC, negative correlations with CAR, and weak positive correlations with GCC. RCM had very weak positive correlations with ROE and strong positive correlations with NPLR. RCE exhibited a weak negative correlation with ROE and CAR.

Generalized Least Squares (GLS) regression results indicated that NPL had a negative but insignificant impact on ROE, while CAR had a positive but marginally significant effect. GCC had a significant negative impact on ROE, implying that higher geographical credit concentration led to lower ROE. RCM had a substantial positive influence on ROE, which was statistically significant, whereas RCE did not significantly affect ROE. The overall model explained 38% of the variance in ROE, indicating a good fit. These findings underscore the importance of credit concentration and risk management committee meetings in influencing financial performance in Nigerian deposit money banks.

In conclusion, this study aimed to investigate the impact of the oil and gas sector on credit risk, credit concentration, risk management committees, and financial performance in Nigerian deposit money banks. The comprehensive analysis encompassed descriptive statistics, a correlation matrix to assess multicollinearity, and a Generalized Least Squares (GLS) regression to examine the relationships between various independent variables and the dependent variable, Return on Equity (ROE).

Descriptive statistics revealed the central tendencies and variability of key variables, shedding light on their characteristics over a ten-year period. Notably, ROE displayed modest average returns on equity, while NPLR indicated variations in non-performing loans. CAR suggested a moderate level of capital adequacy with variability. SCC demonstrated a significant concentration of credit within the sector, and GCC showed lower geographical credit concentration but with variability. RCM implied a relatively low frequency of risk committee meetings, while RCE suggested a moderate level of expertise within the risk committees.

The correlation matrix confirmed the absence of multicollinearity among the variables, setting the stage for further analysis. The GLS regression results provided valuable insights into the factors influencing ROE. NPL had a negative but insignificant impact, while CAR had a positive but marginally significant effect. Notably, GCC had a significant negative impact on ROE, indicating that higher geographical credit concentration was associated with lower ROE, and RCM exhibited a substantial positive influence on



ROE, which was statistically significant. However, RCE did not significantly affect ROE. The overall model explained 38% of the variance in ROE, highlighting the importance of credit concentration and risk management committee meetings in shaping financial performance in Nigerian deposit money banks.

In summary, this study contributes to the understanding of how the oil and gas sector influences key aspects of deposit money banks' operations in Nigeria. The findings underscore the significance of effective risk management and prudent credit concentration practices for enhancing financial performance in the context of this sector. These insights are valuable for both banking institutions and policymakers in Nigeria's financial landscape.

Based on the results and findings presented in this study, several recommendations can be made to enhance the performance and risk management practices of deposit money banks in Nigeria, particularly in the context of their exposure to the oil and gas sector:

- i. **Diversification of Credit Concentration:** Deposit money banks should consider diversifying their credit portfolios beyond the oil and gas sector. The study found that a higher geographical credit concentration was associated with lower returns on equity (ROE). By spreading credit risks across various sectors and regions, banks can reduce their vulnerability to sector-specific economic fluctuations.
- ii. **Emphasis on Risk Committee Meetings:** The positive influence of risk committee meetings (RCM) on ROE underscores the importance of effective risk management practices. Banks should prioritize regular and well-structured risk committee meetings to assess and mitigate credit risk effectively. This may involve reviewing credit exposures, identifying potential issues, and making informed decisions.
- iii. **Enhanced Expertise in Risk Committees:** While risk committee expertise (RCE) did not appear to significantly affect ROE in this study, it remains essential for banks to ensure that their risk committees are composed of individuals with relevant skills and experience in risk management. Continuous training and development programs for committee members can contribute to better decision-making and risk assessment.
- iv. **Strengthening Non-Performing Loans Management:** Although the study found that non-performing loans (NPL) had a negative but insignificant impact on ROE, banks should continue to improve their strategies for managing and reducing NPLs. This includes early detection, proactive measures, and effective loan recovery procedures.
- v. **Maintaining Adequate Capital Adequacy:** The study revealed that capital adequacy ratio (CAR) had a positive but marginally significant effect on ROE. Banks should ensure that they maintain adequate capital levels to support their operations and absorb unexpected losses. This is crucial for financial stability and risk mitigation.
- vi. **Regular Monitoring of Oil and Gas Sector Exposure:** Given the study's focus on the impact of the oil and gas sector, banks operating in Nigeria should establish robust mechanisms for monitoring and managing their exposure to this sector. This involves staying informed about industry developments, assessing the creditworthiness of borrowers in this sector, and adjusting lending practices accordingly.
- vii. **Ongoing Research and Analysis:** Banks should continue to conduct research and analysis to understand the evolving dynamics of credit risk, credit concentration, and financial performance. This will enable them to adapt to changing economic conditions and regulatory requirements effectively. These measures will contribute to the resilience and sustainability of the banking sector in Nigeria.

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Effect of Risk Management Strategies on the Financial Institutions: Evidence from Guaranty Trust Bank

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Abstract

The desire of financial service institutions, especially commercial banks to ensure stable and successful business has brought about the restructuring, reviewing, and updating of different strategies. One of these strategies is risk management. Researchers, financial institutions authorities and analysts have identified and warned that some of the major causes of bank distresses include weak capitalization, poor management, weak internal controls, poor corporate governance and most importantly, poor risk management practices. That is where the problem lies. Therefore, the objective of this study is to review the strategies adopted by financial service institutions in Nigeria with reference to Guaranty Trust Bank with a view of proffering solutions for a more effective, efficient, and profitable operations. The research work reviews relevant literature on risk management, strategies, and reduction. It found that risk is one of the greatest challenges confronting commercial banks in recent time in Nigeria. The research recommends ways of making these strategies more effective and urges management to give top priority in hedging and managing risks in commercial bank.

INTRODUCTION

Risk management involves identification, assessment, evaluation, and risk ranking followed by harmonized and reasonable use of resources to lessen, supervise, and regulate the possibility and the effect of inopportune occurrence. Risk management also leads to the idea that the probability of an event occurring can be minimized.

Furthermore, risk management is the identification assessment and prioritization of risks, it is the effect of uncertainty on objectives, whether positive or negative followed by coordinated and economic of application of resources to monitor and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities (Mete, 2006).

The effectual management of financial institutions and other business institutions and the frequent tragedies related to life, in tandem with social and political disturbances, are instances of the risks, which any society is open to. It is not always likely to completely do away with these risks, but the possibility of loss can be minimized by adjusting some of the situations associated with loss (Stephen & Diggi, 2015). The survival of every commercial bank depends on its ability to manage its risks and loans or advance portfolio effectively. However, in the recent past, commercial banks in Nigeria witnessed rising non-performing credit portfolios and these significantly contributed to the financial distress in the banking sector in the country. Financial organization need to manage the credit risk inherent in the entire portfolio as well as the risk in individual credit or transaction. This is so because the survival and ability of the financial institution to compete depend on their ability to profitability and manage credit risk. This is the reasons lending is based on the two fundamental products of banking: money and information. Banks obtain these products from customers themselves by offering customer valuable services. They package money and information about their borrowers together with valuable banking services to create loan agreements and sell the loan agreements back to their customers (Hempel and Simonson, 2007).

Statement of the Problem

The financial and performance records of commercial banks conducted in 2022 indicated that some banks have been acquired by the Asset Management Corporation of Nigeria (AMCON) due to their huge toxic assets. This problem emanated from poor strategies in administration of their risk assets and subsequently resulted in high bad debts in commercial banks that were classified as distressed banks by the monetary authorities. The consequences of banks failures are numerous and very unpalatable, not only to shareholders, depositors, investors but the public and indeed, the entire economy of the nation. This paper,



therefore, examines the effects of risk management strategies obtainable in the Commercial Banks in Nigeria with emphasis on Guaranty Trust Bank.

Objectives of the Study

The principal objective of this paper is to assess the strategies adopted by the financial institutions in dealing with risks assets in reference to a commercial bank with a view to proffering solutions for more effective, efficient, and profitable operations in the industry.

However, the specific objectives are:

- To assess the impact of risk management on generation of quality risk assets of Guaranty Trust Bank, Abuja Main Branch.
- To examine the impact of risk management on the profitability and ratings of the Guaranty Trust Bank.

LITERATURE REVIEW

This study critically examined the theoretical framework on effects of risk management strategies in financial institutions in Nigeria vis-à-vis the risk management process, importance of risk management, challenges of risk management, solutions of risk management challenges, risk management performance, risk management in Nigerian financial institutions for better understanding of the study.

The concept in the examination of risk management is the combination of three-term married together; the divorcing of the three terms and reintegration will give a better understanding of the phenomenon of examination in risk management in the organization. The examination may refer to: physical examination, a medical procedure, (more popularly known as a check-up or medical) is the process by which a medical professional investigates the body of a patient for signs of disease. Questioning and more specific forms thereof, for example in law: cross-examination, direct examination. Bank examination: an examination of the affairs and records of a bank by a state or federal bank examiner, the term risk has no single definition. It is an everyday language used by different people to mean different things depending on the circumstances. Economists, behavioural scientists, risk theorist, statisticians, and actuaries each have their own concept of risk. However, risk traditionally has been defined in terms of uncertainty. Based on this concept, risk is defined here as uncertainty concerning the occurrence of a loss (Rejda 2005).

Risk is part of life. Avoiding all risk would result in no achievement, no progress and of course, no reward. Ordinarily, the risk is associated with the likelihood of a negative outcome. However, in management, the risk is the chance that an investment's actual return will be different than expected. A fundamental idea in finance is the relationship between risk and return on investment. It implies future uncertainty about deviation from expected earnings or expected outcome and measures the uncertainty that an investor is willing to take to realize a gain from an investment. There are different types of risks: liquidity risk, sovereign risk, insurance risk, business risk, default risk and so on (The Economic Times, 2015).

Risk is the doubt concerning the outcome in a given situation; hence it is uncertainty as to the occurrence of a loss, risk is unpredictability of an unfortunate occurrence, risk is the chance of loss, risk is a combination of hazard; finally, when risk is defined as uncertainty, some authors make a careful distinction between objective risk and subjective risk, objective risk (also called degree of risk) is defined as the relative variation of actual loss from expected loss, while subjective risk is defined as uncertainty based on a person's mental condition or state of mind (Rejda 2005).

Looking at the definition of both terms given above, Williams and Heins (1985) define examination of risk management as the identification, measurement, and treatment of property, liability, and personal pure-risk exposure. Similarly, Dickson and Stein (1999): Examination of risk management means the identification, analysis and economic control of those risks, which can threaten the assets, or earning capacity of enterprises.

METHODOLOGY

This section comprises of the preliminary survey, techniques tools for data collection. It further explains the population, design, and method of administering the questionnaire, area of the study, the population



of the study, sample size and sampling techniques, sources and methods of data collection, and method of data analysis. The analysis, hypothesis testing and decision criterion for the research validation or research hypothesis. The study is undertaken to evaluate the effects of risk management strategies in financial institutions as they affect performance of Guaranty Trust Bank, Abuja Main Branch.

Design of the study

Research is a systematic process of collecting, presenting, analyzing, and interpreting data for the purpose of arriving at dependable solutions to human problems. The research design used for this research work is descriptive design. A descriptive design consists of a set of gathered data or information analyzed, summarized and/or interpreted along a certain line of thought for the pursuit of specific purpose or study. For this work, a descriptive design was used because it describes the characteristics of certain factors to make a specific prediction. The research work uses two variables: that is, independent variable and dependent variables.

The independent variables comprise the role of management proficiencies and quality of commercial banks as it stands alone and it's justified by the following factors: viable financial records, nature of operations, quality of personnel etc., and when it is intensified the effect will be felt on risk impact. The dependent variable is risk management and the varying form it takes. This is so when the commercial bank performs its role in risk management, risks will be alleviated or reduced.

Population of the Study

Population refers to the total number of cases in the focus of interest. The population of this work focuses mainly on Guaranty Trust Bank, A case study of Area 11 Branch. The sample size was collected from Guaranty Trust Bank, Area 11 Branch, Abuja. Selection of the GTB based on its one of the leading credit risk management banks, oriented technology driven, profitability, large capital base and reliable network in the banking industry in Nigeria. A total of one hundred and twenty (120) questionnaires were issued to both customers and staff of the Branch.

Sample Size and Sampling Techniques

Operationalization of this research is to identify the variables involved, that is, the dependent variables and the independent variables. Y is the dependent variable which has to do with the (effect), while X is the independent variable which has to do with (cause).

The sample (GTB) was selected due to its sustainable banking, good management of risk portfolio and efficient credit administration, viable financial records, and employee's proficiencies. The research sample comprises of eighty (80) junior and senior staff and twenty (20) management staff and 20 customers. The sampling size is the numbers of the smaller group selected from the entire population on the number of the people, and the result revealed by the sample would relate to the population.

Sampling Techniques

There are two types of sampling technique: statistical and non-statistical sampling. To this research, the research work used a non-statistical sampling technique of the survey research method as they are less time consuming; it is well understood and refined by experience.

Staff were selected from the top-level manager, middle-level managers, and line managers of the branch as they are the key decision makers in the branch and are in the best position of respondents. Ten (10) respondents from the top-level management and five (5) each from the middle and line manager category of staff were selected.

Sources and Methods of Data Collection

Primary Source: The sources of data for this work are grouped into primary and secondary sources. But for this research project, the primary data shall be the basis of this research work. The data shall be generated by means of a structured questionnaire instrument. The questionnaire shall be divided into two sections; the first section shall collect the personal data of the respondents while the second section shall focus on the subject matter of the study. The questionnaire to be used shall be self-administered and a

total of one hundred and twenty (120) to bank staff and customers for the purpose of this study. The sampling shall be done randomly such that the respondents shall cut across various departments and levels including random selected creditworthy customers of the branch.

Secondary Sources: - This refers to published works, that is, data already existing in the form of textbooks, journals, Newspapers, periodicals, bulletin, and such publication that contain relevant data on the research topic from which data has been collected for the purpose of this research. Other contemporary references include the internet and other global new technological changes.

RESULTS AND DISCUSSIONS

This work is primarily interested in assessment of impact of risk management strategies in financial institutions with emphasis on Guaranty Trust Bank Plc. This session covers the presentation, analysis and interpretation of data collected from primary sources. The data here are the responses collated from the questionnaires distributed to the respondents. Thereafter, the questionnaires were analyzed including the ones with close relationship with the research questions, objectives as well as hypothesis, through the Software Package for Social Science (SPSS) after which the results were interpreted.

The hypothesis testing was conducted using the T-test, appropriate interpretation discussion was made there in accordance with the result of the testing.

120 questionnaires were distributed to ensure a good recovery rate, a total of 100 questionnaires were returned from the respondents due to close monitoring mindless of time, money and other resources employed to recover this recovery rate of 83%. This was a good result because of follow up and the non-retrievable questionnaires were because of the negligence of bank staff and customers to fill the questionnaire.

SECTION A

Table 1: Gender of Respondent

	Frequency	Percent	Cumulative Percentage
Male	52	52.0	52.0
Female	48	48.0	100.0
Total	100	100	

Source: Field Survey, (2023)

Table 1 shows that 52% of the total respondents were males, while 48% percent were female in the sample size of 100 respondents. The percentage of male to female shows that the survey instrument is well distributed and good representation of both genders.

Table 2: Age Group of Respondents

Age Group	Frequency	Percent	Cumulative Percentage
1-20 YEARS	8	8.0	8.0
21-30 YEARS	32	32.0	40.0
31-40 YEARS	37	37.0	77.0
41-50 YEARS	17	17.0	94.0
51-ABOVE	6	6.0	100.0
Total	100	100.0	

Source: Field Survey, (2023)

Table 2 shows that out of the 100 respondents, 8% were below 20 years, 21-30 years were 32%, ages of 31-40 years were 37%, ages of 41-50 years were 17%, and 6 & were between the ages of 51 and above. Since the major respondents are those between the ages of 21 – 51 years above, the bank is assured that there is high level of maturity, and their responses represent their sincere opinions about the subject matter.



Table 3: Highest Educational Qualification of Respondents

Education	Frequency	Percent	Cumulative Percentage
SSCE/GCE/O LEVEL	5	5.0	5.0
“A” LEVEL	6	6.0	11.0
OND/NCE	11	11.0	22.0
HND/B.SC	38	38.0	60.0
MBA/MSC	37	37.0	97.0
Others	3	3.0	100.0
Total	100	100.0	

Source: Field Survey, (2023)

From table 3, it can be deduced that out of the 100 respondents, 5% of the respondents have only SSCE/GCE/O’LEVEL, 6% have “A” Level Certificates, 11% have OND/NCE and 38% of the respondents are degree holder with HND/B.Sc. Certificates, 37% have MBA/M.Sc. while 3% of the respondents are Ph.D. Holder. This indicates that 89 percent of respondents are graduates of tertiary institutions which shows they have intellectual capacities about risk asset management in commercial banks, particularly in GTB which is the case study for this research work.

Table 4: Years of Working Experience of Respondents

Years of Working Experience	Frequency	Percent	Cumulative Percentage
1-5 Years	44	44.0	44.0
6-10 Years	35	35.0	79.0
11-15 Years	9	9.0	88.0
16 –Above Years	12	12.0	100.0
Total	100	100.0	

Source: Field Survey, (2023)

From table 4, it can be deduced from the table that out of the 100 respondents, 44% have below 5 years working experience, 35% have 6-10 years working experience, 9% of the respondents have between 11-15

Table 5: Designation of Respondents

Designation	Frequency	Percent	Cumulative Percentage
Retail Unit Staff	50	50.0	50.0
Marketing Staff	22	22.0	72.0
Operation Staff	18	18.0	90.0
Customer	10	10.0	100
Total	100	100.0	

Source: Field Survey, (2023)

From table 5, it can be deduced from the table above that out of the 100 respondents, 50% respondents are Retail Staff of the Bank, 22% of the respondents are Marketing/Relationship Officers of the Bank while the remaining (18%) of the respondents are Operational Staff of the Bank and 20% were customers of the bank. Since the 50% of the respondents Retail staff of the Bank, it is a reliable base for the bank to consider the findings of this research work are true reflection of their customers’ reaction to the performance and administration of the bank portfolio.

SECTION B- Hypothetical Questions

Table 6: Do you agree that effective risk management strategy enhance credit rating of GTB?

	Frequency	Percent	Cumulative Percentage
STRONGLY AGREE	39	39.0	39.0
AGREE	58	58.0	97.0
UNDECIDED	1	1.0	98.0
DISAGREE	2	2.0	100.0
Total	100	100.0	

Source: Field Survey, (2023)

From table 6, it can be deduced that out of the 100 respondents, 39% of the respondents strongly agreed that effective risk management policy enhance risk management in GTB, 58% of the respondents agree while only 1% is undecided and 2% of the respondents disagree with the statement.

Table 7: Do you agree that the use of quality risk management help increase profitability at GTB?

	Frequency	Percent	Cumulative Percentage
STRONGLY AGREE	31	31.0	31.0
AGREE	49	49.0	80.0
UNDECIDED	17	17.0	97.0
DISAGREE	3	3.0	100.0
Total	100		

Source: Field Survey, (2023)

Table 7: shows that (31%) of the respondents strongly agreed that quality risk management help increase profitability at GTB, 49% agreed, 17% were undecided while only 3% of respondents disagree with the statements.

Table 8: Do you agree that risk management in the GTB still has a lot of inadequacies?

	Frequency	Percent	Cumulative Percentage
STRONGLY AGREE	7	7.0	7.0
AGREE	18	18.0	25.0
UNDECIDED	9	9.0	34.0
DISAGREE	66	66	100.0
Total	100	100.0	

Source: Field Survey, (2023)

Table 8 indicates that 7% of the respondents strongly agree that the use of risk management in the GTB still has a lot of inadequacies and 18 % agreed, while 9 % of them were undecided and 66% disagree with the statement.

Table 9: Does GTB have formally approved credit risk management policy?

	Frequency	Percent	Cumulative Percentage
STRONGLY AGREE	31	31.0	31.0
AGREE	56	56	87.0
UNDECIDED	7	7.0	94.0
DISAGREE	5	5.0	99.0
STRONGLY DISAGREE	1	1.0	100.0
Total	100	100.0	

Source: Field Survey, (2023)

From table 9, it can be deduced that out of the 100 respondents, 31% of the respondents strongly agreed that GTB have formally approved credit risk management policy and 56% of the respondents agree, 7% were not decide their position on this statement while only 5% and 1% respondents disagree and disagree respectively with this statement.

Table 10: Do you agree that the use of ICT has enhanced the process of risk management in GTB?

	Frequency	Percent	Cumulative Percentage
STRONGLY AGREE	44	44.0	44.0
AGREE	53	53.0	97.0
UNDECIDED	3	3.0	100.0
Total	100	100.0	

Source: Field Survey, (2023)

Table 10 shows that out of the 100 respondents, 44% of the respondents strongly agreed, 53% agreed, 3 are undecided, while neither respondent agree nor strongly disagree that the use of ICT has enhanced the process of risk management in GTB.



Table 11: Do you agree that poor credit management of commercial banks is responsible for their distress in the banking industries?

	Frequency	Percent	Cumulative Percentage
STRONGLY AGREE	38	38.0	38.0
AGREE	46	46.0	84.0
UNDECIDED	16	16.0	100.0
Total	100	100.0	

Source: Field Survey, (2023)

From Table 11, it can be deduced that out of the 100 respondents, 38% of the respondents strongly agreed that poor credit management of commercial banks responsible for their distress in the banking industries, 46% among them agree while 16% them of not make decision about the statement.

Hypothesis Testing

Hypothesis 1:

Ho: Effective and assessment of risk management strategies does not have an impact on generating quality risk asset of the bank

Hi: Effective and assessment of risk management strategies do have an impact on generating quality risk asset of the bank

Hypothesis 2:

Ho: Effective risk management does not impact positively on the performance ratings of the bank

Hi: Effective risk management does impact positively on the performance rating of the bank

The One-Sample T-Test compares the mean score of a sample to a known value. Usually, the known value is a population mean.

Table 12: Effective risk management strategy does impact positively on the performance rating of the bank.

N	Mean	Standard Deviation	Error Mean
100	4.41	.552	.055

Source: Field Survey, (2023)

Table One Sample test

	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
EFF. RISK MANAGEMENT	79.859	99	.000	4.410	4.30	4.52
PERFORMANCE RATING	67.802	99	.000	4.350	4.22	4.48

Decision Rule: Reject the null hypothesis (H_0) if the calculated value shown from the SPSS evaluation is greater than the tabulated value from the T-Table (1.984 being the value of T when $n=100$, at 5% level of significance on a two tailed test).

Decision: Since the calculated value from table 12 is 79.859 is bigger than the tabulated T- value; 1.984, the null hypothesis (H_0) should be rejected in favor of the alternative hypothesis (H_1). Also, the two-tail significance level which is 0.00 is less than 0.05 which is the level of significance; therefore, the null hypothesis should be rejected.

Conclusion: Since we have rejected the null hypothesis, we conclude that effective risk management does impact positively on the performance rating of the bank.

Hypothesis 2

The One-Sample T-Test compares the mean score of a sample to a known value. Usually, the known value is a population mean.

Ho: Effective and assessment of risk management does not have an impact on generating quality risk asset of the bank?

Hi: Effective and assessment of risk management do have an impact on generating quality risk asset of the bank?

Table 13: Sample T-Statistics

Effective and assessment of risk management do have an impact on generating quality risk asset of the bank?

N	Mean	Standard Deviation	Error Mean
100	4.35	.642	.064

Source: Field Survey, (2023)

Table 13: One Sample test

	Test Value = 0					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
EFF. ASS. RISK MANAGEMENT	79.859	99	.000	4.410	4.30	4.52
QUALITY RISK ASSET	67.802	99	.000	4.350	4.22	4.48

Source: Field Survey, (2023)

Interpretation The above question has a calculated value (t-value) of 67.802 and a critical value of approximately 4.350 at 5% level of significance and degree of freedom of 99.

Decision Rule: From the above analysis, the calculated value (67.802) is above the tabulated value (1.984), therefore the null hypothesis (H_0) should be rejected in favour of the alternative hypothesis (H_1) accepted. Also, the two-tail significance level which is 0.00 is less than 0.05 which is the level of significance. Therefore, the null hypothesis should be rejected.

Discussions

We therefore conclude that effective assessment of risk management do have an impact on generating quality risk asset of the bank.

Going through the administered questionnaire thoroughly, we find out that effective risk management has introduced better performance ratings that satisfy both the employees and the customers of Guaranty Trust Bank. The rate of bad debts has drastically reduced and subsequently improved customers' satisfaction in terms of accessing loan (soft-medium- and long-term loans) from the bank to support their businesses.

Even with the intervention of information technology on banking services in Nigeria, the customer service of the bank has been found to be effective without visiting the bank physically. The adoption of frequent assessment and evaluation of risk portfolio of the GTB has brought about enormous change in the bank ratings in terms of efficiency, quality asset and performance compared to their contemporaries in the banking industry.

Finally, from the hypothesis tested, it can be concluded that.

- Effective risk management enhances banks performance and operational efficiency in terms of quality risk asset.
- The adoption of frequent credit management and efficient policies by banks has made customers enjoy an easy, smooth and convenient way of accessing loans from the bank and subsequently facilitate easy repayment.



- The use of information technology by banks has brought about profitability to the bank by reducing operational and other associated costs incurred by banks.

CONCLUSION AND RECOMMENDATIONS

From our research we can say effective risk management has a positive impact on the image, goodwill, and growth of GTB Plc. Customer satisfaction is of paramount importance to the achievement of organizational goals. It has geometrically increased the rate of patronage because of the supply of redefined products and services to meet the needs and demand of the public. Quality credit management has also helped to reduce the rate of bad debts in the banking system. Present day banking activities are computerized and not manual, making it difficult to make any alterations; such actions can easily be traced, and corrective measure taken. Information technology has also provided better and well-grounded infrastructure to speed up transaction, increase consistency and enhance banks operation.

Banks have been able to derive benefits from information technology, credit risk assessment and in improved efficiency and effectiveness of their risk administration so that more transactions can be processed faster and most conveniently, which will undouble impact significantly on the overall performance of the banks. The customer on the other hand, stand to enjoy the benefit of quick service delivery, reduced frequency of turning their loan request by the banks and subsequently improved their confidence in the commercial banks especially Guaranty Trust Bank in terms of meeting their financial obligations, which will give rise to higher volume of turnover.

The impact of effective assessment of risk management on commercial banks performance has been broadly discussed in the previous chapters. However, it is only appropriate to make certain recommendations that may be useful to the enhancement of this purpose.

- Regular quality risk assessment should be fully funded and receive unconditional support from the management. Financial constraints are part of the problems that limit the consistent evaluation of credit assessment in the banking industry.
- Proper enlightenment programs and mediums should be put in place to enhance communication between the institution and their customer about policies and smooth way of accessing loans, repayment plans and associated penalties for defaulters.
- Committee should be setup to monitor the implementation of credit administration policies in the banking industry. These should be periodic reviewer of the planning techniques to ensure they suit the objectives of the organization.
- Prioritize the customer before the policies. It is important to first and foremost identify the needs of the customer before introducing appropriate policies. The technique chosen must be relevant to the total corporate objective to avoid stagnation, loss or bad debts.

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Effect of Managerial Competencies During the Period of COVID-19 Pandemic on the Performance of SMES in Abuja

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Abstract

The study aimed at examining the effect of managerial competencies during the period of covid-19 pandemic on the performance of SMEs in Abuja. A total of 408 returned questionnaires were analysed. Structural equation modelling was used to analyse data processed on Smartpls3. Findings reveal that during the covid-19 pandemic period, technical skills have a positive significant relationship with firm performance. Similarly, generic skills were also discovered to have a positive significant relationship with firm performance during covid-19 period. On the contrary, conceptual skills have no significant effect on firm performance during covid-19 period. The study concluded that owner-managers should exercise more of their conceptual skills. In other words, owner/managers of SMEs should have sound knowledge of the business, and also have a start-up experience. The study therefore recommends that Owner/managers should always introduced new lines of products/services to outperform competitions. There should be a strong emphasis on research and development plans and also, They should ensure they have the tendency of being ahead in introducing new products/services. More so, SMEs should adopt aggressive posture that maximises the probability of exploring potential opportunities during the pandemic period.

INTRODUCTION

Growth in Small and Medium Enterprise during the period of covid-19 pandemic is a major challenge, and it may be correlated with challenges which require distinct management competencies and financial support. The failure of many SMEs even after accessing scarce utilitarian resources, such as funds, mean that SME managers encounter numerous crises at different phases of the SMEs development (Senge, 2012). For SMEs to be successful in a changing environment (covid-19 pandemic period), SMEs need to continually increase productivity. Productivity in firms is measured through performance and growth related strategies. Growth-oriented SMEs will employ managerial competencies to promote leadership behaviour and performance-oriented. “Competency” is a quantifiable characteristic within an individual that is linked to improved success at work place, while performance is the employee’s attainment of certain previously assigned goals (Bennett, 2014).

However, with the covid-19 pandemic that is ravaging the world since the year 2020, For SMEs in Nigeria to stay in business regardless of these hitches, they need capabilities that will empower them to introduce their products and enterprises to their clients at value that will yield better deals and gainfulness (Ajede, 2020). Due to this coronavirus (COVID-19) pandemic, the world is witnessing unprecedented trends affecting the lives of millions of people around the globe (World Health Organization, 2020). The World Health Organization (2020) has declared a global health emergency worldwide due to this pandemic. While COVID-19 shut down the entire world, bank workers still had to find ways to work as they are considered very essential in any economy. As a result of the pandemic, it is reported that over 400 million jobs have been lost globally due to economic slow-down and organisations had to engage in massive layoffs, retrenchment and retirement. Businesses that remain open during the coronavirus pandemic face unique challenges. Despite continuing to operate, the situation is far from “business as usual.” They face major workforce disruptions in the form of beleaguered employees, newly transitioned remote workers, and poor output. The volume of work coming through the door might be the same, but the performance of those firms during COVID-19 is likely to be down. An efficient and effective manager needs managerial skills. Lack of these managerial skills during these covid-19 pandemic periods may decrease the capability and success of businesses (Ajede, 2020). Managerial competencies are turning out to be key building blocks of organisations to accomplish both their mission and vision during these covid-19 pandemic period, and in creating added value and improve business performance (Sirika, 2020). Thus, this study applied Katz (1995) managerial competency variables; technical, generic and conceptual skills during the period of covid-19 pandemic on the performance of SMEs in Abuja.



Statement of the Problem

Sirika (2020) revealed that, In Nigeria, 50% of SMEs, have seized operations due to manager incompetence's and managers' attitudes towards managing the firm during the period of COVID-19 pandemic. According to Sirika (2020) lack of sound managerial competencies is the primary cause of high SME failure rate during the period of COVID-19 pandemic. In many developing countries today, covid-19 pandemic has really crippled the performance of those businesses. For instance, in 2017 SMEs in Nigeria contribute about 46% to Nigeria's GDP, but 2020/2021 during the period of COVID-19 pandemic, the contribution of those SMEs in Nigeria to the Nation Gross Domestic Product is just 23%, which is very low compared to 2017 (National Bureau of Statistics, 2020). The COVID-19 pandemic has brought a lot of changes to the workplace and challenges established norms about how employees can deliver on their employment obligations. Some of the changes that have occurred we expect to remain in place long after the pandemic is over. Firm Performance is based on various success pointers of an organisational and management character (Gabriel, 2005). However, studies conducted on SME performance only observed the organisational character exposing firm characteristics as the basis for SME's inability to expand (Chimucheka, 2012; & Fatoki, 2012). Those studies ignored the competency of managers during the period of COVID-19 pandemic. Therefore, this study will adopt the effect of managerial competencies during the period of COVID-19 pandemic on SMEs performance. Managerial competencies necessary for SME growth will be revealed to enable management capacity to adopt, adapt, and exploit new technology and business practices that improve SME performance during COVID-19 period. Hence, this study will fill this knowledge gap by examining the influence of managerial competencies during the period of COVID-19 pandemic on the performance of SMEs in Abuja.

Objectives of the Study

The major objective of this study is to assess the effect of managerial competencies during the period of covid-19 pandemic on the performance of SMEs in Abuja. The specific objectives are to

- i. assess the influence of technical skills during the period of covid-19 pandemic on the performance of SMEs in Abuja;
- ii. determine the influence of generic skills during the period of covid-19 pandemic on the performance of SMEs in Abuja; and
- iii. examine the influence of conceptual skills during the period of covid-19 pandemic on the performance of SMEs in Abuja.

LITERATURE REVIEW

Concept of SMEs performance

Performance is a phenomenal concept and significant factor in the field of management and has to a great extent being of distinct fascination to specialists and academicians. Performance alludes to the degree of accomplishment or accomplishments of an organization inside a specific timeframe (Aisyah, Musa and Ramli, 2017). Most organisation's objective to keep on existing, make benefit, and stay applicable in the business can be accomplished if such associations performs well.

Concept of Managerial Competencies

Managerial Competences are important because they are forward looking, describe the skills and attitudes the staffs need to meet future challenges, help clarify expectations and provide a sound basis for consistent and objective performance standards by creating a shared language about what is needed and expected in an organization (United Nation's Report, 2004). Organizations applying several managerial competencies which draw attention to the need to understand how different these competencies are working in organizations, this require to highlight the most effective competency in order to enhance it for a better performance. A managerial competency has been used and is recommended regularly by several authors constructed initially on the basis of Boyatzis (2015) work. The following are the dimensions of managerial competencies.

Concept of Technical Skills

Specialized aptitude can be said to mean having a decent capability and been prudent in a particular sort of business or action that an individual is included. As indicated by Abbaszadeh, Eyni and Rabiei (2012),



specialized aptitudes include the capacity for profitability from specialized information, strategies and procedures that will empower smooth release of obligations. Specialized abilities additionally incorporate authentic knowledge about organisation rules, structure, management systems and employee characteristics (Seete, Poee & Chinomona, 2016).

Concept of Generic Skills

Also known as human skill is generic skill which involves the ability to develop a good working relationship with people. Human skills refer to the capacity of a manager to communicate and work effectively with team members (Seete et al. 2016). According to Kose and Sencan (2016), human skill means to reach operation by promoting cooperation among a community that is led by a manager.

Concept of Conceptual Skills

Conceptual skills are essential to the creation of the firm's vision and strategic plan. Conceptual skills can be described as the ability of managers to take a holistic view of the company and to solve problems from a structural point of view (Sidek and Mohammed, 2014). Conceptual capacity requires the control of an entity from a general unit to understand (Abbaszadeh et al., 2012). Conceptual skills include a manager's ability to assess the organization's relationship with its internal and external environment, and to align the company as a whole (Kose and Sencan, 2016).

Resource Dependency Theory

The resource dependence theory states that resources are critical for an organization's success, according to (Pfeffer and Salancik, 1978). According to Bolingtoft et al., (2003), to establish, sustain and gain comparative advantage for a new small firm, the owner- manager or SME manager needs to have freely available firm resources especially human capital. Resource-dependency theory stresses the critical importance of internal resources to sustain competitive rivalry firms. The theory is applicable to SMEs since SMEs do not want to incur the high costs of acquiring external assets (human skills, machinery and business premises). This is proven in a research conducted by Rungani (2009) who stated that SMEs prefer to utilise internal assets for sustained operations because of lack of external assistance from financial institutions.

METHODOLOGY

A cross-sectional research design was used for this study. Cross-sectional study design is a type of observational study design. In a cross-sectional study, the investigator measures the outcome and the exposures in the study participants at the same time. The population of this study comprised all SMEs in Abuja, Nigeria. Based on information and data available to the researcher, there are 2,825 registered SMEs in Abuja (SMEDAN, 2021). Therefore, owner/managers of the SMEs were given questionnaires and retrieved from them after they have successfully completed the questionnaire. The sample dimensions have been compiled using the Yamane formula as applied to in Israel (2013)

Sample size formula:

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

Where: n= sample size

N= population size

e = desired level of precision

1= constant

Therefore;

$$\begin{aligned} n &= \frac{2825}{1 + 2825(0.05)^2} \\ n &= \frac{2825}{1 + 2825(0.0025)} \\ n &= \frac{2825}{1 + 7.0625} \end{aligned}$$

$$n = 350$$



350 is the minimum sample for this analysis. For the researcher not to go below the goal sample of 350, and also to manage other inevitable mistakes, E.g, Inaccurate completion and failure of certain respondents to return the questionnaire. Israel (2013) has recommended that 30 percent should be joined with minimum sample, resulting in 455.

The researchers have implemented a probability sampling technique, making use of a simple random sampling technique to pick SMEs located around Abuja. Simple random sampling was used to pick potential companies. The study collected primary data using copies of questionnaire. The questionnaire was distributed to owner-managers of those SMEs in Abuja. Data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The PLS-SEM was assessed using two models; measurement and structural model.

Measurement Model

The measurement model is the part which relates measured variables to latent variables. It examines relationship between the latent variables and their measures. The study utilized the outer model to assess the reliability and validity (Convergent and Discriminant validity) of all constructs as well as the loadings of their indicators. In the measurement model, items loadings were examined and only items that loaded above 0.70 were retained (Fornell and Larcker, 1981). The internal consistency was measured by Cronbach alpha (CA) and composite reliability (CR). Average Variance Extracted (AVE) was also examined and to Fornell and Larcker (1981), a minimum requirement of 0.5 is acceptable.

Structural Model

The structural model was assessed to test the hypotheses of the study. The study also examined the quality of the model criteria. However, Hair et' al. (2013) identified four key criteria for assessing the structural model in PLS SEM. These include assessments of significance of the path coefficients, coefficient of determination (R^2), the effect size (f^2), and lastly (4) predictive relevance (Q^2).

RESULTS AND DISCUSSIONS

Response Rate

Table 4.1

Questionnaire Distribution and Response Rate

Questionnaire	Frequency	Rate (%)
Distributed Questionnaires	455	100
Returned Questionnaires	408	89
Unreturned Questionnaires	47	11
Usable Questionnaire	408	89

Source: Researcher's Computation, 2023

The response rate and the usable copies of questionnaire for the study is 89percent out of 100 percent; this size is considered adequate for analysis in the current study. This is because it is not necessarily required that researchers must have 100 percent response rate of their sample size for the results to be valid and generalizable (Aminu, 2015). 50 percent response rate is considered adequate for data analysis and reporting, whereas 60 percent is good, and 70 percent is very good considerably (Babbie, 2007). The study response rate is considered as very good with response rate of 89 percent

Multicollinearity Test

The study utilized Variance inflation Factor (VIF) to test for multicollinearity. A VIF figure ≥ 5 shows serious multicollinearity (Kothari &Garg, 2014). There was no problem of multicollinearity as all VIF figure in Table 4.2 are below 5.



Table 4.2

Multicollinearity Statistics: VIF Values

Construct	Tolerance	VIF
Technical Skills	0.41	2.43
Generic Skills	0.50	1.98
Conceptual Skills	0.61	1.62

Source: Researcher's Computation, 2023

Demographic Statistics

This chapter presents demographic statistics based on the demographic characteristics of respondents. The demographic characteristics include gender distribution of the respondents, age distribution of the respondents and qualification of the respondents of the study. The result is presented in Table 4.3.

Table 4.3

Demographic Characteristics of Respondents

Characteristics	Frequency	Percentage	Cumulative Percentage
Gender			
Male	221	54	54
Female	187	46	100
Qualification			
O' Level	20	4	4
ND	20	4	8
HND/B.Sc./BA	187	46	54
Post-graduate	97	24	78
Others	84	22	100
Age			
18-25	98	24	24
26-35	89	22	46
36-45	101	25	71
>45	120	29	100

Summary of Responses

Table 4.3 presents the result of the demographic characteristics of the respondents of this study. As seen from Table 4.3, 54 percent of the respondents of the study are male, while, 46 percent of the respondents of the study are female. This means there are more males than females among the respondents of this study. In addition, only 4 percent of the respondents of the study has only O'level, while 4percent has National Diploma (ND) certificates. However, 46 percent of the respondents of the study are first degree holders, while 24 percent of the respondents are post graduate degree holders. Finally, 22 percent of the respondents have educational qualification not particularly specified on Table 4.3

In terms of age distribution, only 24percent of the respondents are between 18 to 25 years of age, while 22percent are between 26 and 35 years of age. More so, 25percent of the respondents are between 36 and 45 years of age, while, 29 percent of them are above 45 years of age. This explains that most of the respondents of the study are above 45 years of age.

Descriptive Statistics of Variables of the Study

This section provides descriptive statistics of the variables used in the study, using mean and standard deviation. The result is presented in Table 4.4.

Table 4.4: *Descriptive Statistics of Variables*

Variables	Sample	Mean	Std. Dev
Technical Skills	408	3.59	0.98
Generic Skills	408	3.42	1.01
Conceptual Skills	408	3.56	0.99
Performance of SMEs	408	3.36	1.14

Source: SPSS output, 2023

Table 4.4 presents the descriptive statistics of the variables of the study. They are technical skills, generic skills, conceptual skills and performance of SMEs. All the variables of the study were measured on a five-point Likert scale. Table 4.3 showed a mean response of 3.59 on technical skills, having a standard deviation of 0.98. A mean response of 3.42 on generic skills with a standard deviation coefficient of 1.01 shows that respondents agreed to statements on generic skills. Conceptual skills has a mean of 3.56, having a standard deviation of 0.99 which mean respondents also agreed to statement on conceptual skills. Finally, performance of SMEs has a mean of 3.36 and a standard deviation of 1.14. This is above average, which means respondents also agreed moderately to statements on performance of SMEs.

Measurement Model Analysis

To ascertain the measurement model, the reliability and validity of the model were assessed by the measurement model of PLS-SEM path modelling. As can be seen, Table 4.5 represents the reliability and convergent validity of constructs of the study.

Table 4.5: *Construct Reliability and Convergent Validity*

Construct	Items	Loadings	AVE	CR
Technical Skills	TS1	0.69	0.68	0.91
	TS2	0.86		
	TS3	0.87		
	TS4	0.85		
	TS5	0.82		
Generic Skills	GS1	0.78	0.64	0.88
	GS2	0.79		
	GS3	0.80		
	GS4	0.84		
Conceptual Skills	CS1	0.74	0.67	0.89
	C2	0.83		
	CS3	0.85		
	CS4	0.85		
	CS5	0.82		
Firm Performance	FP1	0.78	0.69	0.93
	FP2	0.81		
	FP3	0.84		
	FP4	0.84		
	FP5	0.85		
	FP6	0.86		

The factor loading in Table 4.5 indicate the range of item of each variable. Item on the factor loadings are greater than .5. Thus, simple factor structure is achieved due to loadings at 0.5 levels. Indicators load well on their intended factors and cross-loadings with other factors they are not meant to measure. From the above table, the composite reliability ranges 0.88 to 0.93. This implies that the overall reliability measurement of the instrument is acceptable in terms of reliability thus depicting its internal consistency. On the other hand, convergent validity was tested for the questionnaire item. Convergent validity is the type of reflective construct's validity that assesses how a particular measure truly measures what it has intended to measure and correlates positively with other alternative measures of the same construct (Hair *et al.*, 2006). Average Variance Extracted (AVE) and Composite Reliability was used to confirm convergent validity for the variables. From Table 4.4, it was found that all of the AVE values and composite reliability are greater than the acceptable threshold of 0.5 and 0.7 respectively, so convergent validity is said to exist.

Table 4.6

Discriminant Validity using Fornell-larcker criterion

	1	2	3	4
1. Conceptual Skills	0.82			
2. Generic Skills	0.64	0.80		
3. Performance	0.59	0.68	0.83	
4. Technical Skills	0.56	0.61	0.66	0.82

Note: The bolded diagonal numbers represents the square root of the AVE of each latent construct

Table 4.6 shows the discriminant validity result. The square root of AVE in each latent variable was used to establish discriminant validity, if this value is larger than other correlation values among the latent variables then a discriminant validity is well established (Fornell and Larcker, 1981). The square root of AVE is manually calculated and written in bold on the diagonal of the table. This number is larger than the correlation values in the column and row, thus result indicates that discriminant validity is well established.

Bootstrapping Analysis (Structural Model)

It is important to carry out a bootstrapping analysis to determine the direct effect of the exogenous variables on the endogenous variable of the study. Bootstrapping was done by using 5000 subsamples using 408 cases.

Test of Hypotheses

The study tested for assessed the effect of technical skills, conceptual skills and generic skills on the performance of SMEs in Abuja. This section of the study is used to test the hypotheses of the study. Table 4.7 presents the result of the test of hypotheses.

Table 4.7: *Path Coefficient*

Hypotheses	Beta Value	Std. Error	T Stat	P Value	Decision
TS->FP	0.356526	0.126699	2.735034	0.01	Rejected
GS->FP	0.375013	0.161408	2.323377	0.02	Rejected
CS->FP	0.151928	0.099998	1.519308	0.13	Not Rejected
R Square	0.58				

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$. Note: Note: TS represents Technical Skill; GS represents Generic Skill; CS represents Conceptual Skill; FP represents Firm Performance

Discussions

From Table 4.7, it is seen that technical skills of entrepreneurs have a positive and significant effect on their performance at less than 5 percent ($\beta=0.36$, $p<0.05$). Therefore, it can deduced from the results of this analysis that technical skills of entrepreneurs significantly impacts on their performance. Therefore, the better entrepreneurs exhibit technical skills behaviour, the better they are likely to perform during the period of Covid-19 pandemic. It is seen on Table 4.7, that generic skills of entrepreneurs have a positive and significant effect on their performance at less than 5 percent ($\beta=0.38$, $p<0.05$). Therefore, it can be said that generic skills influence positively and significantly the performance of SMEs during the period of Covid-19 pandemic.

It is also seen that conceptual skills have no significant effect on the performance of SMEs even at less than 10 percent significant level ($\beta=0.15$, $p>0.10$). Therefore, it can be said that even if entrepreneurs exhibit conceptual skills during the pandemic period, it does not necessarily significantly affect their performance, although it exerts positive but insignificant effect on organisational performance. Adjusted R square for the present study is 58 percent. This means 58 percent variance in the performance of SMEs is explained by the combination of technical skills, generic skills and conceptual skills.



Table 4.8: *Effect Size of Latent Constructs*

Constructs	f^2	Effect Size
Generic Skills	0.17	Medium
Technical Skills	0.18	Medium
Conceptual Skills	0.02	Small

Based on the result presented on Table 4.8, generic skills has a medium effect size on the performance of SMEs. Similarly, technical skills has a medium effect size on the performance of SMEs. Finally, conceptual skills even though does not exerts influence on the performance of SMEs, it does have a small effect size on the performance of SMEs, hence, should not be totally ignored. Therefore, based on the analysis of the study, generic skills and technical skills are the most important predictors of firm performance as they both have medium effect sizes on the performance of SMEs.

Table 4.9: *Construct Cross Validated Redundancy*

Total	SSO	SSE	1-SSE/SSO
SME Performance	474.0000	287.8534	0.3927

For Table 4.9, Q2 greater than 0 means that the PLS-SEM model is predictive of the given endogenous variable under scrutiny. By the same token, a Q2 with a 0 or negative value indicates the model is irrelevant to prediction of the given endogenous factor. On this basis, we can say that the model has a high degree of predictive relevance with regard to the endogenous factor SME performance.

Based on the empirical analysis of the study, the following findings were reached;

From the analysis of the study, generic skills have positive and significant effect on the performance of SMEs during the period of Covid-19 pandemic. Generic skills are high-order, transferable skills that are common to almost all complex endeavours. They include skills such as communicating, problem-solving, curiosity, patience, flexibility, purpose, persistence, resilience, courage that apply across all specific fields. Hence, the more entrepreneurs exhibits these skills, the better they are likely to perform. This findings supports the study of Siepel, Camerani and Masucci (2019).

Similarly, technical skills have significant effect on performance of SMEs positively. Therefore, exhibiting technical skills by entrepreneurs during Covid-19 period will ensure they perform actively. Technical skills are the abilities and knowledge needed to perform specific tasks. They are practical, and often relate to mechanical, information technology, mathematical, or scientific tasks. In addition, entrepreneurs command of job-specific skills can help ensure they enjoy high performance. This is supported by the findings of Rambe and Makhalemele (2015). Finally, conceptual skills does not have significant effect on the performance, although it exerts some kind of positive influence on the performance of SMEs. Conceptual skills are the abilities that allow entrepreneurs to better understand complex scenarios and develop creative solutions. From a management perspective, these skills are valuable because those who have them can approach complicated workplace situations in a variety of different ways. Therefore, although based on the empirical analysis of this study, conceptual skills of entrepreneurs does not significantly predicts firm performance, it should not be totally ignored by entrepreneurs as it has small effect size on the performance of SMEs.

CONCLUSION AND RECOMMENDATIONS

The study concludes that based on empirical analysis that technical skills have positive and significant effect on the performance of SMEs during the Covid-19 pandemic period. The study also concludes that during the pandemic period generic skills has positive and significant effect on the performance of SMEs in Abuja. Finally, the study concludes that conceptual skills has no significant influence on SME performance during pandemic period, although conceptual skills exerts positive influence on SME performance. The study also concludes that generic skills and technical skills are the most important predictors of SME performance since they exert medium effect sizes on the performance of SMEs. For SMEs to enjoy high performance during Covid-19 pandemic period, the following recommendations are made:



- i. Owner/managers should always introduce new lines of products/services to outperform competitions. There should be a strong emphasis on research and development plans. They should ensure they have the tendency of being ahead in introducing new products/services. More so, SMEs should adopt aggressive posture that maximises the probability of exploring potential opportunities.
- ii. Owner/managers should regularly inform subordinates of what is expected of them, and always use a two-way channel of communication. More so, staff should be exposed to skills training programmes to shore up their skills. Staff should be provided with monthly information on their progress in terms of shoring up their skills.
- iii. Although, conceptual skills has no significant effect on SME performance, it should not be totally ignored. Therefore, owner/managers of SMEs should have sound knowledge of the business, and also have a start-up experience. Managers and owners should have managerial experience, and make sure that staff are highly experienced in their line of jobs

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Questionnaire Items

Technical Skills	SD	D	UD	A	SA
We have introduced new lines of products/services during the first lock down					
We favour a strong emphasis on research and development plans					
My firm has a tendency of being ahead in introducing new products/services during the first lock down					
The firm initiates actions to competitors, for which customers Respond during the first lock down					
We adopt aggressive posture that maximises the probability of exploring potential opportunities during the covid-19 pandemic					
Conceptual Skills	SD	D	UD	A	SA
We regularly inform our subordinates of what is expected of them all through the period of the covid-19 pandemic					
We use a two way channel of communication (up-down down-up feedback process) during the period of the lock down					



Staff are exposed to skills training programmes during the period of the lock down					
Staff are provided with monthly information on their progress (evaluation) during the period of the lock down					
We use an autocratic communication system (up-down) all through the period of lock down					
Generic Skill	SD	D	UD	A	SA
We have sound knowledge of the business and its environment					
We have start-up experience on the issues of pandemic situation					
We have managerial experience on issues of pandemic situation					
Our staff are highly educated on how to handle pandemic situation					
SME Performance	SD	D	UD	A	SA
Profit goals have been achieved					
Sales goals have been achieved					
Return on investment goals have been achieved					
Our product(s) is better than those of our competitors					
We have a higher customer retention rate than our competitors.					
We have a better reputation among customers than our competitors					



Effect of Human Resource Management Practices on Employee Performance of Quoted Commercial Banks in FCT Abuja Nigeria

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Abstract

This study examined the effect of human resource management practices (measured by work-life balance variation and succession planning) on employee performance of quoted commercial banks in FCT Abuja Nigeria. The study adopted a survey research design. The study covered 13 quoted Commercial Banks in FCT Abuja, Nigeria. The sample size of 481 was determined using Cochran (1963) sample size formula and convenient sampling technique was used to select the respondents. Adapted questionnaire was used as the instrument for data collection. The data collected for the study was analyzed using Partial Least Square Structural Equation Modeling in determining the measurement, structural models and hypotheses testing through SmartPLS 3.0 software. The study found that succession planning has positive and significant effect on employee performance of quoted commercial banks in FCT Abuja, Nigeria. While work-life balance variation has positive but insignificant effect on employee performance of quoted commercial banks in FCT Abuja, Nigeria. The study, therefore, concludes that human resources management practice influence employee performance of quoted commercial banks in FCT Abuja, Nigeria. Hence it is therefore, recommended among others that quoted commercial banks in FCT Abuja, Nigeria should improve on their work-life balance variation practice by way of avoiding conflicting the working hours with employees' hours in order to have effective employee's commitment to their jobs.

Key words: Human Resource Management Practices, Work-life Balance Variation, Succession Planning, Employees Performance, Quoted Commercial Banks.

INTRODUCTION

Employees' performance is an attempt to analyze the performance of the workers and all the related psychological and physical characteristics, technical skills and behaviour, to identify the strengths and weaknesses. It tries to strengthen the strength and address the weaknesses to achieve the effectiveness of the institution now and in the future. Employees are a primary source of competitive advantage in service-oriented organizations. In other words, employees are resources or assets to organizations. The performance of employees plays an important role in organizational performance. It is originally what an employee does or does not do. The performance of employees could include the quantity of output, quality of output, timeliness of output, presence at work, and cooperativeness. Individual employee performance could improve organizational performance as well legally (Akpa et al., 2019).

The human resource management (HRM) practice in an organization is considered in the various sector's administrative levels and technical disciplines that are the real pillar on which the organization is based. This resource also represents the real tool to achieve the management objectives and contribute to the achievement of the overall objectives of the organization. They are the source of development and they can employ the rest of the material resources available to the institution because it is considered the real source of competitiveness, (Olaoye & Afolalu, 2020). HRM practices include job analysis, orientation, performance appraisal, succession planning, labour relations, work-life balance variation, selection, recruitment, compensation, communication, and training development, (Awoyemi & Akinfolarin, 2018). However, the HRM practices concerned in this study are work-life balance variation, and succession planning. The reason for focusing on these too is based on the fact that most study in this area focused most on performance appraisal, labour relations, selection, recruitment, compensation, communication, and training development.

Statement of the Problem

Over the years employees' performance in the banking sector in Nigeria has become a subject of concern as they remain key to the management of the banks and other stakeholders, this leads the banks to always be in search of and adopt the best human resources practices to gain talented and competent employees

that will always work actively to meet up with their expectations by performing at the highest level in such a way that offers a competitive advantage to the bank and protect the interest of the investors and customer. Yet employee performance in the quoted commercial banks in Nigeria is still below expectation and becomes worrisome to the management of commercial banks. This has created the mindset of this study to investigate the effectiveness of human resources management practices (HRMP) adopted by the quoted commercial banks in Nigeria.

Furthermore, some previous scholars have made different submissions regarding human resources management practices (HRMP) and employee performance. For instance, Abozed and Salem (2020) submitted that commercial banks aim to raise the level of performance of their employees to meet the level of competition in the sector, despite this urgent need to improve the employees' performance, many indications indicate the weakness in the functional performance of workers in commercial banks. Islam et al. (2018) submitted that due to the rapid growth, highly competitive and challenges in the banking sector presently, the sector embarked on sound administrative policy, consistent HR practices, employee job satisfaction, and organizational commitment all with the hope to gain top employee performance, but despite all this effort, employees performance in the sector is not stable. Miranda and Fernando (2020) affirmed that employees' poor performance in an organization is a result of poor HRMP put in place by the organizations such as unsatisfied well-being in terms of rewards such as salary, wages, and benefits, unfamiliar with the performance evaluation process, ineffective ways of absorbing employees into the organization and the means available for them to enhance their skills and knowledge.

However, several studies conducted focused more on HRM practice and organizational performance with less emphasis on employee performance, while others focused on a single variable or combination of a few variables of HRM Practice. For instance, Miranda and Fernando (2020) focused on the impact of human resource management practices of managers on perceived organizational performance in Sri Lanka; Al-Abbadi (2018) conducted a study on the impact of human resources management practices on organizational commitment, Performance; Afriyie et al. (2020) focused only on the effect of compensation on employees' performance in Technical University; Sajjad (2017), focused on human resource management and organizational performance; while Kasau (2017) focused only on work-life balance and employee performance in the ministry of finance and economic planning in Kenya; Oaya et al. (2017) focused only on the impact of recruitment and selection strategy on employees' performance; Rotich and Kiiru (2021) focused only on the effect of succession planning on employee performance. Therefore, no study has been conducted and uses the combination of the variables (performance appraisal, work-life balance variation and succession planning) used in this study. It is in the light of the above problems and the desire to fill the identified gaps that this study seeks to examine the effect of human resource management practices on employee performance of quoted commercial banks in Nigeria.

Therefore, the main objective of this study is to examine the effect of human resource management practices on employee performance of quoted commercial banks in FCT Abuja, Nigeria. To achieve this objective, the study was guided by the following specific objectives to:

- i. examine the effect of work-life balance variation on employees' performance of quoted commercial banks in FCT Abuja, Nigeria; and
- ii. evaluate the effect of succession planning on employee's performance of quoted commercial banks in FCT Abuja, Nigeria.

LITERATURE REVIEW

Human Resource Management Practice

According to Al-Safadi and Altahat (2020), HRMP can be viewed as needed activities of human capital such as employee staffing, staff development, performance management, compensation management, and encouraging employee involvement in decision-making in an organization. Human resource practices are seen as an important aspect of Human Resource Management, Employee Relations, and Organizational & Industrial Psychology (Chahar & Hatwal 2018). Human resource management (HRM) emerged primarily



in acknowledgement of the fact that human assets need to be managed by the management for the firm to enjoy a long-time competitive advantage over others (Alsafadi & Altahtat 2020).

Nguyen et al. (2020) also stated that a business that does HRMP such as development, training, recruitment/selection, appraisal, compensation system, work-life balance variation, and succession planning will be able to accomplish its objectives and cultivate policies successfully and will also be able to execute policies within the organization. HRMP is associated with core strategies and procedures established and applied to ensure the organization's human resources contribute to achieving the organization's goals through effective and efficient recruitment/selection practice, training/development, performance appraisal, compensation, communication, work-life balance variation and succession planning (Nguyen et al., 2020). Despite the over whelming conceptualization of HRMP, This study decided to adopts the definition of HRMP offered by Nguyen et al. (2020) because the definition is current, comprehensive and suitable to this work.

Work-Life Balance Variation

Pattusamy and Jacob (2016) argued that a single definition of work-life balance does not exist and no such definition that would accumulate agreement of many parties exists. Nevertheless, they suggested that work-life balance practices refer to one of the following: organizational support for dependent care, flexible work options, and family or personal leave. Work-life balance is a concept that deals with the ability of individuals, irrespective of age or gender, to get 'into a flow' that allows them to combine the demands of work and other non-work responsibilities and activities, (Spagnoli et al., 2016). According to Khoury (2021), work-Life Balance (WLB) is a state of well-being that any person should achieve if he/she could reach a balance between family, friends, and work responsibilities. Yadav and Dabhade (2014) stated that all workers should have a right to practice careers that do not hinder their ways of finalizing their personal-life matters.

In Practice, WLB involves adjusting work patterns so that everyone, regardless of age, race, or gender can find a rhythm that enables them more easily to combine work and their other responsibilities and aspirations (Ola et al, 2019). Nowadays, WLB is considered a significant matter for both employers and employees that they need to tackle. It is even evident that many of the workplace challenges are believed to be a result of unbalanced work-family matters (Khoury, 2021).

Succession planning

Essentially, succession planning is a conscious decision by an organization to foster and promote the continual development of employees and ensure that key positions maintain some measure of stability, thus enabling an organization to achieve business objectives (Ali & Mehreen, 2018). Ali and Mehreen (2018) further states that traditionally, succession planning has sometimes taken a replacement approach, often focusing on executive-level positions. According to Debicki, et al. (2019), succession planning is any effort designed to ensure the continued effective performance of an organization, division, department or work group by making provision for the development, replacement and strategic application of key people over time. succession is not only about replacing key executives It focuses on key talent pools regardless of leadership level whose performance makes the organization effective in the marketplace. Strategic talent management embraces selection, development, and performance to recognize potential and keep a steady supply of people moving up and across the organization (Friedrich & Wahba, 2021). Therefore good succession planning can result in to increase in performance. Mhlongo and Harunavamwe (2017) stated that the objective of succession planning is to ensure the availability of appropriate human resources to fill the vacant position screened by retirement, promotion and the resignation of employees.

Employee Performance

According to Khan and Khurshid (2017), employee performance is a rating system used in many corporations to decide the abilities and output of an employee. Employee performance is the ability of workers to execute an assignment or a given work and responsibilities. Employees are considered effective when they accomplished standard descriptions and ineffective when the work is not accomplished based on behaviour and performance, (Nyaema & Wambua, 2019). According to Rizwan et al., (2014), employee



performance contains quality and quantity of results driven by individual or group struggle completion. In other meaning job performance can be described as the ability of individuals to achieve their respective work aims, then meet their expectations, achieve benchmarks or accomplish their organizational goals, (Islam et al., 2018). Employee performance embodies the whole belief of the employee about their conduct and contributions to the accomplishment of the organization and compensation practices, performance evaluation and promotional practices are determinants of employee performance, (Akpa, 2019).

Employee Performance is associated with the quantity of output, quality of output, timeliness of output, presence/attendance on the job, the efficiency of the work completed and effectiveness of work completed, (Nwata, 2016). Employee job performance is about the timeliness, effectiveness, and efficiency in the completion of tasks set out by an employer to the employee. Also, performance is a process where members of a workplace contribute to the fulfilment of the overall objective of the organization (Karim et al., 2019).

Empirical Review

Work-Life Balance Variation and Employee Performance

Anwar and Abdullah (2021) evaluated the impact of human resource management practice (work-life balance variation, incentives, training, selective hiring, and job security) on employee's performance. The study adopted a survey research design. The study used sample of 240 respondents from a population of 300 employees with the aid of random sampling techniques. Pearson's Correlation and Multiple Regression tests were employed to determine the strength as well as the relationship of both the dependent and the independent variables. The study found that work-life balance variation has an affirmative relationship with employee's performance and can significantly explain organizational performance. The study was done in Iraq and covered only the Ministry of Regional Municipalities and Water Resources in the Kurdistan region.

Also, Khoury (2021) conducted a study on work-life balance constructs and employee job satisfaction: evidence from the Palestinian investment sector. The study adopted a survey research design. The study covered 7 different investment companies in Palestine and sampled 502 employees. The study utilized a questionnaire as the instrument for data collection. The study used descriptive statistics and multiple regression to analyze the data gathered and test the hypotheses. The study also found that Work-Life Balance has a positive and significant effect on employee job satisfaction in the Palestinian investment sector. The variable used to measure both work-life balance and employee job satisfaction in the study was not the only variable to measure them.

Succession planning and Employee Performance

Rotich and Kiiru (2021) examined the effect of succession planning on employee performance in the Ministry of ICT, Innovation and Youth Affairs in Nairobi City County, Kenya. The study adopted a descriptive research design. The population of the study consisted of 332 management personnel drawn from the Ministry of ICT, Innovation and Youth Affairs out of which 175 sized sample was determined. The study utilized a questionnaire as the instrument for data collection. The data that collected for the study were analyzed using descriptive statistics and regression analysis. The study found that succession planning had a strong, positive and significant effect on employee performance in the Ministry of ICT, Innovation and Youth Affairs. The study was not sincere on the population used as that might not be the true population of the Ministry of ICT, Innovation and Youth Affairs in Nairobi City County, Kenya.

Also, Nyaema and Wambua, (2019) determine the influence of strategic human resource management practices and employee retention in commercial banks in Nairobi, Kenya. The study used succession planning to measure strategic human resource management practices. The study adopted a descriptive survey research design. The sample size used for the study comprised 336 respondents comprises of 42 top-level managers, 84 middle-level managers and 210 low-level managers of commercial banks in Nairobi, Kenya. A questionnaire was used as the instrument for data collection. Multiple regression analysis was used to analyze the data gathered. The findings from the study depicted that succession planning has a

positive and significant effect on employee retention in commercial banks in Nairobi, Kenya. This has led to high staff turnover in most commercial banks.

Human Capital Theory

The theory was founded by Grey Becker (1993) and it asserts that challenges such as globalization, a knowledge-based economy, and technological evolution have obliged many countries and organizations to seek new ways to maintain competitive advantage (Kwon, 2009). The standard approach in labour economics is said to view human capital as a set of skills or characteristics that enhance a worker's productivity. Human capital is said to refer to the stock of productive knowledge and skills possessed by workers (Gao et al, 2010). Boldizzon (2008) adds that, the concept of human capital is semantically the mixture of human and capital. In tandem with the meaning of capital in the economic perspective, the human is the subject to take charge of all economic activities such as production, consumption, and transaction, as such, the performance of the employees need to be appraised, who take over the task or schedule of other in their absence need to be plan and the work environment need to be design to fit with the life of the employees (Mutua et al., 2017). The theory is relevant to this study as it captures the variables used in this study.

METHODOLOGY

The objective of this study is to examine the effect of human resource management practices on employee performance of quoted commercial banks in Nigeria. The study used work-life balance variation and succession planning to measured human resource management practices, while employee performance was measured by employee's job performance. The study adopted a survey research design. The study covered 13 quoted Commercial Banks in Nigeria. The thirteen (13) quoted commercial banks in FCT Abuja covered are Access Bank Plc, First Bank of Nigeria Limited, First City Monument Bank Limited, Guaranty Trust Bank Plc, City Bank Plc, Polaris Bank Limited, Fidelity Bank Plc, Sterling Bank Plc, United Bank for Africa (UBA) PLC, Eco Bank, Taj Bank, Wema Bank Plc and Zenith Bank Plc. The justification for choosing quoted commercial banks in Nigeria is based on the fact that they have more capital structure and values than unquoted banks. In addition, this study focused on employees in the department of Human Resources (HR) only. The justification for focusing on the employees in the HR department is based on their experience and knowledge of the research variables. Therefore, the population of this study was defined as unknown, as there is no any official published document to obtain the comprehensive list of the staff of only HR department of the thirteen (13) quoted commercial banks in FCT Abuja Nigeria. As such it becomes difficult to access the number of employees of only HR department of the thirteen (13) quoted commercial banks in Nigeria.

Therefore, to determine the sample size for this study, Cochran's (1963) sample size determination formula for calculating infinite or unknown population was adopted. Cochran (1963) developed the equation for a population that is infinite or too large or unknown, to yield a representative sample for proportions. The Cochran (1963) sample size formula is given as: $n = \frac{Z^2 pq}{e^2}$, q is $(1 - P)$ $n = \frac{Z^2 \times P (1 - P)}{e^2}$, Where n is the sample size, Z^2 is the abscissa of the normal curve that cuts off an area α at the tails ($1 - \alpha$ equals the desired confidence level, e.g., 95%), e is the desired level of precision, p is the estimated proportion of an attribute that is present in the population, and q is $1-p$. The value for Z is found in statistical tables which contain the area under the normal curve.

Therefore, for the purpose of this study, Z^2 is the Z value at 95% confidence interval, $e = 5\%$, P is the proportion of the population 0.6 and $q = 1-p = 1-0.6=0.4$. Therefore, the sample size for this study comprised of four hundred and eighty-one (481) plus the attrition rate of 30% as suggested by Singh and Masuku (2014); Muritala and Ajetunmobi (2019). And convenience sampling technique was used to select the respondents for the study. The study utilized questionnaire as the instrument for data collection. The questionnaire used was adapted from the works of Cook and Crossman (2004), Rosenwald and Wendell (2013), Rothwell (2010), Obiageli et al. (2015), Williams and Anderson (1991) and Alsafadi and Altahat (2021). The questionnaire was administered equally to the selected 13 banks, therefore, 37 copies of questionnaire was administered to each bank. The reliability of the instrument used was accessed using Cronbach alpha. Cronbach alpha value of greater than 0.7 is appropriate (Hair, et al., 2014). Out of 481

copies of questionnaire administered, 338 copies (70% of total questionnaire administered) were valid for the analysis. The data was analyzed using Partial Least Square Structural Equation Modeling (PLS-SEM) in determining the measurement, structural models and hypotheses testing through SmartPLS 3.0 software (Hair, et al., 2016). Validity and reliability of the measures were first of all ascertained before testing the hypothesized relationships using algorithm and bootstrapping techniques (Hair, et al., 2014). The model for the PLS-SEM is shown below:

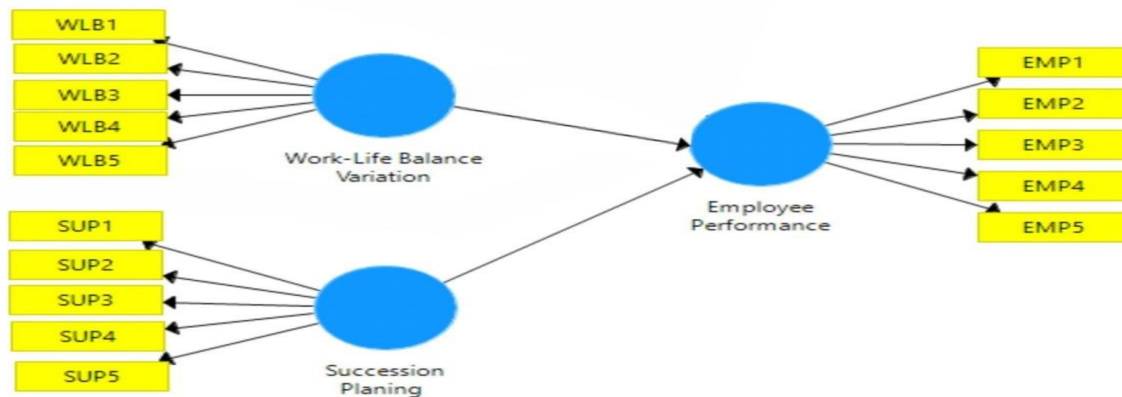


Fig.

1: Model Specification

Source: SmartPLS Output, 2023

Measurement of Variables

Independent variable: Human resource management practices measured by work-life balance variation and succession planning.

Work-life balance variation: The scale of work-life balance variation was adapted from the work of Obiageli et al. (2015). Sample items are: My work gives me time to attend to my family, My organization give me leave to care and support my dependents, Study/training leave allows me to take time off for study or training to improve on my personal growth.

Succession planning: The scale of succession planning was adapted from the works of Rothwell (2010), Rosenwald and Wendell (2013). Sample items included: Our organization a clearly defined succession planning system. Our organization identified the target group for the succession efforts.

Dependent variable: Employee Performance, measured by Employee Job Performance.

The scale of employee performance was adapted from the works of Williams and Anderson (1991) and Alsafadi and Altahat (2021). Sample items were: I adequately complete the assigned duties. I Fulfills responsibilities specified in job description. I perform tasks that are expected of me.

RESULT AND DISCUSSION

Table 1 Descriptive Statistics of Dependent and Independent Variables

	Mean	Standard Deviation
Work-Life Balance Variation	0.014	0.052
Succession Planning	0.313	0.069
Employee Performance	0.232	0.041

Source: Author's computation SmartPLSOutput, 2023

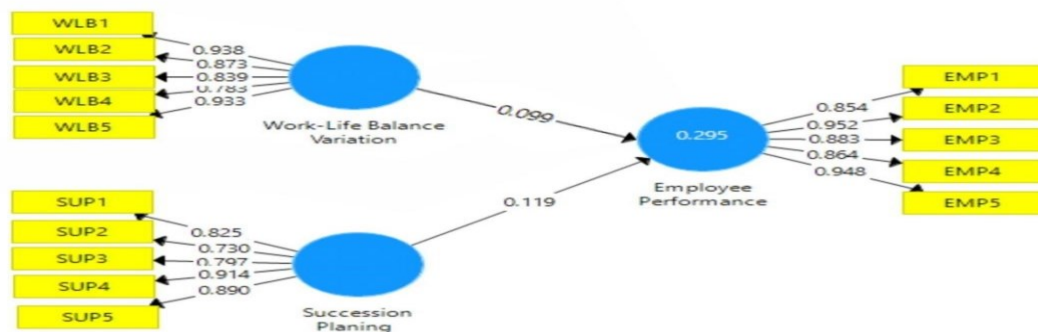
Table 1 above shows the behaviour of the variables under study and provided the statistical description of the variables as expressed in the data collected in terms of the mean and standard deviation. The mean values of the variables with their respective standard deviation values for each of the variables under study are less than 1, also the gap between the mean values and the standard deviation values in all the respective cases is small and this indicates that the data for the variables are normally and evenly distributed. Although the normality of data is the issue of concern when applying the ordinary least square (OLS) regression, however, while applying the PLS-SEM, this assumption is overridden and not an issue that could prevent any further analysis or produce a form of bias in the result, (Hair, et al., 2019).

The results of Heterotrait-Monotrait (HTMT) ratio for the variables used in this research which was used to assess the discriminate validity. From the study, the result in all the respective cases show that values are less than 0.9, this therefore indicated that there is absent of discriminate validity problems. That is, the result revealed that there is no problem of discriminate validity in all respective cases as suggested by Henseler, et al. (2015). Discriminate validity problems are present when HTMT values are high than 0.90 for structural models (Henseler, et al., 2015).

Measurement Model Evaluation

The convergent validity was used to evaluate the measurement model using convergent validity. Convergent validity is determined by examining the factor loadings, composite reliability, and average variance extracted (AVE) (Gholami, et al, 2013). All the constructs used in this study has achieved the acceptable factor loadings of above 0.6, as a result no construct was deleted from the analysis; composite reliability (CR) of all the constructs were all above 0.7 and Average variance extracted (AVE) were all above 0.5 as recommended by Hair et al. (2019). The above is depicted in the fig. 2 and the table 1 below:

Fig. 2: Measurement model of the study constructs and indicators.



Source: SmartPLS Output, 2023

Table 2: Convergent Validity

Variables	Indicators	Loadings	Cronbach's alpha	Composite Reliability	Average Variance Extracted (AVE)
Work-Life Balance Variation	PFA5	0.908	0.923	0.942	0.766
	WLB1	0.938			
	WLB2	0.873			
	WLB3	0.839			
	WLB4	0.783			
	WLB5	0.933			
Succession Planning	SUP1	0.825	0.890	0.919	0.695
	SUP2	0.730			



	SUP3	0.797			
	SUP4	0.914			
	SUP5	0.890			
Employee Performance	EMP1	0.854	0.942	0.956	0.812
	EMP2	0.952			
	EMP3	0.883			
	EMP4	0.864			
	EMP5	0.948			

Source: SmartPLS Output, 2023 Collinearity Test

A collinearity test was conducted to ensure the absence of multicollinearity which could lead to bias in the results. This was assessed through the variance inflation factors (VIF). As a rule, VIF values shouldn't exceed 5 to indicate the absence of multicollinearity, (Hair, et al., 2019). The result of the collinearity test is shown in the table below:

Table 3: Collinearity Statistics (Variance Inflation Factor (VIF))

Variables	VIF
Work-Life Balance	1.118
Succession Planning	1.172

Source: SmartPLS Output, 2023

From the table above, the Variance Inflation Factor (VIF) values of 1.118 and 1.172 for all the respective cases indicated that the explanatory variables are not highly correlated. These, therefore, show the absence of multicollinearity among the independent variables used since multicollinearity exists only when the VIF Value is greater than 5. The Variance Inflation Factor (VIF) was used to evaluate the collinearity of the formative indicators. All the VIF values were less than 5 indicating the absence of critical collinearity issues among the indicators of formatively measured constructs, (Hair, et al., 2019; Ringle et al., 2019).

Table 4: Model Goodness of Fit (GoF) Summary

	Saturated Model	Estimated Model
SRMR	0.055	0.055
d_ULS	0.624	0.624
d_G	2.574	2.574
Chi-Square	2,464.032	2,464.032
<u>NFI</u>	<u>0.696</u>	<u>0.696</u>

Source: SmartPLS Output, 2023

The table above shows the result of the model goodness of fit. Sequel to the need to validate the PLS model, there is a need to assess the goodness of fit of the model as suggested by Hair, et al., (2017). This study used the standardised root mean square residuals (SRMR). The choice of this index was based on the fact that the SRMR provides the absolute fit measure where a value of zero indicates a perfect fit. The study adopted Hu and Bentler's (1998) suggestion that a value of less than 0.08 represents a good fit while applying SRMR for model goodness of fit. The study result indicates an SRMR value of 0.055 which is less than 0.08, therefore indicating the fitness of the model of this study as suggested by Hu and Bentler (1998); Ringle, et al. (2019).

Structural Model and Hypotheses Testing

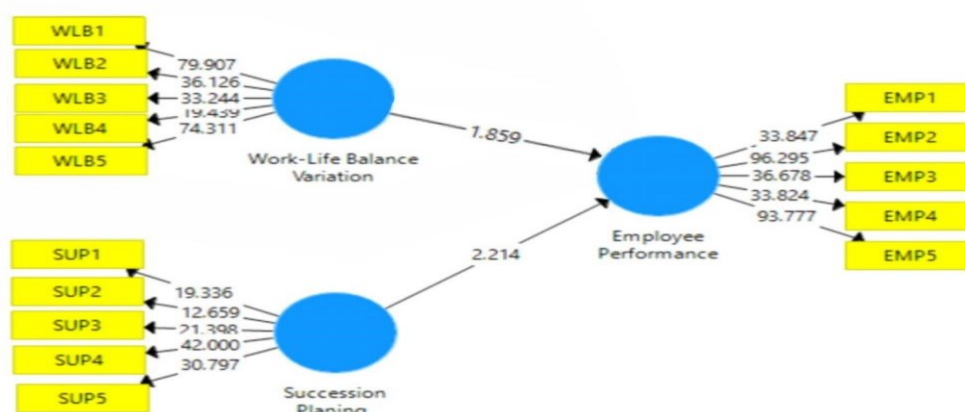


Fig. 3: Structural Model and Hypotheses Testing

Source: SmartPLS Output, 2023

Table 5: *Results of the Structural Model Analysis (Hypotheses Testing)*

Hypotheses	Relationship	Beta (β)	Standard Error	T Statistics	P value	Decision	R ²	Adj. R ²
HO2	SUP-> EMP	0.119	0.054	2.214	0.027	Rejected	0.295	0.288
HO3	WLB-> EMP	0.099	0.053	1.859	0.064	Accepted		

Source: SmartPLS Output, 2023

The Figure 3 and table 6 above show the result of the study. The standard beta and the corresponding t-values were used in assessing the structural model in this study. This was done through the bootstrapping procedure.

The hypothesis with respect to the succession planning and employee performance (SUP>EMP) is positive and statistically significant with beta (β) value of 0.119 (12%), t-value of 2.214 and the p-value of 0.027 (β -value = 0.119, t-value = 2.214 & p-value = 0.027). This result has provided sufficient ground for rejecting the null hypothesis which states that SUP has no significant effect on EMP of quoted commercial banks in FCT Abuja, Nigeria. Therefore, this null hypothesis is rejected. This has proved that the relationship between SUP and EMP is positive and significant at 0.05 significant levels. This implies that SUP practice by quoted commercial banks in FCT Abuja, Nigeria ginger the performance of their employees as the next person or method to succeed the current one is assured. The hypothesis with respect to work-life balance variation and employee performance (WLB->EMP), the bootstrapping result from the Smart PLS reveals that path coefficient of

WLB and EMP is positive and significant with a beta (β) value of 0.099 (10%) with t-value of 1.859 and its corresponding p-value of 0.064 (β -value = 0.099, t-value = 1.859 & p-value = 0.064). This result has not provided sufficient ground for rejecting this null hypothesis which states that WLB has no significant effect on EMP of quoted commercial banks in FCT Abuja, Nigeria. Therefore, the null hypothesis is accepted. This has shown that the relationship between WLB and EMP is positive but insignificant at $p < 0.05$. This implies that the work-life balance variation practice by quoted commercial banks in FCT Abuja, Nigeria though is positive but is not significant enough to improve employee performance. The R² shows the predictive relevance of the model. The R² shows the variance in the dependent variable as explained by the independent variables. The result shows R² value of 0.295 (30%) accounted by the



predictive variables on the criterion variable of the model. That is, the coefficient of determination (R^2) of 0.295 indicates that about 30% of the variation in employee performance of quoted commercial banks in Nigeria can be explained by the combined effects of work-life balance variation and succession planning, while the remaining 70% variation in employee performance of quoted commercial banks in FCT Abuja, Nigeria, can be explained by other factors or variables not included in this study.

From the result in table 5 and analysis above, the study found that work-life balance variation has a positive but insignificant effect on employee performance of quoted commercial banks in FCT Abuja, Nigeria. This finding contradicts the findings of Anwar and Abdullah (2021) and Khoury (2021) who in their studies found that work-life balance variation has a positive and significant effect on employee performance. This could be because of the difference in their research location as their studies were conducted in Kurdistan region Palestinian investment sector respectively.

While, the study found that succession planning has positive and significant effect on employee performance of quoted commercial banks in FCT Abuja, Nigeria. The finding of this study is in agreement with the findings of Rotich and Kiiru (2021) and Nyaema and Wambua, (2019) who in their studies found that succession planning has positive and significant effect on employee performance.

CONCLUSION AND RECOMMENDATIONS

This study examined the effect of examine the effect of human resource management practices (measured by work-life balance variation and succession planning) on employee performance of quoted commercial banks in FCT Abuja, Nigeria. From the findings of this study, it is concluded that succession planning positively and significantly influence employee performance of quoted commercial banks in Nigeria. While, work-life balance variation positively but insignificantly influences employee performance of quoted commercial banks in FCT Abuja, Nigeria

Based on the findings and conclusion drawn from this study, the study recommends that:

- i. Quoted commercial banks in FCT Abuja, Nigeria should improve on their work-life balance variation practice by way of avoiding conflicting the working hours with employees' hours in order to have effective employee's commitment to their jobs.
- ii. Quoted commercial banks in FCT Abuja, Nigeria should continue to improve on their succession planning practice such as filling the vacancies and preparing for a change in leadership to keep having effective employees that will be ready to be committed and improve their overall performance.

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Exchange Rates and the Performance of Manufacturing Sector in Nigeria

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Abstract

Exchange rate is one of the bases used in assessing the performance of an economy. A very strong exchange rate is a reflection of a strong and viable economy. While on the other hand a very weak currency is a reflection of a weak and very vulnerable economy. It is on this basis that this study examines the relationship between exchange rate and manufacturing sector in Nigeria using annual data from 1986 to 2022. Autoregressive Distributed Lag Model (ARDL) and Granger Causality test were used to examine the nexus and direction of causality between exchange rate and manufacturing productivity. The result revealed that there is negative and statistically significant relationship between exchange rate and manufacturing sector. The study further indicated that control variables (i.e. interest rate and money supply) have negative and statistically significant impact on manufacturing productivity. Result of Granger Causality test reveals that there is no evidence of causality running from exchange rate, interest rate and money supply to manufacturing output in Nigeria throughout the study period. Inconsistent with foregoing, this study recommends the need for government to re-strategize the existing agricultural and other related policies in order to boost local sources of raw materials to our local manufacturing firms. In addition to the aforementioned recommendation, Nigerians should reduce the demand for imports and increase the demand for local products and that will help to strengthen the productive capacity of our local manufacturing firms.

Keywords: Exchange Rate, Granger Causality, Interest Rate, Manufacturing Productivity, ARDL

INTRODUCTION

Since the implementation of exchange rate deregulation in Nigeria, the exchange rates, which is the price of domestic currency in terms of foreign currency, has become volatile. Thought, the importance of exchange rate stability in the realization of macroeconomic policy objectives in both developed and developing economies cannot be over emphasized. This is because exchange rate is one of the determinants used in assessing the performance of an economy. A very strong exchange rate is a reflection of a strong and viable economy. While on the other hand a very weak currency is a reflection of a weak and very vulnerable economy. However, governments particularly in developing countries have over the years adopted numerous exchange rate management policies in order to achieve favorable and stable exchange rate. Thus most of these countries including Nigeria experience high degree of exchange rate volatility. This persistent uncertainty led to the adoption of Structural Adjustment Programme (SAP) in 1986 in Nigeria. One of the objectives of SAP was to achieve a realistic and stable exchange rate. To achieve the objectives, Nigeria has introduced different system of exchange rate control. Among them are the Interbank Foreign Exchange Market (IFEM) in 1989, Fixed Exchange Rate policy in 1994, Autonomous Foreign Exchange Market (AFEM) in 1998, re-introduction of IFEM in 1999 and introduction of Wholesale Dutch Auction System in 2006 (Sanni, 2006).

In spite the introduction of the foregoing mechanisms, the value of Naira in relation to U.S. dollar continues to experience recurrent fluctuations and these consequently affect the growth and development of manufacturing sector in particular and economy in general. The workable manufacturing sector play crucial role in economic diversification and transformation. It serve as an artery that will brings about



increase in productivity for exports promotion and imports substitution, creating foreign exchange earnings, employment generations, improving the growth of investments as well as creating efficient interrelationship among different sectors of the economy (David, Umeh and Amah, 2010).

In the 60s and 70s, manufacturing sector is one of the fastest growing sectors of the economy. To sustain the growth and improve the contributions of the sector to national development lots of industrial policies have been put on ground. These are Imports Substitution Industrialization Strategy from 1962 to 1968; the Nigerian Indigenization of 1972; the SAP of 1986; Bank of Industry and Small and Medium Industries Equity Investment Scheme of 2000 among other (Aza and Dodo, 2014). Hence, the policies have failed to achieve the desirable outcomes and the sector continues to witness declining in its contributions to economic growth. The contraction in the contributions of the sector is attributable to factors such as low level of investment in the sector from foreigners, low capacity utilization, high costs of production, inadequate use of modern technology, and heavenly reliance on imported inputs. The rest are shortages of manpower (unqualified and unskilled manpower), negative government attitude toward the sector, corruption, insecurity, rent seeking activities and political instability.

Empirically, several studies have been conducted on the relationships between exchange rate and manufacturing output in Nigeria. For instance, Innocent et al (2013), Clement (2014), Ileckukwu and Nwokoye (2015) and Omotola (2016) investigates the closely related studies and reveals that there is positive relationship between exchange rate and manufacturing output in Nigeria. Furthermore, David et al (2010), Sola et al (2013) and Ailemn et al (2016) conducted similar studies and found that exchange rate is negatively associated with manufacturing output. Consequently, these conflicting findings and the consideration of the contributions of the manufacturing sector to national development are among the reasons for the need for further empirical investigation on the exchange rate-manufacturing output nexus in Nigeria. Additionally, none of foregoing studies examined the nature and direction of causality between exchange rate and manufacturing output in Nigeria. It is against this background that this study poise to examine the impact of exchange rate on manufacturing output in Nigeria. To achieve the objective, this paper is divided into five sections including this introduction. Section two and three contains review of related literature and methodology. Section four and five comprises conclusion and recommendations.

LITERATURE REVIEW

Currency devaluation might have either has favorable or adverse effect on the contributions of manufacturing sector of a country. This phenomenon has been explained theoretically from both demand and supply sides of the economy. On the demand side, currency depreciation would lead to immediate increases in the price of goods and services, given that nominal wages take time to adjust, real wages may reduce temporarily. This create income redistribution from the low marginal propensity to save groups (low wage earners) to groups with higher marginal propensity to save (exporters and companies owners) which might reduce the level of aggregate demand and output. Thus money supply and real money balances would decline leading to a decrease in total demand and output. In a state where price elasticity to imports and exports are very low, exchange rate depreciation would have adverse effect on terms of trade, thereby inducing the country to pay more in real exports for each unit of imports purchased. This further has negative effect on households' purchasing power, forcing them to cutoff their spending and the resultant effect would be an economic recession (Galebotswe and Andrias, year not given).

On the supply side devaluation has contractionary effect on the manufacturing sector performance. Abdullah (2016) stated that the increase in the cost of imported inputs would have negative effect on the production capacity of the manufacturing sector. Krugman and Taylor (1978) applied Keynesian model, outlined the following conditions under which exchange rate depreciation might lead to output reduction in an economy. First, if from the beginning imports surpasses exports; second, if differences in consumption propensities comes from profits and wages and finally, if the government revenue rise as a result of currency devaluation. On the other hand, currency devaluation can also contribute to improve the production in the exports sector thereby leading to expansion in the level of output. But depend on whether the country in question has satisfied the Marshall-Lerner condition or not. The condition states



that depreciation in exchange rate would cause an increase in the level of output if in aggregate the price elasticity of demand for imports and exports is greater than unity (Abdullah, 2016).

Empirically, there have been numerous studies conducted on the connection between exchange rate and manufacturing output both within and outside Nigeria and these studies reveals diverse results. Ibrahim and Amin (2005) conducted a study on how exchange rate and monetary policy rate affect manufacturing output in Malaysia. Quarterly data from the first quarter of 1979 to the last quarter of 1999 were used and Vector Autoregressive Models was also applied. The results indicated that exchange rate and monetary policy rate have significant influence on manufacturing output. The study recommended the need for policy makers to take exchange rate and interest rate into consideration when designing stabilization policies.

Hodge (2012) examined the extent to which exchange rate and Dutch diseases associated with the manufacturing sector in South Africa. A Johansen VAR/CEC cointegration approach was employed and quarterly data covering the period 1980 to 2010 were used. His findings show that exchange rate is negatively related to manufacturing output and that there is no evidence of Dutch diseases on the manufacturing sector in South Africa over the study period.

Lotfaliipour, Ashena and Zabihi (2013) analyzed the impact of exchange rate on investment in manufacturing sector in Iran using annual data from 1995 to 2009. they found that exchange rate fluctuations has negatively connected to investment in manufacturing sector. They further suggested the use of foreign exchange reserve by the government in curtailing exchange rate instability.

Mensah et al. (2013) investigated the relationship between exchange rate volatility and employment growth in manufacturing sector in Ghana. The study covered the period from 1990 to 2010 and Ordinary Least Squares has been used in the analysis. The result shows that exchange rate volatility and interest rate are negatively related to employment growth in manufacturing sector. Results further, reveal that inflation and GDP are positively related to employment growth rate. They advise the need for ensuring efficient management of exchange rate in order to achieve sustainable employment growth in manufacturing sector. Abdallah (2016) studied the relationship between exchange rate and manufacturing performance in Ghana. Using time series data from 1986 to 2013 and employing the Autoregressive Distributed Lag (ARDL) Model. The results show that there is a positive and statistically significant relationship between exchange rate and manufacturing performance in Ghana. The study recommended that government should impose some mechanism that will regulate the importation of goods that could be produced locally in order to encourage the manufacturing firms to produce more. In addition, government should ensure that there is a constant power supply, good roads, water and telecommunication system that will help the manufacturing sector to improve their performance.

In Nigeria many studies were conducted on the topic and these studies reveals conflicting findings. Innocent et al (2013) conducted a study on how exchange rate fluctuations affect manufacturing sector in Nigeria. They controlled the variables such as manufacturing GDP, manufacturing foreign direct investment, manufacturing employment rate and exchange rate in the model. Their results found that all the above mention variables exert positive and statistically significant influence on manufacturing output in Nigeria. The study recommended the need for government to diversify the economy by investing in agriculture, agro-allied industries, agro-investment and oil allied industries in order to improve the capacity utilization of the sector and to strengthen the value of local currency.

Clement (2014) investigated the nexus between exchange rate fluctuations and industrial output in Nigeria. In the analysis Ordinary Least Squares has been used and secondary date spanning from 1990 to 2012 has also been applied. The study reveals that exchange rate, capacity utilization and technology have positive and statistically significant effect on industrial output over the sample period in Nigeria. He suggested that government should induce more effort in ensuring exchange rate stability and that favorable environment should be provided by ensuring uninterrupted power supply, security of life and property and adoption of modern technology.



Ilechukwu and Nwokoye (2015) examined exchange rate-industrial output nexus in Nigeria using annual data from 1980 to 2013. In testing relations, OLS was used as the technique of data analysis. They show that domestic capital, foreign direct investment, population growth and exchange rate have positive impact on industrial output. They stressed the need for the policy makers to reform the existing policies in order to realize constancy in macroeconomic variables that would create conducive business atmosphere vis-à-vis economic growth.

Omotola (2016) assessed the impact of exchange rate on manufacturing output in Nigeria for the period 1986 to 2014. The study applied Autoregressive Distributed Lag (ARDL) model in estimating the reactions among the series. The study revealed that positive and statistically insignificant relationship exists between exchange rate and manufacturing output. The study further shows that government capital spending has positive influence on manufacturing output while consumer price index has negative effect on manufacturing output. The study suggested that government should adopt export strategy policy and discourage the imports of locally produced items with view to achieve strong balance of payments.

David et al. (2010) examine the impact of exchange rate on manufacturing sector in Nigeria using annual data from 1986 to 2005. They applied OLS to estimate the association between exchange rate and manufacturing sector. The results reveal that exchange rate and manufacturing foreign private investment are negatively related to manufacturing productivity while manufacturing employment rate has positive impact on manufacturing productivity. The study recommends the increase in investment in the agricultural sector in order to increase the local source of raw materials to manufacturing sector. Additionally, Sola et al (2013) tested whether the contributions of manufacturing sector brings about sustainable development in the economy or not in Nigeria. In the analysis, authors controlled exchange rate as one of the variables in the model. They revealed that exchange rate is negatively correlated to manufacturing performance.

Ailemen et al (2016) in their empirical study titled “deregulation of foreign exchange market and industrial products in Nigeria”. The variables of their choice are labour, capital, exchange rate, inflation and political instability. They applied OLS and annual data from 1970 to 2013 is used. The results show that capital and labour have positive relations with industrial output, whereas exchange rate and inflation have negative influence on industrial products. They concluded that government should invest heavily in the education sector so as to produce enough and qualified manpower.

METHODOLOGY

In order to understand the link among the variables, this study applied Autoregressive Distributed Lag (ARDL) Model for estimation. Moreover, prior to model estimation, the properties of the variables under study were tested in order to know the stationarity levels. The econometrics techniques used in the process were Augmented Dickey-Fuller (ADF) and Phillips-Perron (P-P). This study as well used annual data spanning from 1986 to 2022 for the estimation. These are the years for which all the data of the variables under estimation are available. The data is obtained from Statistical Bulletin of the Central Bank of Nigeria (CBN). Furthermore, this study adopt model from the work of Hodge (2012) with little modification in order to estimate the relationship among the series. The variables incorporated in the model are manufacturing output (MPER), exchange rate (REXR), interest rate (INR) and money supply (MOS). Additionally, after conducting ARDL test, this study conducted Granger causality test in order to identify the nature and direction of causality among the series.

Model Specification

This study make used of ARDL approach developed by Pesaran et al (2001) to estimate the nexus among the variables. The rationales behind the choice of this approach are: first ARDL can be applied irrespective of whether the variables are stationary at level value $I(0)$ or at first difference $I(1)$ or combination of both. Second, it can generate robust and reliable results even if the number of observations is small or large. Finally, it produces unbiased result of the long-run as well as valid f - statistics even if when some of the regressors are endogenous (Abubakar and Ya’aba, 2014). Aligned with Pesaran et al (2001) the ARDL model is given as:

$$\Delta LMPER_t = \beta_0 + \sum_{i=1}^m \beta_1 \Delta LMPER_{t-i} + \sum_{i=1}^m \beta_2 \Delta LREXR_{t-i} + \sum_{i=1}^m \beta_3 \Delta LINR_{t-i} + \sum_{i=1}^m \beta_4 \Delta LMOS_{t-i} + \alpha_1 LMPER_{t-1} + \alpha_2 LREXR_{t-1} + \alpha_3 LINR_{t-1} + \alpha_4 LMOS_{t-1} + \mu_t \quad \dots\dots\dots (1)$$

Note that β_0 , to β_4 and α_1 to α_4 are the parameters of the explanatory variables. Additionally, the Error Correction Model of the ARDL approach is specified as:

$$\Delta LMPER_t = \beta_0 + \sum_{i=1}^m \beta_1 \Delta LMPER_{t-i} + \sum_{i=1}^m \beta_2 \Delta LREXR_{t-i} + \sum_{i=1}^m \beta_3 \Delta LINR_{t-i} + \sum_{i=1}^m \beta_4 \Delta LMOS_{t-i} + \beta_5 ECM_{t-1} + \mu_t \quad \dots\dots\dots (2)$$

The ARDL model is structured into two; the first part of the equation with β_0 to β_4 represents the short-run dynamics of the model, while the coefficients α_1 to α_4 represents the long-run relationship. The null hypothesis of the above model is defined as $H_0: \alpha_1 = \alpha_2 = \alpha_3 = \alpha_4 = 0$ which tell us that there is no cointegration among the variables under measurement. Furthermore, the study began the analysis by conducting cointegration test of the ARDL in order to find out the evidence of long-run relationship. The calculated F-statistics is compared with the Critical Value as tabulated by Pesaran et al (2001). If F-statistics is greater than the upper critical value, then the decision rule will be to reject the null hypothesis of no long-run relationship, whereas if it falls below a lower critical value, then the null hypothesis cannot be rejected and if it falls within these two critical bounds, then the result is inconclusive (Pesaran et al, 2001).

DISCUSSION OF FINDINGS

When dealing with time series data, it is good to test the nature of the series behavior so as to know the order of integrations. This has been conducted using ADF and P-P testing approaches and the results are presented in Table 4.1. Accordingly, the ADF indicates that all the variables were stationary at first difference. Similarly, the P-P test shows that manufacturing productivity and money supply were stationary at level value while exchange rate and interest rate were stationary after first difference.

Table 4.1: Unit Root Test (Augmented Dickey-Fuller and Phillips-Perron)				
Variables	Augmented Dickey- Fuller		Phillips-Perron	
	Level	First Diff.	Level	First Diff.
LMPER	3.341537	-3.764823***	-4.474388***	-20.92217***
LREXR	-0.635614	-4.374409***	-0.613864	-4.295039***
LINR	0.547895	-2.338240**	0.540977	-5.785265***
LMOS	-1.164860	-7.001053***	-3.282915*	-18.53922***
<i>Note: ***, ** and * indicate significant at 1%, 5% and 10% respectively.</i>				
<i>Source: Authors computation from Eviews output.</i>				

From the stationary test results, we found that series were integrated of different order, some are I(0) while other are I(1). Consequently, ARDL model is the suitable method to handle the series of this nature in estimating the association ship among the variables. This also drives us to conduct the cointegration (bounds) test of the ARDL. The result proves that there is evidence of cointegration among the series. This is because the F-Statistics value (6.28) is bigger than the lower and upper critical bounds for all the significant levels. This confirms the rejection of null hypothesis of no cointegration. The result is tabulated in Table 4.2.

Table4.2 : ARDL Bounds Test	
Test Statistics	
F-Statistics	6.28
Critical Value Bounds	

Significance levels	I(0) Bounds	I(1) Bounds
10%	2.37	3.20
5%	2.79	3.67
1%	3.65	4.66
Source: <i>Authors' Computation From Eviews Output.</i>		

Given that, the bounds test indicated the existence of long run relations among the variables, we then move on to generate the long run coefficients of the ARDL and the result is tabularized in Table 4.3. The results show that, there is a negative and statistically significant relationship between exchange rate and manufacturing productivity in Nigeria over the sample period. 10% increase (decrease) in exchange rate might lead to about 8.72% decrease (increase) in manufacturing productivity. The finding is supporting the findings of David et al (2010), Sola et al (2013) and Ailemen et al (2016) and contradict the results of Celement (2014), Innocent et al (2013), Ileckukwu and Nwokoye (2015) and Omotola (2016). In addition, the result of this study reveals that exchange rate instability has adverse effect on manufacturing productivity. This is true considering the nature of the Nigerian economy that solely depend on one product (crude oil) as exports and imports the entire consumption items including the raw materials used in the manufacturing sector. David et al (2010) noted that the factors such as high cost of foreign exchange for producing raw materials and machinery, technological underdevelopment, inadequate socio-economic infrastructure and shortages of technical and qualified manpower are among the problems that affect the contributions of manufacturing sector to national development.

Interest rate has negative and statistically significant influence on manufacturing output. A 10% increase in interest rate would lead to about 13.4% decrease in manufacturing output. The result maintained the theoretical pronouncement that interest rate has adverse impulse on investment. Money supply and manufacturing productivity are correlated negatively. A 10% rise in the amount of money in circulation account for about 2.89% decline in manufacturing productivity.

Table 4.3: Result of the Estimated Long-Run Coefficients of the ARDL				
Dependent Variable: LMPER				
Variables	Coefficients	std. Error	t-Statistics	Prob.
LREXR	-0.8725	0.2955	-2.9525	0.0065
LINR	-1.3444	0.6539	-2.0560	0.0496
LMOS	-0.2898	0.1595	-1.8165	0.0804
CONSTANT	10.2074	1.3663	7.4703	0.0000
R ² = 0.62, Adj. R ² = 0.55, AIC = -1.027732, SIC = -0.755640, HQC = -0.936182, DW = 1.17, F-Stat. = 8.86 (0.0000)				
Source: <i>Authors calculation Using Eviews Version 10.</i>				

The estimated short run coefficients of the bounds test shows that Error Correction Model (ECM) is less than one, negative (-0.56) and statistically significant at 1% (0.0000). This confirms the long run nexus among the variables which implies that in the case of any distortion in the economy, it takes manufacturing productivity to correct itself from short run to long run equilibrium at the speed of about 56% every year. In addition, other variables indicate negative and statistically insignificant impact on manufacturing output. The result is shown in Table 4.4.

Table 4.4: Estimated Short-Run Coefficients of the ARDL Model				
Dependent Variable: ΔMPER				
Variables	Coefficients	std. Error	t-Statistics	P-value
Δ(LREXR)	-0.0736	0.1631	-0.4512	0.6554
Δ(LINR)	-0.6254	0.3927	-1.5924	0.1229

$\Delta(\text{LMOS})$	-0.1226	0.0810	-1.5128	0.1419
ECM(-1)	-0.5676	0.0852	-6.6593	0.0000

Source: Authors' computation Using Eviews Version 9.

To confirm that the model is free from serial correlation and heteroscedasticity, the diagnostic tests were conducted and the results presented in Table 4.5 shows that the model is free from autocorrelation and heteroscedasticity. This is due to the fact that the null hypothesis of both tests cannot be rejected as a result of insignificant p-values.

Table 4. 5: Results of the Diagnostic Tests			
Serial Correlation Test			
F-Statistics	0.9254	Prob. F(2, 18)	0.3449
Obs R-Square	1.1342	Prob. Chi-Square (2)	0.2869
Heteroscedasticity			
F-Statistics	1.0142	Prob. F(6, 12)	0.4453
Obs R-Square	7.2987	Prob. Chi-Square (6)	0.3984

Source: Authors' Computation Using Eviews Version 9.

This study further conducted stability tests in order to know the stability or otherwise of the model. The cumulative sum of recursive residual (CUSUM) and cumulative sum of squares of recursive residual (CUSUMQ) testing approaches were applied and the results are presented in figure 1 and 2. According to tests, the estimated model is stable because the recursive errors fall between the two critical lines of the CUSUM and CUSUMQ tests.

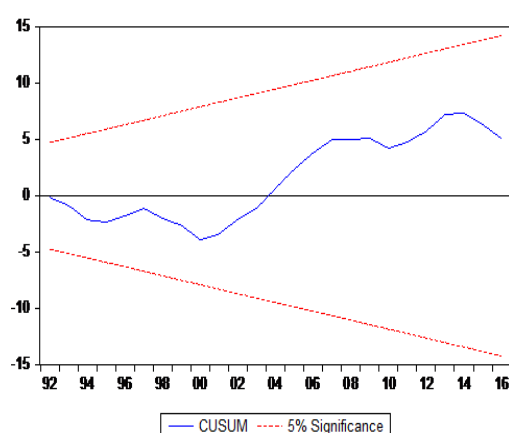


Figure 1

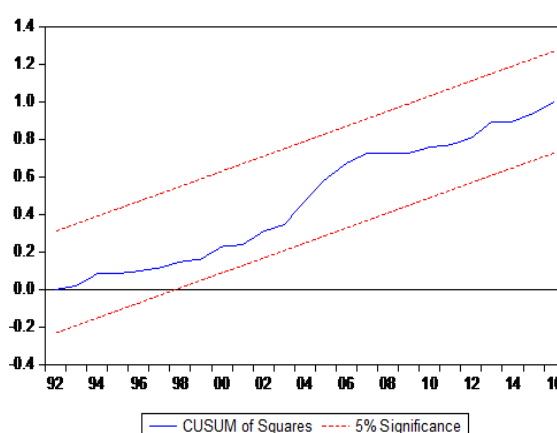


Figure 2

As presented in Table 4.6, the Granger Causality test shows that, there is no evidence of causality running from exchange rate, interest rate and money supply to manufacturing output over the study period. This is because their respective F-statistics are not significant even at 10% level. Therefore, the null hypotheses cannot be rejected going by their p-values.

Table 4.6: Result of the Granger Causality Test.			
Null Hypotheses	Obs.	F-statistics	P-values
LREXR does not Granger Cause LMPER	33	0.3946	0.5346
LMPER does not Granger Cause LREXR	33	0.0232	0.8799
LINR does not Granger Cause LMPER	33	0.3740	0.5454
LMPER does not Granger Cause LINR	33	0.0083	0.9279
LMOS does not Granger Cause LMPER	33	0.7965	0.3792
LMPER does not Granger Cause LMOS	33	0.3748	0.5450

Source: Authors' Computation Using Eviews Version 10.

CONCLUSION AND RECOMMENDATIONS

Exchange rate and manufacturing productivity are among the most important variables that determine how strong economy it's in both domestic and foreign markets. Understanding the impact on one variable to another is of paramount important to the managers of an economy. It is on this basis that this study examines the association between exchange rate and manufacturing output in Nigeria using annual data from 1986 to 2018. Autoregressive Distributed Lag Model (ARDL) and Granger Causality test were used to examine the nexus and direction of causality between exchange rate and manufacturing output. The result revealed that there is negative and statistically significant relationship between exchange rate and manufacturing output. This study further indicated that control variables (i.e. interest rate and money supply) have negative and statistically significant impact on manufacturing output. Result of Granger Causality test reveals that there is no evidence of causality running from exchange rate, interest rate and money supply to manufacturing output in Nigeria throughout the study period. Inconsistent with foregoing, this study recommend the need for government to re-strategize the existing agricultural and other related policies in order to boost local sources of raw materials to our local manufacturing firms. In addition to the aforementioned recommendation, Nigerians should reduce the demand for imports and increase the demand for local products and that will help to strengthen the productive capacity of our local manufacturing firms as well as the value of domestic currency.

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Effect of Intellectual Capital on the Performance of Listed Non-Financial Firms in Nigeria

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Abstract

This study examined the effect of intellectual capital on the performance of listed non-financial companies (NFCs) in Nigeria. The ex-post facto research design was adopted for the study. The population of the study comprised of one hundred and thirteen (113) listed non-financial companies in Nigeria out of which seventy-one (71) companies were selected on the basis of availability of data using purposive sampling technique. Human capital theory underpinned the study. Return (ROA) and return on equity (ROE) were used as proxies for financial performance while, intellectual capital is proxy by Human capital efficiency, Capital employed efficiency (CCE) and Structural capital efficiency (SCE) respectively with firm size and firm age used as control variables. Secondary data were collected from the sampled seventy-one listed non-financial companies for ten years 2012 to 2021 and analyzed using a panel regression with the aid of STATA 13 software. The result revealed that both capital employed efficiency and human capital efficiency have significant effect on asset and return on equity of listed NFCs in Nigeria, while structural capital has a positive and significant effect on return on asset, but a negative and insignificant effect on return on equity of listed NFCs in Nigeria. The study concludes that capital employed efficiency and human capital efficiency affect financial performance of listed non-financial firms. The study recommends that expenditures on intellectual capital should be increasing through investment in training, retraining and development of its employees with modern strategies to enhance productivity and improve financial performance.

Keywords: Intellectual capital, capital employed, human capital and structural capital, ROA

INTRODUCTION

The business environment has increasingly moved into a knowledge based, fast changing, and technology intensive in which investments in human resources, information technology, research and development have become essential in order to strengthen the firms competitive position and ensure their future viability (Canibano, 2022). In the twenty-first century firms are competing in a complex and challenging environment and factors like uncertainties and dynamism associated with the development requires knowledge for success (Hih et al., 2022). Thus, the foundation of organizational competitiveness has shifted from an emphasis on physical and tangible resources to knowledge based and managing knowledge-based resources has become the key for sustaining competitive advantage and superior performance (Grant, 2018; Sharkie, 2020).

The new economic system which is popularly known as the knowledge economy or intellectual asset has been recognized as the prominent resource needed for organizational survival. Service organizations which include application, finance, pharmaceutical, banking, hotel, and universities depend to a considerable extent on their intellectual for revenue drive, while production or manufacturing companies use intellectual capital with its physical assets to sharpen their competitive edge (Firer & William, 2022).

Consequently, the 21st century is more dominated by knowledge economy; many firms are shifting from using physical capital and embrace intellectual capital, as more and more firms are trying to find better ways to use their resources efficiently in order to sustain in the dynamic changing business environment, hence there is a drastic move by many firms from production era to knowledge era and from production



labour to knowledge worker (Lipunga, 2020). It is no gain say that the organization that continues to invest in new skill and technology will continue to be successful. With mounting competitions in the global economy, intellectual capital has become the main ingredient and vital for the organization to sustain the competitive world in which they operate and to create more values. Thus, it has been asserted by Bontis (2021) that intellectual capital is the critical driver for sustainability. While the grounded frameworks of intellectual capital have been in place and Intellectual capital being studied in many countries to give their firms advantage over rivals, there is still a gap in understanding among investors and many organizations face problems with its management, mostly due to measurement difficulties and the increasing gap observed between market value and book value of many companies has drawn attention towards investigating the value missing from financial statements. Therefore, there is a need to measure intellectual capital of the firm and its effect on financial performance, in order to create more awareness.

Intellectual capital describes the intangible assets that contribute to a company's profits. These assets include employee expertise, organizational processes, and the amount of knowledge contained within the company's organization. Intellectual Capital is used to describe the intelligence of individuals who developed, nurtured, and used knowledge to develop innovation in the form of business strategies (Martin-de-Castro et al., 2011 in Hidayah, 2019). This continues to encourage companies to compete fiercely in carrying out business strategies with science-based to create value-added for the organization. The motivation for this research stems that intellectual capital is being identified by many to have the capacity of feeling the crucial gap that exists between company book value and market value. To this extent, companies unarguably require a reliable, accurate and adequate measure of firms' valuation which would have incorporated all the components of IC and sufficiently demonstrate its true impact on company's value and which will narrow the gap between book and market values.

Therefore, the paper examined effect of the determinant of intellectual capital on the financial performance of non-financial companies in a developing nation, the Nigeria experience. On the basis of the main objective mentioned above, the following null hypotheses were formulated:

H₀₁: Human capital efficiency has no effect on the performance of non-listed financial firms in Nigeria

H₀₂: Capital employed efficiency has no effect on the performance non-listed financial firms in Nigeria

H₀₃: Structural capital efficiency has no effect on the performance of non-listed financial firms in Nigeria

LITERATURE REVIEW

Intellectual capital describes the intangible assets that contribute to a company profits. These assets include employee expertise, organizational processes and the amount of knowledge contained within the company. It is also used to describe the intelligence of individuals who developed, nurture and used knowledge to develop innovation in the form of business strategies.

Human capital efficiency

Human capital is defined as leadership qualities, motivation of employees, employee satisfaction, years of experience in profession, proportion of challenging assignments, information technology, literacy of staff, turnover rate, amount of innovations per employee, proportion of employees with degrees, training expense per employee, cost per hire and ratio of managers to employees (Miller, et al 1999). Human capital combines both qualitative characteristics like employee qualification and quantitative characteristics such as the proportion of employee contribution to work, employee size and employee expenses for review and analysis by companies and researchers. In other words, the quality of employees and the amount incurred on employees are regarded as capital.

Evidence from literature express human capital as employee remuneration such as salaries & wages and other employment benefits (Public, 2009). Human capital in this sense is considered as short-term costs incurred on employees. However, the long-term benefits of employees have not been considered in the definition of the quantitative nature of human capital.

Capital Employed efficiency

Capital employed, also known as relational capital employed which is divided into supplier, customer and shareholder capital (Chowdhury et al., 2019). Clients, consumers, the authorities, vendors, workers, and lenders are among the various stakeholder groups and capital employed helps enterprises establish excellent relationships with these stakeholders. The amount of capital used affects the ability to generate revenue and, in this sense, the efficient use of capital can improve the performance of a company. As a result, Capital employed efficiency refers to all necessary physical assets and financial funds. Capital Employed: is defined as book value of the net assets of companies, and net assets is the same as net worth of businesses usually considered for negotiation during merger and acquisition. (Pandey, 2010).

Structural Capital Efficiency

Structural capital refers to the manufacturing process and is a part of intellectual capital, it refers to the intangible assets provided inside the firm's organizational structure and technological infrastructure that produce knowledge flow for enhancing the firm's operational efficiency are referred to as structural capital (Pulic, 2004). Non-human assets make up structural capital, which provides the framework and technology for knowledge flow and industrial processes. Structural capital creates the infrastructure that human capital requires to produce value by utilizing, transferring, and sharing the knowledge that already exists in a company. Structural capital refers to a company's non-human stockpiles of organized knowledge. All of the structures, processes, societal, and procedural qualities that allow the knowledge and practice generated by human capital to be organized and dispersed throughout the firm, and even turned into intellectual property, shape the firm's structural capital (Bontis, 1998, Gates & Langevin 2010). Structural capital efficiency has a number of one-of-a-kind and uncommon resources, because every company has its own philosophy, production design, operating system, management and organizational culture, all of which are distinct from those of other companies.

Financial Performance

Business enterprises strive to enhance operations so they can fulfil the needs of their stakeholders. A company's performance can be measured by how well it meets its objectives within a specified time frame and with the resources available to it (Yusuf, 2019). Financial performance can be define as the degree to which a company uses its resources to accomplish its mission while also providing a return to its investors (Yusuf, 2019). Net profit, return on assets, and return on equity are few of the metrics that can be used to evaluate a company's financial performance.

Empirical Review

Aluwong (2022) investigates intellectual capital and financial performance in Nigeria “drawing samples from listed non-finance firms on the floor of the Nigerian Exchange Group market covering a period of ten (10) years from 2011 to 2020. The objective of the study was to investigate the effect of structural capital efficiency, capital employed efficiency, human capital efficiency and value-added intellectual capital coefficient on financial performance of listed non-financial firms in Nigeria. The study adopted longitudinal design with a sample size of thirty firm’s selected using purposive sampling technique. Financial performance proxied by return on asset, the independent variables adopted for the study were structural capital efficiency, capital employed efficiency, human capital efficiency and value-added intellectual capital coefficient, while leverage was employed as the control variable. Secondary data was collected from the financial statements of the sampled firm’s analyzed using regression. The empirical result of the study leads to the conclusion that out of the four independent variables adopted in the study, only the variable of human capital efficiency insignificantly affect performance of listed non-finance firms in Nigeria. However, the study conclude that structural capital efficiency, capital employed efficiency and value-added intellectual coefficient significantly improve firm performance. The study recommends that managers should place great emphasis on structural capital and the need to invest more in its human capital instruments through continuous learning and training. Consequently, the results of the above study could be spurious and unreliable, this is because the study failed to follow the laid down procedures for analyzing a panel data, but this current study follow the laid procedures for analyzing a panel data, thus this makes the results of the present study to be more reliable.



Enekwe et al (2022) examined the effect of intellectual capital on financial performance of listed consumer goods companies in Nigeria. The specific objectives were to examine the effect of capital employed (CE), human capital (HC), and structural capital (SC), on return on assets (ROA) of listed consumer goods companies in Nigeria. The independent variable intellectual capital proxied by human capital efficiency (HCE), structural capital efficiency (SCE) and capital employed efficiency (CEE) while dependent variable financial performance proxy by return on assets (ROA). The ex-post facto research design which made use of secondary data drawn from the annual report and accounts of four (4) firms in listed consumer goods companies in Nigerian economy covering a period of ten (10) years from 2010 to 2019 both years inclusive. The theory in which this study pinned on was resource-based theory and knowledge-based theory. The E-views version 9.0 software statistical package was used to run the Panel ordinary least square (OLS) for the study. The multiple regression model was applied in determining the extent of the effect of independent variable (intellectual capital) on dependent variable (financial performance) of companies under consideration. The result of the regression analysis revealed that human capital efficiency (HCE) has positive and significant effect on return on assets (ROA) while structural capital efficiency (SCE) and capital employed efficiency (CEE) have negative and insignificant effect on return on assets (ROA) of listed consumer goods companies in Nigeria.

Ivanovic et.al. (2021) assessed the impact of the key elements of intellectual capital on the financial performance of agricultural enterprises operating in emerging markets from 2011 to 2018 using a sample of 47 agricultural enterprises. The objective of the study was to assess the impact of the key elements of intellectual capital on the financial performance of agricultural enterprises operating in emerging markets. Return on Asset (ROA) was used as a proxy for financial performance, while the Value Added Intellectual Coefficient (VAIC) method, proposed by Public, was used to represent intellectual capital. The study used secondary data and adopted Dynamic panel regression model estimation technique. The research findings revealed that Structural Capital Efficiency (SCE) has a negative and insignificant impact on the financial performance of the sampled agricultural enterprises, while Capital Employed Efficiency (CEE) and Human Capital Efficiency (HCE) has a significant impact on financial performance.

Human Capital Theory

This is the underpinning theory. This theory was propounded by Theodore Schultz in 1961 and developed extensively by Gary Stanley Becker in 1964. Becker developed the human capital theory based on Schultz research on returns on investment which highlights the cost-benefit analysis of training and education and a modern extension of Adam Smith's explanation of wage differentials between different employments. The costs of learning the job are a very important component of net advantage and have led Becker and other economists such as Jacob Mincer to claim that, other things being equal, personal incomes vary according to the amount of investment in human capital; that is, the education and training undertaken by individuals or groups of workers.

The theory pointed out that education and training were investments that could add to productivity. As the world accumulated more and more physical capital, the opportunity cost of going to school declined. Education became an increasingly important component of the workforce. The term was also adopted by corporate finance and became part of intellectual capital, and more broadly as human capital. Intellectual and human capital are treated as renewable sources of productivity. Organizations try to cultivate these sources, hoping for added innovation or creativity. Sometimes, a business problem requires more than just new machines or more money. Intellectual and human capital are treated as renewable sources of productivity. Organizations try to cultivate these sources, hoping for added innovation or creativity. Sometimes, a business problem requires more than just new machines or more money (Edom *et al.*, 2015).

This study anchored on this theory, because the human capital theory combines all evidences required for the study of effect of intellectual capital on company performance which this study exploited. Also, human capital has to do with the economic value of a worker's abilities and skills. Companies can enhance their human capital through recruitment or training, as well as by implementing management techniques that optimize the productivity of their existing workers, thus, contribute towards the profitability of an entity,

and Maintaining and improving the value of human capital is usually the role of a company's Human Resource department. Besides, this theory was used as an underpinning theory, because the variables emerged from the theory which are investment in human capital, structural capital, productivity, and profitability are closely related to this study.

METHODOLOGY

The study utilizes an ex-post facto research design, using the secondary source of data from financial statements of targeted firms. This is informed by the paradigm on which the study is based which is positivism in nature. The period covered is (2012 -2022). The decision for choice of the period was in recognition to the fact that Nigeria adopted the use of IFRS in 2012 and data relevant to the study can only be obtained within this period. The data used is panel because the data cut across different companies at different times. Thus, regression is used for the purposed of analyzing the effect of the dependent and independent variables. The population covered all the one hundred and thirteen (13) non-financial firms listed on the floor of Nigeria Stock Exchange (NSE) as at 31st December 2021 out of which seventy-one (71) non-financial firms were selected based on the data availability making up the sample of the study using purposive sampling technique.

In order to examine the effect of the determinants of intellectual capital on financial performance of listed non-financial firms in Nigeria, the study adopted with modification the model used by Aluwony's (2022), Duho & Agomor (2021) as presented below

$$ROA_{it} = \alpha_1 + \beta_1 CEE_{it} + \beta_2 HCE_{it} + \beta_3 SCE_{it} + \beta_4 FSIZE + \beta_5 FAGE + \epsilon_{it} \dots \dots (1)$$

Where:

ROA = Return on Asset; CEE = Capital employed efficiency; HCE = Human Capital efficiency; SCE= Structural Capital efficiency

Control Variables: FSIZE = Firm Size; FAGE = Firm Age

α_1 = constant

$\beta_1 - \beta_6$ = coefficient

ϵ = Error term which is incorporated in the equation to cater for other factors that may influence financial performance

i = cross section of non-financial firms; and t=time in terms of years

The apriori expectation:

$\beta_1, \beta_2, \beta_3, \beta_4$, and $\beta_5 > 0$. This implies all the explanatory and control variables are expected to have a positive relationship with the dependent variables.

Table 3.1: Measurement of Variables

Variable Acronym	Variable Name	Measurement	Source(s) (Aprior E)
ROA	Return on Asset	$\frac{\text{Net Profit after Tax}}{\text{Total Asset}} \times 100$	Anuonye (2016)
CEE	Capital employed Efficiency	Value added (VA) ÷ Capital Employed (CE) Where CE = equity + long term liabilities	Ouasama and Fatima + (2015), Zhang etal (2020) ++
HUCE	Human capital Efficiency	Value added (VA) ÷ Total cost invested on Employee (HC) Where VA = operating profits employee cost + depreciation, HC = total cost invested on employee	Duho and Agomor (2021), Shamsuzzoha (2021) +



SCE	Structural Efficiency	capital	Structural capital / Value added SC/ VA where SC = VA – HC Value added (VA) less Total cost invested on Employee (HC) Where VA = operating profits + Employee cost + depreciation. HC = total cost invested on Employees	Ivanovic et al. (2021) +
FSIZE	Firm Size		Natural logarithm of total assets	Anuonye (2016) +
FAGE	Firm Age		number of years passed after listed on the Nigerian Stock Exchange	Zadah <i>et al.</i> (2013) Anuonye (2016) +

Source: Researchers Compilation from prior Literature, 2023

RESULTS AND DISCUSSIONS

Under this section the results found by the study were presented and analyzed, from which conclusions were drawn. We began with presentation of descriptive statistics, then correlation matrix to multicollinearity assumption, hereteskedasticity test, and finally regression results.

Descriptive Statistics

A descriptive statistic is an analysis of data that helps to describe, show or summarize the behavior of data in a meaningful way, which allows for simpler interpretation of the data. This table contains the description of the properties of the variables ranging from the mean of each variable, minimum, maximum and standard deviation.

Table 4. 1: Summary of Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROA	710	2.607915	15.56625	-179.92	176.27
ROE	710	9.008479	56.87496	-426.59	872.2
CEE	710	.2374085	.2815768	-1.22	5.85
HCE	710	243.6282	136.0372	1	501
SCE	710	.5749859	1.343743	-15.88	18.68
FSIZE	710	7.153268	.8162132	5.24	9.31
FAGE	709	27.36953	13.16503	2	56

Source: output of descriptive statistics obtained from STATA (13) 2023.

Table 4.1 shows, that the total observations of seven hundred and ten (710) indicating 71 sampled listed non-financial companies in Nigeria for the period of 10 years (2012 to 2021). The descriptive statistics for model one, shows that the average return on asset (ROA) of listed non-financial companies in Nigeria was 2.6079 with a standard deviation (SD) of 15.5663. This is an indication that the average return on asset (ROA) of the listed non-financial companies deviates from both sides of the mean by 15.5%, which means that the level of profitability among firm is widely spread as some firm tend to record relatively higher level of profitability than others. The return on asset (ROA) also has a minimum and maximum value of -179.92 and 176.27, this statistic reveals that the level of deviation is high indicating that some firm have higher return on assets. While other experience low losses.

In addition, Table 4.1 reveals that the firm size (FSIZE) of the listed non-financial companies in Nigeria has an average of 7.1533 with a standard deviation (SD) of 0.8162. This shows that firm size (FSIZE) deviates from both sides of the mean by 81% meaning that size of the firm can influence the relationship it has within the industrial sector as it has impact on the function and profitability. The firm size (FSIZE)

also has a minimum and maximum value of 5.24 and 9.31 respectively which is an indication of high performance among firms during the study.

Finally, Table 4.1 also shows that the firm age (FAGE) of the listed non-financial companies in Nigeria has an average of 27.3873 with a standard deviation (SD) of 13.1643. This shows that firm age (FAGE) deviates from both sides of the mean by 13%. Meaning that the data is widely dispersed from the mean. The firm age (FAGE) also has a minimum and maximum value of 2.00 and 56.00 respectively.

Correlation Matrix

The correlation matrix is used to determine the degree of association between independent variables and dependent variables. It is also used to identify whether there is a relationship among the independent variables themselves, to be able to detect if a multicollinearity problem exist. The correlation matrix for two models is presented in Table 4.2 below.

Table 4.2: Correlation Matrix Model One and Two

	ROA	CEE	HCE	SCE	FSIZE	FAGE
ROA	1.0000					
CEE	0.2757	1.0000				
HCE	0.2715	0.3209	1.0000			
SCE	0.0641	0.0460	0.1792	1.0000		
FSIZE	0.1503	-0.0005	0.2629	0.1093	1.0000	
FAGE	-0.003	0.0753	-0.0299	-0.0153	0.0382	1.0000

Source: output of correlation matrix obtained from STATA (13) 2023.

The correlational matrix between the dependent and independent variables in model 1 is presented in Table 4.2. The analysis of the correlation matrix table indicates that there exists a positive correlation coefficient of 0.2757 between financial performance and capital employed efficiency (CEE). A positive correlation implies that there is a tendency for financial performance (ROA) to increase as capital employed efficiency (CEE) increases. The correlation coefficient of 0.2715 between the return on assets (ROA) and the human capital efficiency (HCE) also suggests a positive correlation. This observation implies that there is a positive relationship between human capital efficiency (HCE) and financial performance (ROA), indicating that as HCE increases, ROA also tends to increase. The correlation coefficient of 0.0641 between the return on assets (ROA) and the sustainable competitive advantage (SCE) suggests a weak positive correlation. This observation indicates a relatively weaker correlation between structural capital efficiency (SCE) and financial performance (ROA) in comparison to the preceding variables. The correlation coefficient, which is positively signed at +0.1503, indicates that there is a tendency for financial performance (ROA) to increase as firm size increases, on average. The obtained correlation coefficient of 0.1503 indicates a relatively weak positive correlation. Although a correlation can be observed between the size of a firm and its financial performance, the strength of this relationship is not significant. There are additional factors that are likely to exert a more significant influence on financial performance. The correlation coefficient between the return on assets (ROA) and the age of the firm is -0.0038, suggesting a minimal negative correlation. This observation indicates a limited adverse correlation between the age of a firm and its financial performance. In the present scenario, it can be observed that older firms exhibit a marginally lower return on assets (ROA). However, it is important to note that the correlation between the age of firms and ROA is so minimal that it can be considered practically insignificant.

Table 4.2 also presents the correlation coefficient for model two. The study examines the positive relationship between Capital Employed Efficiency (CEE), Human Capital Efficiency (HCE), Structural Capital Efficiency (SCE), and financial performance, while controlling for firm size and firm age as additional variables. The obtained correlation coefficient of 0.1075 indicates a modest positive association between the variables CEE and ROA. This suggests that there is a positive correlation between capital employed efficiency (CEE) and financial performance (ROA), indicating that as CEE increases, there is a tendency for ROA to improve. However, it is important to note that the strength of this relationship is relatively weak.

The obtained correlation coefficient of 0.1131 suggests the presence of a moderate positive correlation between the variables HCE and ROA. This observation implies that an enhancement in human capital efficiency (HCE) leads to a more pronounced enhancement in financial performance, specifically return on assets (ROA). The obtained correlation coefficient of 0.0408 indicates a modest positive correlation between SCE and ROA. This finding suggests that there is a modest positive association between the increase in structural capital efficiency (SCE) and the improvement in financial performance (ROA), albeit with a relatively weak correlation. The obtained correlation coefficient of 0.0436 indicates a modest positive correlation between the size of a firm and its return on assets (ROA). This implies that, on average, larger firms exhibit marginally superior financial performance in terms of return on assets (ROA) compared to smaller firms, albeit the correlation between firm size and financial performance is not highly pronounced. The obtained correlation coefficient of 0.0234 suggests a minimal positive correlation between the age of a firm and its return on assets (ROA). This observation implies a modestly positive correlation between the age of a firm and its financial performance, specifically in terms of return on assets (ROA). However, it should be noted that the influence of firm age on financial performance is relatively limited

Multicollinearity Test

Multicollinearity arises in a regression model when two independent variables explain the same thing. This overlap between the two independent variables is known multicollinearity. Variance Inflation Factor (VIF) is used to detect multicollinearity in regression analysis. VIF measures how much the variance of an independent variable is influenced or inflated by its interaction or correlation with other independent variables (Baltagi, 2010; Gujarati, 2004). See table 4.3 below.

Table 4.3

Model One	VIF	1/VIF
CEE	1.13	0.881282
HCE	1.24	0.805399
SCE	1.04	0.963536
FSIZE	1.09	0.916010
FAGE	1.01	0.987743
Mean VIF	1.10	
Model Two		
CEE	1.13	0.881282
HCE	1.04	0.963536
SCE	1.04	0.963536
FSIZE	1.09	0.916010
FAGE	1.01	0.987743
Mean VIF	1.10	

Source: output of variance inflation factor obtained from Stata (13) 2023.

In Model One, the VIF values for all independent variables are relatively close to 1, with none exceeding 1.24. This suggests that there is no severe multicollinearity among the independent variables. The mean VIF is also close to 1 (specifically, 1.10), which further supports the absence of strong multicollinearity.

Generally, VIF values below 5 or 10 are considered acceptable, and in this case, all variables are well below those thresholds. Similarly, in Model Two, the VIF values are all relatively close to 1, with none exceeding 1.13. Again, this suggests that there is no significant multicollinearity among the independent variables in this model. The mean VIF remains at 1.10, consistent with the absence of severe multicollinearity. In both models, the VIF values are well below the commonly accepted thresholds for multicollinearity. This indicates that the independent variables in this regression models are not highly correlated with each other, and the study can interpret their coefficients with confidence in terms of their individual contributions to the dependent variable.

Heteroscedasticity Test

A heteroscedasticity test is conducted to check the homoscedasticity assumption of the regression model. The presence of heteroscedasticity violates the homoscedasticity assumption and may lead to a wrong inference. In this study, heteroscedasticity test was conducted using Breusch- Pagan/Cook-Weisberg test. The null hypothesis for the test is “constant variance” (presence of homoscedasticity). Thus, if the p-value is less than or equal to 5%, then there is evidence to reject the null hypothesis. The result of Breusch-pagan/Cook-Weisbaerg test for the study in model one shows that the chi2 value is $\chi^2(1) = 347.11$ and the p-value of chi2 is 0.0000 indicating the presence of heteroscedasticity. Which was corrected using robust regression, see appendix. This indicates that the homoscedasticity assumption is violated and thus OLS is not an appropriate estimator of the model. In line with the suggestion of Gujarati and Porter (2009), the robust OLS regression was employed to correct the heteroskedasticity of the residuals.

However, in model two, the result of Breusch- pagan / Cook-Weisbaerg test for the study in model two shows that the chi2 value is $\chi^2(1) = 0.71$ and the p-value of chi2 is 0.1340 (insignificant) indicating the absence of heteroscedasticity as shown in appendix.

Hausman Specification Test

To improve the quality of the statistical inferences while adopting additional robust regression (Fixed & random) effect models. The Hausman speciation test was conducted to choose between the fixed and random effect model. The result of the Hausman test in model one and two revealed that the value of $\chi^2 = 24.17$ with the corresponding $\text{Prob} > \chi^2$ 0.0002 (significant). The significant value as reported by the probability of χ^2 indicates that the hausman test is in favour fixed effect model. The result indicated that the best model to be interpreted is the fixed regression model. Thus, the Hausman specification test results indicate that the fixed effect model is preferred over the random effect model. Therefore, the study interprets the results using the fixed effect regression model to make meaningful and reliable statistical inferences which helps to account for individual-specific effects that may be present in the panel data, the results of the fixed effect regression model are presented in table 4.4 below.

Regression Results

Table 4.4 Summary Regression Result (Fixed Effect)

Model One	Coef.	Std. Err.	t	P> t
CEE	6.877096	2.302918	2.99	0.003
HCE	.0139675	.0061744	2.26	0.024
SCE	-.0275084	.4196294	-0.07	0.948
FSIZE	7.673776	3.910542	1.96	0.050
FAGE	-.6374513	.2136726	-2.98	0.003
_cons	-39.85807	25.53974	-1.56	0.119
R-sq: 0.2240				



F(5,633) 7.39	=			0.0000

Source: Regression Result Output from STATA (13) 2023.

The R-squared value of 0.2240 indicates that, the explanatory variables (capital employed efficiency, human capital efficiency, structural capital efficiency) along with the control variables (firm size and firm age) collectively explain approximately 22.4% of the variation in the dependent variable, financial performance (ROA). In other words, 22.4% of the variability in ROA can be attributed to the factors included in the model. The F-statistic tests the overall significance of the model. In this case, the F-statistic has a value of 10.23 with a probability of chi2 equal to 0.000 (essentially zero). This low p-value indicates that the model is statistically significant at the 5% significance level. In other words, the model is a good fit for explaining the variation in ROA.

CONCLUSION AND RECOMMENDATIONS

Based on the findings from the regression result, the study concludes and documented statistical evidence that capital employed efficiency and human capital efficiency has a positive and significant effect on return on assets (ROA) for listed non-financial companies in Nigeria. This implies that as companies in Nigeria become more efficient in allocating and utilizing their capital, they tend to experience higher returns on their assets. Higher ROA resulting from capital employed efficiency can make a company more appealing to investors. It suggests that the company is utilizing its assets efficiently to generate profits, which is a positive signal for shareholders and potential investors. While, human structural capital efficiency does not play an important role in explaining ROA. Therefore, recommend among other that the management of non-financial firms in Nigeria should develop and implement a comprehensive capital allocation strategy that prioritizes efficient use of financial resources. Regularly review and adjust the strategy based on changing market conditions and business goals. Prioritize investments that enhance productivity and operational efficiency. Identify areas where capital injections can lead to cost savings and improved ROA.

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Effect of Financing Sources and the Performance of Micro and Small Business in Nasarawa Local Government, Nasarawa State, Nigeria.

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Abstract

Small business in Nasarawa state, Nigeria operates with limited capital which is not enough for them to meet their cost of operations. This problem has led to most of them to resort to borrowing from one or combination of financing options, with the intention of acquiring more funds for expansion, in order to enjoy economics of scale, become competitive in the market and boost their overall performance. Yet, majority of micro and small businesses in Nasarawa LGA., Nasarawa state, Nigeria have not performed well. Therefore, the objective of this study was thus, to examine the effect of financing sources on performance micro and small business in Nasarawa LGA., Nasarawa state, Nigeria. This study adopted a survey research design, the population used for this study was 129 registered micro and small business and sample size was same as the population. The study utilized adapted questionnaire to collect data. Multiple regression analysis was employed to analyze the data collected. The study found that that personal savings source of financing has positive and significant effect on performance of micro and small business. While microfinance bank source of finance has positive but insignificant effect on performance of micro and small business in in Nasarawa LGA., Nasarawa state. The study conclude that financing source influence the performance of micro and small business. The study thus recommended that micro and small business operators in Nasarawa LGA., Nasarawa state should operate with microfinance banks in order to enable them qualify for loans of reasonable amount and also gain other microfinance banks services like advisory and training services in order to aid them improve their businesses performance.

Key words: Microfinance, Personal Savings, Performance

INTRODUCTION

Micro and Small Enterprises (MSEs) form the backbone of many economies, including Nigeria's. They play a significant role in job creation, income generation, poverty reduction, and fostering economic growth. In Nasarawa Local Government, Nasarawa State, these businesses are critical components of the local economy, providing essential goods and services to the community. However, one of the persistent challenges faced by MSEs in Nasarawa Local Government is accessing adequate and appropriate financing. Financing sources include personal savings, family and friends, microfinance banks and co-operative society. Personal savings which refers to the amount left over subtracting the cost of person's consumer expenditure from the amount of disposal income in a given period of time. Family and friends Sources which refers to the funds given by members of family or friends to the small business owner to carry out business. Microfinance which has to do with the provision of financial services adopted to the needs of low-income people such as small business owners especially the provision of loans, and acceptance of small-scale deposit. Cooperative society has to do with the association of persons who pool their resources together on mutual basis to solve specific socio-economic problems. The ability to secure financing is crucial for the establishment, growth, and improve the overall performance of these enterprises (Ubiomoh, 2017).

Performance has to do with how well the business manage or utilize her resources. Performance of a business entails attributes that show changes in the degree of activities in physical size, such attributes can be financial or non-financial and may include among others sales volume, profits, number of employees and general satisfaction with the way their businesses are progressing. High levels of performance can facilitate firm growth and subsequent profit performance, which in turn can yield employment gains and contribute to the general economic health of a state, region or nation. The number of women venturing into entrepreneurial activities in developing countries has continuously been on the rise due to the available



opportunities identified but are faced with so many problems including financing options. It is against this background that this study investigates the effect financing sources on the performance of micro and small businesses in Nasarawa Local Government (Oladele et al., 2014).

It has been observed that micro and small-scale businesses specifically micro and small business in Nasarawa state, Nigeria operate with limited capital which is not enough for them to meet their cost of operations. This problem has led to most of them to resort to borrowing from one or combination of financing options, with the intention of acquiring more funds for expansion, in order to enjoy economics of scale, become competitive in the market and boost their overall performance. Yet, majority of micro and small businesses in Nasarawa L.G.A., Nasarawa state, Nigeria have not performed well. The incidence of high mortality rate among established micro and small business is a matter of major concern in developing countries like Nigeria.

Sourcing of finance has become a major concern in present business world including micro and small businesses, as these businesses aim to keep performing at high level and become a bigger business which will operate in branches at different locations. Therefore, the influx of women into micro and small business in Nigeria over the years specifically Nasarawa state is increasing rapidly with the aim of pulling the resources together in a manner that will keep them performing at high level. However, it has become worrisome that women-owned micro and small business in Nasarawa state continue to underperform when compared to men-owned businesses.

In furtherance, a report by World Bank disclosed that 39 percent of Micro and small businesses as well as 37% of medium sized businesses in Nigeria face financial constraints (Ubiomoh, 2017). Studies have shown that about 70% of small businesses fail in their first three years of operation in Nigeria (Akingbolu, 2014; Okezie, et al., 2013). In addition, despite the abundant natural resources and different business opportunities in Nigeria, majority of small businesses still underperform, some struggled to survive beyond three half years while others died off within few years of operation (Akhamiokhor, 2017). Also some prior studies have revealed that women-owned enterprises are likely to fail and are low in performance indicators like sales, profits and number of employees (Okoli & Ezenwafor, 2015). And that out of the 39.9 percent of total early-stage entrepreneurial activities (TEA) in Nigeria only 17.5 percent were able to grow and survive beyond three and a half years. This is uncalled for and need to be further investigated.

However, it is also observed that most research done in this area focused more on other dimensions. For instance, Nakiranda and Ronald (2022) focused on effect of financial option on financial performance of SMEs in Jinja District, Uganda. Dibrova, (2016) focused on Crowdfunding in European Union; Harash, et al. (2014) focused on influence of finance on performance of small and medium enterprises (SMES). It is in the light of the above that this paper seeks to investigate the effect of financing sources on the performance of micro and small business in Nasarawa LGA, Nasarawa, Nigeria. The specific objectives of the study are to:

- i. Determine the effect of personal savings source of financing on performance of micro and small business in Nasarawa LGA., Nasarawa State, Nigeria; and
- ii. assess the effect microfinance bank source of financing on performance of micro and small business in Nasarawa LGA., Nasarawa State, Nigeria.

LITERATURE REVIEW

Financing Sources

Financing sources refer to where a business gets money from to fund their business activities (Siano et al. 2010). Financing has remained one of the key managerial problems decision that keep confronting business enterprises in Nigeria today. For the SMEs, the accessibility to funds and the cost of raising them have remained issues limiting the in-capitalization requirements leading to premature collapse of the enterprises (Siano et al. 2010). According to Al-Najjar and Al-Najjar (2017) a business can gain finance from either internal or external sources. Internal sources of finance refer to money that comes from within a business. There are several internal methods a business can use, including personal saving or



owners' capital, retained profit and selling assets. personal saving or owners' capital refers to money invested by the owner of a business. This often comes from their personal savings. Personal savings is money that has been saved up by an entrepreneur (Fatoki & Asah, 2015). This source of finance does not cost the business, as there are no interest charges applied. Retained profit is when a business makes a profit, it can leave some or all of this money in the business and reinvest it in order to expand. This source of finance does not incur interest charges or require the payment of dividends, which can make it a desirable source of finance. Selling assets involves selling products owned by the business. This may be used when either a business no longer has a use for the product or they need to raise money quickly. Business assets that can be sold include for example, machinery, equipment, and excess stock (Al-Najjar and Al-Najjar (2017).

External sources of finance refer to money that comes from outside a business. There are several external methods a business can use, including family and friends, bank loans (microfinance and commercial banks loans) and overdrafts, venture capitalists and business angels, new partners, share issue, trade credit, leasing, hire purchase, co-operative society and government grants (Yogo, 2016). Financial sources play an important role at every level in business. It is used for the start-up of the new venture and for expansion and growth of existing businesses. It also serves as a cushion against sudden difficulty arising from environmental changes, poor management and other problems that may arise. It improves firms' ability to react to changing the situation and increase the willingness and readiness of firms to be innovative and they include personal savings and microfinance sources of financing (Schwab et al., 2019).

Personal Savings Source of Finance

Personal savings referred to as owner-savings is usually the first source of finance available to the small business owner (Abdulsaleh & Warthington, 2013). Personal savings represents funds invested into the business by the owner(s) which the business is under no obligation either to refund or pay interest on. Oboro et al. (2011) noted that expansion of micro and small businesses is mainly financed from internally generated funds. For the small business owner, personal savings is preferred over debt as a mode of financing as they undergo a typical cash shortage and are generally unable to secure loans with collateral during the founding phase. However, personal savings or internal finding alone may not be expected to meet the entire demand for finance by the micro and small businesses given the likelihood of smaller savings because of lower incomes (Ritaa & Hurutab, 2020).

Microfinance Bank Source of Finance

Microfinance is the provision of financial services adapted to the needs of low-income people such as micro entrepreneurs, especially the provision of small loans, acceptance of small savings deposits and simple payments services needed by micro entrepreneurs and other poor people (Armendariz & Morduch, 2010). Microfinance banks are specialized financial institutions that cater to the financial needs of micro and small businesses (MSBs), particularly those that are often excluded from traditional banking services due to their limited financial resources and lack of collateral. Here are key points regarding the role of microfinance banks in financing MSBs: Microfinance banks play a pivotal role in providing access to finance for micro and small businesses, which are often underserved by traditional financial institutions. These banks offer a range of financial services, including microloans, savings accounts, and insurance, tailored to the unique needs of micro and small enterprises (MSEs) (Ledgerwood, 2016).

Microfinance banks offer microloans that are typically smaller in size compared to traditional bank loans. This aligns with the capital requirements of micro and small businesses, which may not need large sums of money to start or expand their operations. Microfinance banks often have simplified application and approval processes, enabling MSEs to access funds more rapidly to address immediate business needs (Morduch, 2019). Microloans may come with flexible repayment terms, accommodating the cash flow patterns of MSEs, which can be irregular. Microfinance banks encourage MSEs and individuals to open savings accounts, providing a safe place to store funds and build financial security. Microfinance banks often provide financial education and training to their clients. This empowers MSEs with the knowledge to manage their finances more effectively and make informed decisions. While, some microfinance banks



offer business advisory services, helping MSEs improve their business practices and profitability (Mutuma & Omagwa, 2019).

Performance

The term performance is broad and looks ambiguous, it lacks agreement on basic terminology and there is no simple definition and measurement to evaluate the performance of a business. Moullin (2017) defines performance as how well the organization is managed and the value the organization delivers for customers and other stakeholders. Performance can be defined as the accomplishment of specified business objectives measured against known standards completeness and costs (Sabanci, 2012). Kakhki and Palvia (2016) define performance as the set of metrics used to quantify both the efficiency and effectiveness of actions. According to Shahbandi and Farrokhshad (2019) performance is taken to be the function of an organization's ability to meet its goals and objectives by exploiting the available resources in an efficient and effective way. Mulani et al. (2015) defined business performance as a consistent dimension of consequences and results, which produces reliable data on the success and effectiveness of a planned effort. According to Kihara, et al. (2016), performance measurement includes: total profits (total sales – costs), increase in volume of sales, increase in number of employees, expansion of geographical market size, satisfaction on the returns on assets invested, satisfaction on the returns on equity, increase of customers, expansion of size of the firm, improve in quality of product/productivity and improvement on internal work processes. Similarly, according to Usama and Yusoff (2020) performance measurement includes; increase in sales, increase in profit, retention of experience workers, increase in market share/business size and increase in productivity. However, this study will adopt the performance measurement offered by Kihara, et al. (2016) because it is more comprehensive.

Micro and Small Businesses

The definition of micro and small businesses is varied from country to country since countries do not use the same definition for classifying their micro and small businesses sectors. Nor does a universal definition appear to be necessary (Edom, et al., 2015). Banji (2018), posited that Micro and small businesses in Nigeria are broadly defined as businesses that have turnover of less than one hundred million (₦100,000,000) naira per annum and/or less than three hundred (300) workers. He added that Micro and small businesses in Nigeria represent about ninety percent (90%) of manufacturing industrial sector in terms of number of enterprises.

Empirical Review

Personal Savings Source of Finance and Performance of Micro and Small Businesses

Agyeman et al. (2021) examined whether personal savings impact the performance of Small and medium enterprises in Ghana. Survey methodology was used to collect data for the study through the administration of questionnaires. Purposive sampling technique were used to arrive at the sample of 65. Data was analyzed through the use of the Predictive Analytics Software (PASW) version 20. With respect to whether personal savings impact the performance of Small and medium enterprises (SMEs), The study found that personal savings has significant positive relationship with performance of SMEs in Ghana. The researcher used Pearson's correlation coefficient to find the relationship between access and performance of small and medium enterprises and the finding revealed a positive relationship 0.368. This shows strong relationship between access to finance and performance of SMEs.

Ritaa and Hurutab (2020) examined the influence between personal source of finance and performance through the mediation of entrepreneurial-oriented finance in batik SMEs. The structural equation modelling (SEM) analysis results of 265 SMEs reveal that entrepreneurial-oriented finance has an influence between financing access and SME performance. A positive direct effect is found in the relationship between financing access and entrepreneurial-oriented finance as well as entrepreneurial-oriented finance and SME performance. Entrepreneurial-oriented finance has a full mediation role in financing access towards SME performance. No positive influence is found between financing access and SME performance. Based on the research results, in order to improve business performance, it is not enough to only rely on financing access. Entrepreneurs should also improve their ability to obtain and utilize funds



to develop their businesses. Therefore, the financial aspect can optimize business performance through entrepreneurial oriented financial activities completed by entrepreneurs.

Microfinance Bank Source of finance and Performance of Micro and Small Businesses

Auka (2023) assessed the effect of microfinance institutions on the organizational performance of SMEs in Nakuru town. The specific objectives of the study are, to determine the effect of microfinance loans on organizational performance of SMEs in Nakuru town, The study used descriptive research design since it was easy and it provided high quality data. The target population for the study was 300 registered hotels and restaurants with a sample size of 25 SMEs within Nakuru town. Stratified sampling technique was used where strata included organization offering same products and services. A multiple regression model was used to establish the relationship between MFIs and organization performance of SMEs. The data was analyzed using SPSS software in order to make data entries. The study found that micro loans, insurance and savings were not statistically significant on organizational performance.

Idrees (2022) examined the effect of micro finance on the connection between admittance to fund and SMEs development in Karachi, Pakistan. For this reason essential information was accumulated through the giving a bunch of organized surveys an example of 250 SMEs. The reasonable model comprised on eight factors. First was admitted to back as free factor which was estimated utilizing three elements of openness, use and quality and this measure was contained of things. The micro finance proficiency as dependent variable, which was estimated by eight measurement information, aptitudes, demeanor and conduct. This measure was comprised of 51 things. The Progress of Small and Medium Enterprises as predictor variables, that were estimated the quantity of offerings and resources. The quantitative calculation was comprised on eight factors. The information gathered by the proprietors and organization auditors of Small and Medium Enterprises. Helpful examining utilized to gather information. A descriptive and regression method was utilized to dissect the directing impact of micro finance on the development of Small and Medium Enterprises. These examinations were done utilizing Statistical Package for the Social Sciences (IBM SPSS). The finding of this investigation bolsters the theory, which contended that micro finance is a significant garnish in the connection between admittance to support and of SME's Growth.

Pecking Order Theory

This study is anchored on Pecking order theory. Pecking order theory was first suggested by Donaldson in 1961 and it was modified by Steward C. Myers and Nicolas Majlntin 1984. Myers et al. (1984). This theory is very familiar with the operations of the small business. The pecking order suggests that firms have a particular preference order for capital used to finance their businesses Myers and Majluf (1984). The theory states that, businesses prioritize their sources of financing from internal financing to debt before equity, preferring to raise equity as a financing means of last resort. Hence internal funds are used first, and when depleted, debt is issued and when it is not sensible to issue any more debt, equity is issued. This theory has been found to be relevant to the financing of small businesses (Babajide, 2011). And most small businesses start with internal financing before looking for external sources. Holmes and Kint (1991) found that small businesses experience a more intense version of pecking order in their decisions because access to appropriate external sources of capital is limited. It has been noted that small businesses differ in their capital structure but their intense reliance on pecking order, is only one of the variables that make small businesses financing decision unique.

METHODOLOGY

The objectives of this study investigate the effect of financing sources on the performance of micro and small business in Nasarawa LGA, Nasarawa, Nigeria, Nigeria. Financing sources as independent variable was measured by personal savings and microfinance loan, while performance served as dependent variable. The population of this study comprised of 129 registered micro and small business in Nasarawa LGA., Nasarawa State (Ministry of trade, industry and investment, 2021). Since the population was not too much, the sample size used was same as population of the study and census sampling technique was used to select the respondents. The target respondents of the study were owner/managers of registered micro and small business in Nasarawa LGA., Nasarawa State. The questionnaire was used as the instrument for data collection. The questionnaire used was adapted from the works of Ubiomoh, (2017), Kihara, et al. (2016);



Shahbandi and Farrokhshad (2019). The reliability of the instrument used was accessed using Cronbach alpha. Cronbach alpha value of greater than 0.7 is appropriate (Hair, et al., 2022). Out of 129 copies of questionnaire administered, 97 copies which constitute 75% of total questionnaire administered were properly filled and useful for the analysis. The data was analyzed using descriptive statistics and inferential statistical tool of multiple regression analysis. The regression model used is stated as:

$$PERF = \beta_0 + \beta_1PSS + \beta_2MFB + \epsilon$$

Where: PFM = Performance; PSS=Personal Saving source of financing; MFB =Microfinance Bank source of financing; β_0 = Constant; β_1 - β_2 = Regression coefficients and ϵ = Regression error

RESULT AND DISCUSSION

Table 1 Descriptive Statistics of Independent and Dependent Variables

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
PSS	97	1	5	3.6838	.83483	-.661	.135
MFB	97	1	5	2.9646	.55725	-.563	.135
PFM	97	1	5	3.7875	.75494	-.604	.135

Source: Field Study, 2023 via SPSS

The table above show the behaviour of all the variables used in the study. The mean values of 3.6838, 2.9646 and 3.7875 with their correspondent standard deviation values of o. 83483, 0.5572 and 0.75494 for personal savings, microfinance bank sources of finance and performance respectively. While the minimum and maximum value stood at 1 and 5 respectively. Also, the Skewness and Kurtosis value in all respective cases are less than one indicates that the data for the variable is normally distributed.

Table 2

Correlations of Independent Variables

		PSS	MFB
PSS	Pearson Correlation	1	.332**
	Sig. (2-tailed)		.000
	N	97	328
MFB	Pearson Correlation	.332**	1
	Sig. (2-tailed)	.000	
	N	97	97

Source: author's computation, 2023 via SPSS

The table above shows the correlation between the personal saving and microfinance bank sources of financing, the result showed a positive but faire and significant relationship between them which stood at 0.332 and 0.000 significant at 1% level of significance. This implies that the variables move in the same direction.

Table 3 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	of the Durbin-Watson
1	.777 ^a	.604	.601	.33221	1.839

a. Predictors: (Constant), PSS, MFB

b. Dependent Variable: PFM

Source: Field Study, 2023 via SPSS

Table above, is the model summary that indicates the Regression Coefficient (R) and the Coefficient of Determination (R^2). The Regression Coefficient (R) of 0.777 shows a good positive correlation between



the variables, while the Coefficient of Determination (R^2) of 0.604 indicates that about 60% of variation in performance of micro and small business in Nasarawa LGA, Nasarawa state can be explained by the combined effects of personal savings and microfinance bank sources of financing. The remaining 40% variation could be explained by other factors or variables not included in this study. The Durbin-Watson value of 1.839 is almost 2 but, less than 2 (is less than the threshold of 2) indicates the absence of autocorrelation among the variables.

Table 4 ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	54.527	2	18.209	164.992	.000 ^b
Residual	35.658	94	.110		
Total	90.185	96			

a. Dependent Variable: PFM

b. Predictors: (Constant), PSS, MFB

Source: Field Study, 2023 via SPSS

The table 4 above presented the ANOVA results. The results indicate the fitness of the model. The F-statistics of 164.992 with its corresponding P-value (sig. value) of 0.000 from the table indicates that the model is fit. These results have proved that the model is well fitted and useful for the purpose of explaining and predicting the combined effect of personal savings and microfinance bank sources of financing on performance of micro and small businesses in Nasarawa LGA, Nasarawa state, Nigeria.

Multiple regression analysis for the Effect of Financing Sources on the Performance of Micro and Small Businesses.

Table 5 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance VIF
1	(Constant)	.686	.106		6.491	.000	
	PSS	.352	.031	.514	11.393	.000	.599 1.669
	MFB	.154	.044	.197	1.528	.264	.390 2.565

a. Dependent Variable: PFM

Source: author's computation 2023 via SPSS

From the table 5 above, the result shows that personal savings source of finance has positive and statistically significant effect on performance of micro and small businesses in Nasarawa LGA, Nasarawa state, Nigeria at 5% level of significant. This decision was based on the positive standardized coefficient beta (β) value of 0.514 (51%), t-value of 11.393 which is greater than 1.96 and its corresponding p-value of 0.000 (β value = 0.514, T-value = 11.393 and P-value = 0.000). This result has provided the sufficient ground for rejection of the hypothesis which states that personal savings source of finance has no significant effect on the performance of micro and small business in Nasarawa LGA., Nasarawa state Nigeria. Therefore, this null hypothesis is rejected.

The result of the test of the hypothesis with respect to microfinance bank source of finance and performance, reveals that microfinance bank source of finance has positive but insignificant effect on performance of micro and small business in in Nasarawa LGA., Nasarawa state Nigeria at 5% level of significant. This decision was based on the positive standardized coefficient beta (β) value of 0.197 (20%), t-value of 1.528 which is below 1.96 and its corresponding p-value of 0.264 (β value = 0.197, t-value = 1.528 and p-value = 0.264). This result has not provided sufficient ground for the rejection of the null hypothesis which states that microfinance bank source of finance has no significant effect on the performance of micro and small business in Nasarawa state. Therefore, this null hypothesis is hereby accepted

The Variance Inflation Factor (VIF) values of 1.669 and 2.565 from the table indicated that the explanatory variables are not highly correlated. These therefore, show absence of multicollinearity among the independent variables since multicollinearity exists only when the VIF Value is greater than 5.



CONCLUSION AND RECOMMENDATIONS

Based on the above findings from this study, it is concluded that personal savings source of finance positively and significantly influences the performance of micro and small business in Nasarawa LGA., Nasarawa state. This implies that personal savings source of finance of micro and small business in Nasarawa state positively and significantly influences the performance of their businesses. The study also concluded that microfinance bank source of financing has positive but insignificant effect on the performance of micro and small business in Nasarawa LGA., Nasarawa state. This implies that microfinance bank loan offered to micro and small business operators in Nasarawa LGA., Nasarawa State, although is positive but not significant to improve their businesses performance. Based on the findings and conclusions drawn from this study, the study recommends that:

- i. Micro and small business operators in Nasarawa LGA., Nasarawa state should maintain the use of personal savings source of finance by way keep saving part of their earnings in order to continue improving the performance of their businesses.
- ii. Micro and small business operators in Nasarawa LGA., Nasarawa state should operate with microfinance banks in order to enable them qualify for loans of reasonable amount money and also gain other microfinance banks service like advisory and training services in order to aid them improve their businesses performance.

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Effect of E-Banking on Customer Satisfaction of Access Bank in Abuja Nigeria

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Abstract

The study investigates the effect of e-banking on customer satisfaction of access bank in Abuja Nigeria. Specifically the study examines the effect of perceived security, ease of use and responsiveness on customer satisfaction of access bank in Abuja Nigeria, the study was anchored on technology acceptance model (TAM) theory. The population of the study was unknown based on the nature of the respondents Thus; the sample size of two hundred and seventy-five (275) was determined for the study using infinite population sampling formula by Topman. Convenience sampling technique was used to select the respondents; Primary data was used and it was collected through the use of five-point likert scale questionnaire, the hypothesis of the study was tested using multiple regression of which the result shows that perceived security has negative and significant effect on customers' satisfaction, The study also found that ease of use has a positive and significant effect on customers' satisfaction, Finally, The study found that responsiveness has a negative and significant effect on customer's satisfaction in Access bank Abuja. Based on the findings the study recommends that Access bank should provide adequate regulatory framework that will ensure customer protection and security of transaction, Furthermore, Access bank in conjunction with mobile service providers should develop more friendly and easy to use and efficient applications and Lastly, they should ensure that e-services of are delivered with accuracy also failed transactions should be quickly resolved.

Keywords: E-Banking, Security, Responsiveness, Ease of use, Customer Satisfaction

INTRODUCTION

Today, the world is becoming a global village given the growing complexity of business portfolios and expansion of business groups, and the increase in decentralization in response to these changes. The increased technological innovations in the banking industry have changed the ways in which customers are now carrying out transaction (Minjoon et al. 2016). The important question now is has mobile banking enhanced customer satisfaction in the banking industry. Before we dwell on this, lets conceptualize the key concepts in the study. Mobile banking is a services provided by a bank that allows customers to access their bank information, conduct financial transactions, make transfers and pay bills without physical visiting the branch of the bank where account is domiciled (Uwalaka, & Peace, 2022). Mobile banking has completely change the way that customers do banking transaction when electronic banking systems start providing efficient automated banking services through wireless networks. Mobile baking has the ability to redesign and also redefine total area of the business and business models of financial services sector (Uwalaka, & Peace, 2022).

Perceived security refers to the degree to which users believe that a transaction on a mobile payment platform is secure in terms of both financial and personal information aspects (Hartono, et al. 2014). Customers value safety during online transaction, and hence when the E-banking service has a tight security it will lead to improved customer satisfaction. Responsiveness is the desire to help consumers and



provide services as soon as possible. Responsiveness is crucial for enhancing the customers' perception of service quality as customer satisfaction may be achieved in the banking sector when the service provider is willing to assist its customers when required (Ameli & Frida, 2021). According Jogiyanto (2007) ease of use is defined as the extent to which someone believes that using a technology will be free from effort. Efficient ease of use can dramatically reduce the amount of resources needed when it comes to offering services to customers, if a customer is easily able to use e-banking service or application, there will be increase in the overall satisfaction.

Customer satisfaction on the other hand refers to the utility drawn by customers from services offered by financial institutions, particularly banks. Customer satisfaction measures how well a product or a service supplied by a firm meets customer expectation Mobile banking or M-banking involves the use of mobile devices to carry out financial transactions using the reach of the mobile phone networks to carryout wire transfers (Sylvie & Xiaoyan, 2018). The rise of information communication technology has radically transformed the world economy. There have been tremendous changes in the banking industry over the years and customers have also rightly demanded world class quality services from the banks. E-banking benefits both, the customer and the banks. It has also helped banks to reduce their operational expenses of maintaining employees and physical facilities (Sardana & Bajpai, 2020). More so, banks have promoted electronic banking for its usefulness to its customers. However, the level of utilization seems poor and less effective which is evidential to the lengthy queues in some bank branches and some customers being scared of constant damage in the system and unpredictable internet failure. It is against this background that this study examined the effect of E-Banking service on customers' satisfaction of Access bank Abuja.

Statement of the Problem

E-banking was adopted by banks so as to improve their service delivery, decongest queues in the banking hall, enable customers withdraw cash 24/7, aid payment, track personal banking transaction, request for online statement, or even transfer deposit to a third-party account and reduced cash handling. Despite huge investment and the efforts made by the banks through E-banking services in order achieve these; long queues are still seen in the banking halls, bank customers still handle too much cash, and also the refusal of some customers using the electronic banking products that are conveniently available to them. there are still series of untold hardship its adoption is inflicting on users such as debiting customer's account without the success of such transaction. In some cases, transaction will be displayed successful but the beneficiary account will not be credited. However, these developments in the Nigerian banking industry seem not to have achieved their aims.

The main objective of the study is to examine the effect of e-banking on customer's satisfaction of Access bank Abuja Nigeria. The specific objectives include to:

- i. Determine the effect of perceived security on customer's satisfaction of Access bank Abuja Nigeria.
- ii. Ascertain the effect of ease of use on customer's satisfaction in of Access bank Abuja Nigeria.
- iii. Determine the effect of responsiveness on customers' satisfaction of Access bank Abuja Nigeria.

LITERATURE REVIEW

Concept of Electronic Banking

Raza, et al. (2020) defines online banking as a type of e-banking that allows customers to use multiple banking services, pay bills and make investments as an effective scheme of ecommerce and as a partner. Banks have introduced internet banking to enhance customer service and offer dual benefits at discounted prices these days. It's rare to come across a national bank that doesn't have any kind of electronic banking service, even in the most remote parts of the country. Alsajja and Dennis, (2016) has described internet banking as the medium by which customers conduct transactions remotely through electronic equipment. In other words, internet banking involves the provision of banking services via technology-enabled platforms without employing the physical resources of both the bank and customers. According to Abrol (2014), internet banking entails a system that allows the customer of a bank to access accounts and generic information on bank products and services via a personal computer or other gadgets. Internet banking products and services encompass both wholesale and retail products that target different classes of the

bank's customers. The aforementioned definitions suggest that internet banking involves a remote access to services ranging from information push services, through information download services to full-transaction services.

Perceived Security

The security of e-banking entails ensuring the records and information of customers are kept safe on the website (Hossain et al., 2017). Security can be ensured by providing information about the security of confidentiality and procurement mechanisms, as well as the display of reliable third-party logos. For instance, showing a trusted partner logo gives a certain level of safety and has an important effect on how consumers perceive the reliability of e-sellers (Hossain et al., 2017). A number of factors have been identified and investigated by researchers in terms of privacy and safety, including retaining confidentiality of transactions, preventing the exchange of individual data and ensuring a great level of safety for client data. According to Mei, et al. (2018) protection has had a huge effect on the satisfaction of clients. Another important factor that clients really worry about is privacy. Customers often think that when performing transactions through Internet banking, banks should secure their personal and financial details. According to Safi and Awan (2018), Security plays an important role in Internet banking. With many cyber security protocols for encrypted data packets, customers are unaware of encryption. Due to limited security, some banks only use popular websites. Some versions of browsers are acceptable.

Ease of Use

Ease to use and/or user friendliness is considered an important concept in e-banking as it significantly affects the satisfaction of customers. According to Jaspal and Parminderjit (2017) ease to use is measured as the degree to which an individual feels it is easy to use a specific service. Perceived ease of use is also seen as the process which can be instrumental to the utilization of technology and contribute to the individual by reducing transfer costs and improving work performance (Nasri & Zarai, 2014). Similarly, Perceived ease of using a particular technology is the degree to which people believe that using a particular system would be relatively easy, furthermore, perceived ease of use is defined as the degree to which self-service banking transactions are regarded as easy to comprehend and operate (Rose & Fogarty, 2016).

Responsiveness

According to Toor, et al. (2016), responsiveness is the desire to serve the clients of the bank and provide them with quick provision. This type of operation can take four different forms: first, the electronic banking system can effectively manage and operate the service; Secondly, e-banking networks can guide consumers on how to react appropriately in the event of a loss; thirdly, it includes quick fixes for errors that may occur in e-banking operations; fourthly, it can help customers resolve issues with on-the-spot answers. Hammoud, et al. (2018) suggests that individuals' general expectations of service quality are adversely affected by sluggish service. In addition, Mei, et al (2018) indicates that e-banking has a greater level of responsiveness, allowing consumers to access their accounts at any time and from anywhere. Providing service in a timely manner is highly appreciated by customers. Good service providers understand this aspect (Iqbal et al., 2010). Furthermore, firms that value efficiency pay attention to the services that they offer so that they can have an advantage and use this to keep off competitors. Bank customers look for banks that willingly help them in their banking operations. Customer satisfaction may be achieved in the banking sector when the service provider is willing to assist its customers when required (Chidi, 2022).

Customer Satisfaction

Customer satisfaction refers to the utility drawn by customers from products or services offered by financial institutions, particularly banks. The key drivers to customer satisfaction in relation to mobile banking are mobile convenience, accuracy, diverse mobile application features and ease of use (Minjoon & Sergio, 2016). Ataur, et al. (2017) noted that customer satisfaction measures how well a product or a service supplied by a firm meets customer expectation. Customer's satisfaction is the customers overall feelings of contentment in a business interaction. Customer's satisfaction is defined as a measure of how products and services supplied by an organization meet or surpass customer's expectation (Elaine 2005). Customer satisfaction is defined as the result of a cognitive and affective evaluation, where some



comparison standard is compared to the actually perceived performance. If the perceived performance is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customers will be satisfied. Otherwise, if the perceived expectations are met with performance, customers are in an indifferent or neutral stage (Ab-Aziz, et al. 2014).

EMPIRICAL REVIEW

Perceived Security and Customer Satisfaction

Raji, et al. (2021) investigated the effect of perceived security on customer satisfaction in Nigeria's banking industry, specifically, in Kwara State. Using correlation and regression analyses. To this end, a total number of 390 respondents were included in the study through Google survey form (questionnaires). The correlation result shows a negative and significant effect of perceived security on customer satisfaction. Finally, the study recommends that bank managers should strengthen perceived security of e-banking and also look into the challenges highlighted by the respondent in order to maintain or improve customer satisfaction.

In another study conducted by Madavan and Vethirajan (2020) examined the effect of perceived security on customer satisfaction on the public sector and private sector Banks in Puducherry Region India. The sample size of the study is 478; the data is gathered from both the primary and secondary information. Non-Probability sampling techniques are applied in this research article and particularly purposive sampling technique applied for the study. Some of the statistical tools like, independent sample t-test, ANOVA, correlation, Mean and Standard Deviation are used in this research article. The result of the study shows that perceived security has a positive and significant effect on customers satisfaction of public sector and private sector Banks in Puducherry Region.

Ease of use and Customer Satisfaction

Ngozi (2022) examined the effect of perceived ease of use customers' satisfaction in First Bank Abuja. The data of this study was collected from primary source using questionnaire to obtain responses from bank customers. The collected data was the analyzed using correlation and regression analysis with the SPSS version 20. Consequently, the findings from the study showed that perceived ease of use has a positively and significantly affects customers satisfaction of first bank customers in Abuja. Therefore, the study recommends that banks should improve the user friendliness of their e-banking channels and increase the level of encryption of their security to improve customers experience and increase satisfaction.

Relatedly, Omotayo, et al. (2023) investigated the effect of ease of use on customers' satisfaction in Offa metropolis Kwara State Nigeria. The study utilized cross-sectional research design. Purposive sampling technique was adopted as questionnaires were purposively administered to customers using E-banking platforms in Offa Metropolis. It was difficult for researchers to determine the actual number of banks' customers that are using E-banking. Therefore, the population of this study is considered to be infinite. The study used Rose, Spinks and Canhoto (2015) formula for an infinite population to arrive at the sample size. Structural Equation Model (SmartPLS2software) was used as technique of data analysis. The result revealed that perceived ease of E-banking has positive and significant effect on customer satisfaction in Offa metropolis Kwara State Nigeria.

Responsiveness and Customer satisfaction

Uwalaka and Peace (2020) conducted a research on the effect of responsiveness on customer satisfaction of commercial banks in Anambra state. Relevant conceptual, theoretical and empirical literatures were reviewed. The study was anchored on the theory of reasoned action. The study adopted survey research design. The population of study consists of all the customers of the five selected commercial banks in Anambra State. Cochran's formula was employed to determine the sample size of 384. Primary data sourced through structured questionnaire were used in the study. Frequency tables, percentages and multiple regression analysis were employed in presenting and analyzing the data. The study found that responsiveness has a positive and significant effect on customer's satisfaction.

Similarly, Chidi (2022) analyzed the effect of responsiveness on customer satisfaction in First Bank Plc Owerri, Imo State. Survey research design was employed and questionnaire served as the instrument of

data collection. The population of this study is made up of the entire customers of First Bank branches in Bank Road all in Owerri, Imo State. In this study, the researcher used simple random sampling technique as the sampling procedure for this study. The data was collected through questionnaire and analyzed using simple percentage and chi-square. It was discovered that responsiveness has a positive and significant effect on customer satisfaction in the Nigeria banking industry. Based on the result, there is need for high level of responsiveness of Nigerian commercial bank to their customers to enhance satisfaction.

Technology Acceptance Model (TAM)

Technology Acceptance Model (TAM) is a theory propounded by Davis (1986), this model explains the effects of system characteristics on users of computer-based Technology Systems. TAM is the most widely used model for identifying factors contributing to technology acceptance. The theory suggests that, when users are presented with a new piece of technology, several factors influence their decision about how and when they will use the technology (Ardiansah, et al. 2020; Lindsay et al., 2011). The goal of TAM is to explain the determinants of general computer acceptance and be able to explain user behavior across a broad range of end-user computing technologies and user populations (Rondan-Cataluña et al., 2015). TAM was attempted to identify fundamental variables suggested by previous research. It specifies the relationships among perceived usefulness, perceived ease-of-use, attitude toward computer use, and intention to use technology (Teo, et al. 2011). The study adopted the Technology Acceptance Model (TAM), because it shows how the dimensions of e-banking service is critical and to customer satisfaction. Banks can leverage on this and make their e-banking service easy to use because when users perceive that a type of technology is useful and also easy to use, they will be willing to use it.

METHODOLOGY

This study adopted survey design. This study is carried out in Access bank Abuja and only the customers of this bank were studied. Since the population of the study is not finite, the study employed Topmans's formula in determining the sample size of two hundred and seventy-five (275) used for the study. Primary data was used for this study and it was collected through the use of five-point likert scale questionnaire ranging from (Strongly agree = 5, A= Agree = 4, Undecided = 3, Disagree= 4 to Strongly Disagree = 1) as the research instrument. The study also employed Multiple Regression Analysis (MRA) method of evaluate the effect of e- banking services on customer satisfaction the regression model is represented as;
 $CS = f(PSR, EOU, RES)$

Where

CS = Customer Satisfaction

f = Functional notation

PSR = Perceived Security

EOU = Ease of Use

RES = Responsiveness

This model is stated in econometric form as:

$$CS = \alpha + \beta_1 PSR + \beta_2 EOU + \beta_3 RES \dots \dots \dots (1)$$

Where:

Y =Dependent Variables, α = Constant Term, β = Beta coefficients, e = Error Term

RESULTS AND DISCUSSIONS

The distribution and retrieval of questionnaires to customers of Access bank Abuja is presented in below.

Table 4.1: Distribution and Retrieval of Questionnaires

Questionnaires	Frequency	Percentage (%)
Returned	259	94
Not Returned	16	6
Total	275	100

Source: Field Survey, 2023



In order to achieve the objectives of this study, two hundred and seventy-five (275) questionnaires were administered to customers of Access bank Abuja, of which two hundred and fifty-nine (259) questionnaires were returned and used for data analysis.

Table 4.2: Bio-data of Respondents

Characteristics	Distribution	Frequency	Percentage (%)
Gender	Male	188	72.59
	Female	71	27.41
Age	18-30 years	146	56.37
	31-40 years	23	8.88
	41 years & above	90	34.75
Educational Qualification	FSLC/SSCE	55	21.23
	ND/Diploma	88	39.97
	B.Sc./HND	31	11.96
	Masters and Above	85	32.81
Marital Status	Single	164	63.32
	Married	15	5.79
	Divorced	80	30.89

Source: Researcher's computations from SPSS, 2023

Table 4.2 indicates that of the 259 customers of banks in Abuja, 72.59% are males and 27.41% are females. The statistics also reveals that the bulk of customers (56.37%) are between the ages of 18 and 30, followed by those that are 41 years and above 90(34.75%). The percentages of other customers who were "between 31 and 40 years old," is, 8.88%. The data in Table 4.2 regarding the educational qualifications of customers of access bank Abuja reveals that those with FSLC/SSCE, ND/Diploma, BSc. /HND and Masters and above accounted for 21.23%, 39.9%, 11.9%, and 32.81% respectively. This demonstrates that the bulk of the customers in the study area are educated. Finally, the table also indicates that the majority of customers of access bank Abuja (63.32%) are single, followed by divorced customers (30.89%), and that only a small percentage (5.79%) of respondents are married.

Research Question 1: Respondents Perception on Perceived Security

Table 4.3 Perceived Security

Questions	SA	A	U	D	SD	Total
I feel secured while making transaction through the internet	132	21	37	41	28	259
The bank does not allow others access my account	169	67	8	5	4	259
My e banking site does not share my personal information with another site	198	35	16	8	2	259
E banking services provides high protection for my transaction	78	6	62	40	73	259

Source: Field Survey, 2023

The responses to the questions on perceived security show that most of the responses falls with either agree (A), or strongly agreed (SA). This shows that most of the respondents agreed with questions on perceived security.

Research Question 2: Respondents Perception on Ease of use

4.4. Ease of use

Questions	SA	A	U	D	SD	Total
The use of E-Banking services is time saving	94	52	31	22	60	259
I find it easy to transact online using E-banking service	139	73	17	14	16	259
The services delivered through E-banking system is quick	124	55	19	29	31	259
Learning to operate E-banking system is easy for me	101	62	12	47	37	259

Source: Field Survey, 2023

For questions on the item of ease of use, the responses to the questions show that most of the responses fall with either Agree (A), or strongly Agreed (SA). The responses showed that the respondents tend to agree that they e banking services are easy to use.

Research Question 3: Respondents Perception on Responsiveness

4.5: Responsiveness

Questions	SA	A	U	D	SD	Total
E-Banking services respond immediately to customers' requests	20	17	12	64	109	259
E-Banking services provide prompt answers to customers' complaints.	19	50	9	58	123	259
Bank deals respectfully with customer complaints about electronic service	29	31	15	84	100	259
There is a prompt correction of wrong service done by E-banking channels	6	2	10	83	158	259

Source: Field Survey, 2023

For questions on the item of responsiveness the responses to the questions show that most of the responses falls with either disagree (D), or strongly disagreed (SD). The responses showed that the respondents tend to disagree with how promptly the banks fails attend to customers' needs.

Research Question 3: Respondents Perception on Customer Satisfaction

4.5: Customer Satisfaction

Questions	SA	A	U	D	SD	Total
I am satisfied with the transaction processing via E-Banking services	54	17	14	89	85	259
Overall, E-Banking services is better than my expectations	31	45	12	48	123	259
I am satisfied with the bank's e-services quality	40	22	21	67	109	259
I would like to remain as customer to my bank	15	9	17	105	113	259

Source: Field Survey, 2023

For questions on the item of customers' satisfaction, the responses showed that most of respondents tend to be dissatisfied with the services of E-banking of access bank Abuja.

Multiple regression analysis was employed to determine the effect of the independent variables on the dependent variable.

Summary of Regression Result

Model	R	R square	Adjusted R Square	Std.Error of the Estimate	Durbin-Watson
1	.174 ^a	.530	.617	3.197	2.745

a. Predictors: (Constant), Perceived Security, Ease of use, Responsiveness

b. Dependent Variable: Customer satisfaction

Source: SPSS Ver. 21 (2023)

Table above indicates that R^2 which measures the strength of the effect of independent variable on the dependent variable have the value of 0.530. This implies that 53.0% of the variation in Customer Satisfaction is explained by variations in E-banking variables (Perceived Security, Ease of use, Responsiveness). This was supported by adjusted R^2 of 61.7%. The Durbin-Watson statistics was employed to check for autocorrelation in the model. Durbin-Watson statistics of 2.742 shows that the variables in the model are not auto-correlated and are therefore, reliable for predications.

ANOVA^a Result

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	112.562	5	22.512	72.203	.004 ^a
Residual	3587.511	351	10.221		
Total	3700.073	356			

a. Predictors: (Constant), Perceived Security, Ease of use, Responsiveness

b. Dependent Variable: Customer satisfaction

Source: SPSS Ver. 21 (2023)

Here, the three hypotheses formulated earlier in this study were tested using the t-statistics and probability from the coefficient result of the multiple regression analysis. The results are presented the table below:

Coefficients of the Regression Result

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	22.159	.757		12.612	.000
Perceived Security	1.040	.040	.054	-2.340	.001
Ease of Use	.056	.042	.071	2.003	.007
Responsiveness	1.108	.042	.140	-3.580	.000

a. Dependent Variable: customer satisfaction

Source: SPSS Version 21.0 (2023)

Test of Hypotheses

H₀₁: Perceived security has no significant effect on customer satisfaction of Access bank Abuja Nigeria. The Table above indicates that perceived security recorded a t-statistics value of -2.340 with a probability value of 0.001 which is statistically significant at 5% level of significance. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. This implies that perceived security has a significant and negative effect on customer satisfaction of Access bank Abuja Nigeria.

H₀₂: Ease of Use has no significant effect on on customer satisfaction of Access bank Abuja Nigeria. Similarly, in the table above, Ease of Use recorded a t-statistics value of -2.003 with an alpha value of 0.007. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. This implies that Ease of Use has a significant and positive effect on customer satisfaction of Access bank Abuja Nigeria.

H₀₃: Responsiveness has no significant effect on customer satisfaction of Access bank Abuja Nigeria. Finally, from the table above Responsiveness a t-statistics value of 3.580 with a probability value of 0.000 which is statistically significant at 5% level. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. It is therefore concluded that Responsiveness has a negative and significant effect on customer satisfaction of Access bank Abuja Nigeria.



Discussion

The study centered on examining the effect of E banking services on customer satisfaction of Access bank Abuja Nigeria, three hypotheses were tested and the findings include the following;

Perceived Security and customer satisfaction of Access bank Abuja Nigeria

Firstly, the study examines the effect of perceived security on customer satisfaction of Access bank Abuja Nigeria. The results show that perceived security exerts negative and significant on customer satisfaction of Access bank Abuja Nigeria Abuja, the result of this study is in congruence with the finding of Raji, et al. (2021) who investigated the effect of perceived security on customer satisfaction in Nigeria's banking industry in Kwara State. It however, contradicts that of Madavan and Vethirajan (2020).

Ease of Use and Customer Satisfaction of Access bank Abuja Nigeria

The findings from the second hypotheses reveal that ease of use has a positive and significant effect on customer satisfaction of Access bank Abuja Nigeria, The positive and significant effect of ease of use on customer satisfaction agrees with the findings of Ngozi (2022) and Omotayo, et al. (2023) who have conducted a study earlier in this regard and found a positive and significant effect of ease of use on customer satisfaction.

Responsiveness and Customer Satisfaction of Access bank Abuja Nigeria

The last objective of this study was to evaluate the effect of responsiveness on customer satisfaction of Access bank Abuja Nigeria. The result shows that responsiveness negatively and significantly affects customer satisfaction of Access bank Abuja. This result contradicts that of Uwalaka and Peace (2020); however, it is in tandem with the findings of Chidi (2022).

CONCLUSION AND RECOMMENDATIONS

The study examined the effect of E banking on customers' satisfaction of Access bank Abuja Nigeria. Data were sourced from the customers the sampled bank. The data generated were analyzed and the following were discovered; the study found that perceived security has negative and significant effect on customers' satisfaction of Access bank Abuja. The study also found that ease of use has a positive and significant effect on customers' satisfaction in selected Access bank Abuja; Finally, The study found that responsiveness has significant effect on customer's satisfaction in Access bank Abuja. Based on the foregoing, the study concludes that E- banking has significant effect on customer satisfaction in Access bank Abuja Nigeria.

The study recommends the following

- i. The study recommends that Access bank should provide adequate regulatory framework that will ensure customer protection and security of transaction. That way, bank customer confidence in mobile banking would be more secured.
- ii. Furthermore, Access bank in conjunction with mobile service providers should develop more friendly and easy to use and efficient applications that will build the needed trust and increase customer's satisfaction.
- iii. Lastly, they should ensure that e-services of are delivered with accuracy to the customers, and service should be delivered with promptness as promised, also failed transactions should be quickly resolved.

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Effect of External Business Environment on SMES Growth in North Central Nigeria

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Abstract

External business environment is perceived to influence the growth of small and medium enterprises, and SMEs in North Central Nigeria are not exception. Globally, small, and medium enterprises are expected to grow and become large scale businesses that support economic growth. However, it has been observed that it is rarely so (OECD, 2018), because businesses have continued to experience poor growth. The failure of these businesses to grow is less evident in developed economies such as America, Japan, China etc. but seemingly high in developing economies like Nigeria, Ghana, Kenya, etc. The objective of this study is to examine the effects of external business environmental factors on SMEs growth in North Central Nigeria. The study employs survey research design using a multivariate approach to growth assessment. Specifically, a multiple construct of taxation, technology and SMEs growth was considered. The targeted population for the study was 393 SMEs within the North Central Nigeria, and data was collected by administering questionnaires to 393 SMEs managers/owners. Partial Least Squares (PLS) algorithm and bootstrap techniques were used to test the study's hypotheses. Findings reveals that technology is significantly and negatively related to SMEs growth while taxation was found to have negative and insignificant effect on SMEs growth. The outcome of this study provides significant insights to further understanding of the effect of external business environment on SMEs growth. As such, the study principally recommends that SMEs owners/managers should always ensure adequate scan of the external business environment to identify potential threats and opportunities within their operating environment.

Keywords: Taxation, Technology, SME and External Environment.

INTRODUCTION

No business organization can operate successfully in isolation without dependence on supportive institutions, variables and factors. This means that businesses exist and operate within an environment where there is complex interplay in terms of activities as well as networks of relationship between and among human resources, material resources and other systems. All business decisions are found to be contingent upon a good analysis of the environment if business growth is to be achieved; which is often the bane of all the constraints as this environment creates the opportunities, threats and problems for the business organization.

Evolving from this is the belief that business organization is an integral part of its environment on the ground that they are mutually interdependent and exclusive where the environment plays the role of providing the resources and opportunities to organization for its existence, and the business organization in turn, offers its goods and services to the people living in the environment for survival and enlightenment. This is also in line with the views of Adi (2016) that the most important sole influence on organizational policy and strategy at any point in its growth, is the environment, both within and outside the organization. Akanji (2013) was of the opinion that the more complex, turbulent and dynamic an environment becomes, the greater the impact on human attitudes, businesses, organizational structures, market and processes as well as facilities. Therefore, there is need for all organizations to direct their attention to understanding the environment when formulating their strategic management policies in order to facilitate their survival and growth.



The success, survival and growth of any organization depends to a large extent on the ability to adapt to the ever-changing business environment. The major focus of business organizations therefore, is the attainment of position of business growth that may enhance firm performance relative to that of competitors. Since business makes demand on the society and the society makes demands on the business, managers in any organization must interact with, understand and respond to environmental factors internal or external to their organizations with the view of achieving growth. The sum of these interrelationships, interdependence and interactions within the business and between the business and the society is what we regarded as business environment in the strategic management domain which has the capacity to propel or undermine business growth.

SMEs in any country serves as a major basis for employment, competition, economic dynamism and innovation which arouse the entrepreneurial spirit and the integration of skills. Although smaller in size, they are the most important enterprises in the economy due to the fact that when all the individual effects are aggregated, they surpass that of the larger companies. Being highly innovative, they lead to the utilization of natural resources which in turn translates to increasing the country's wealth through higher productivity. Small and medium enterprises (SMEs) have become a progressively more integral component of economic development (Karpak & Topcu, 2010). SMEs have been internationally acknowledged as instruments for realizing economic growth and development as well as bringing about employment opportunities.

A company's growth is essentially the result of expansion of demands for product or services. It first resulted in growth in sales and consequently in investments in additional production factors to adapt itself to new demands. However, Achtenhagen et al. (2010), who researched entrepreneurs' ideas on growth and listed the following: increase in sales, increase in the number of employees, increase in market share, increase in assets, increase in the firm's value and internal development as indicators of growth. Growth is the results of a good administration of resources and capacities which the companies use to promote the achievement of the business objectives. The understanding of the operating environment can be used to describe behaviours which are related to the superior firm's performances, the phenomenon why some businesses fail while others succeeded in similar situations.

A practical example of SME growth can be seen in the case of Henry Ford when he built his first automobile which he called a quadric-cycle at his home in Detroit in 1896 (Wikipedia, 2017). Richard Branson launched Virgin Records in 1973. Today, Virgin Group holds more than 200 companies in more than 30 countries. Kawasaki Aircraft initially manufactured motorcycles under the Meguro name, having bought an ailing motorcycle manufacturer (Meguro manufacturing) with whom they had been in partnership. From a position of no privately owned small businesses in 1979, China had more than 10 million registered SMEs by 1999, (Chinese Statistic Bureau, 2019), representing some 90 percent of all firms. These small firms made increasingly important contributions to national income and employment at a time of relative decline in contributions of larger firms (Anderson, 2013).

SMEs in North Central Nigeria have been in existence for several years, but their growth has remained abysmal. Even though most of these enterprises have been able to define their businesses visibly to determine their boundaries of competition, they have been unable to expand beyond the level of survival. In countries at same level of development with Nigeria, SMEs contributes a much higher proportion to GDP than currently observed in Nigeria. For instance, studies by the International Finance Cooperation shows that approximately, 96% of Nigerian businesses are SMEs compared to 53% in the US and 65% in Europe. In Nigeria, SMEs represent about 90% of the manufacturing/industrial (real sector) in terms of number of enterprises, yet they are not growing into large scale businesses, and contributes only approximately 1% to GDP compared to 40% in Asian countries and 50% in the US or Europe.

Surprisingly, while SMEs contribute immensely to the economic growth and development of the developed economies as well as developing economies, SMEs in Nigeria find it difficult to grow and significantly contribute to economic growth and development of the country. The rate at which SMEs are experiencing slow growth in North Central Nigeria is a matter of serious concern to many. Globally, small,



and medium enterprises are expected to grow and become large scale businesses that support the economic growth of their countries. However, it has been observed that it is rarely so in Nigeria because businesses have continued to experience poor growth, and the failure of these businesses to grow is less evident in developed economies such as America, Japan, China etc. but seemingly high in developing economies like Nigeria, Ghana, Kenya, etc. (OECD, 2018).

To the best of the researcher's knowledge, there is inadequate growing body of knowledge on the topic of "external business environment and SMEs growth" upon which researchers can base their investigations, particularly in North Central Nigeria. However, this study is one of the earliest which focuses on variables that captured factors in the task environment often ignored but can directly impede the growth of SMEs in the study area.

Objective of the Study

The main objective of the study is to examine the effect of external business environment on the growth of SMEs in North Central Nigeria. The specific objectives are to:

- i. evaluate the effect of taxation on the growth of SMEs in North Central Nigeria;
- ii. ascertain the effect of technology on the growth of SMEs in North Central Nigeria

LITERATURE REVIEW

External Business Environment

External business environment entails the amalgamation of factors/interactions that influence an enterprise's working circumstances, survival, sustainable growth and profitability. External business environment comprises the totality of circumstance and situations that affect the survival and growth of an enterprise. In accordance with Onwukwe and Ifeanchio (2019), Also, external business environment refers to comprising of factors such as economic, infrastructure, social, cultural, political, socio-cultural organizations, international organizations and technological environments (Blurtit, 2013; Yusuf, 2014).

It suggests the conditions and events outside a company that affects the way it operates. The business environment includes the operational and physical factors that have an effect on business enterprises' flow of activities. The factors are customers, industry trends, policies and regulations, competitors, customers, suppliers, distributors, substitutes, government activities, demographics, the economy, cultural and social factors, innovations and technological developments (Adeoye & Elegunde, 2012). Businesses operate in many different environments which include; the macro environment, which is regarded to as the whole world in today's global economy where events often in some way impact on businesses and also the micro-environment which encompasses local events and situations that interact with a business and has a direct effect on business (Tijani- Alawe, 2004). Wheelen and Hunger (2017) indicates that changing environment can help as well as hurt a company. Many pioneering companies have gone out of business because of their failure to adapt to environmental change, or even worse, because of their failure to create change.

Taxation

Taxation is one of the various factors that make up the small and medium scale enterprises' external environment. According to Afubero and Okoye (2014), taxation is a requirement for a mandatory payment of money by the citizens of a country to the government for the government support and also for the support of the general public. According to the International Tax Dialogue (2017), taxation denotes the method by which the government through its legislative body generates revenues which are then used to foot all governmental expenses. That is, taxation is a means by which the government increases its revenue in accordance with the authority of the law, and then use this revenue generated purposely to promote the welfare of its citizenry. Ojeka (2012) noted that there are three basic structures of tax. Firstly, a proportional tax which is when an amount is levied indirectly on the taxpayer income. Secondly, a regressive tax which charges at a much higher rate to persons receiving lower income than those receiving a higher income. Lastly, progressive tax which levies at a higher rate to high income earners.



Technology

The word technology here is taken in a broader context to describe all those technologies that are used to create a product as well as put it on the market. Issues here includes things as diverse as the marketing campaign being used or the way market research must be conducted. Taking a software example, the manufacturer will use the latest technologies in the product itself as well as providing a helpdesk which provides the best possible and most relevant information. Technology is widely regarded as source of growth and wealth for every business, nation, on the planet. It is essential to regional and economic change, job creation, and job destruction (Archibugi & Coco, 2014). Not only for nations, but technology is also a core imperative for firms (Monopoloulos, et al 2009).

Over the past decades, technology has been regarded as critical and important strategic resource for firms, enabling firms to achieve competitive advantage within their industry. Those firms with superior technology can secure greater efficiency gains by pioneering process innovations and can achieve higher differentiations by innovating products in response to the changing market environment (Tsai, 2014). The development and adoption of technology by small and medium enterprises (SMEs) is crucial for them to overcome the fast changing and fiercely competitive global markets.

Small and Medium Enterprises (SMEs)

Defining small business has always been very difficult and controversial because it covers a variety of firms and it is used loosely in most of the literatures. According to Nguyen (2013), a small business is one which is independently owned and operated such that it is dominants in its field of operation. Researchers and other interested parties have used specific criteria to operationalize the small business, from the perspective of value added, value of assets, annual sales, and number of employees. Annual sales and number of employees are most often used as well as operators in the field. A review of the literature on Small and Medium Enterprises (SMEs) shows that the definition of SMEs significantly varies from country to country depending on factors such as the country's state of economic development, the strength of the industrial and business sectors, the size of SMEs and the particular problems experienced by SMEs (Harabi, 2013).

In addition, The Central Bank of Nigeria (CBN) defines SME as a business entity in which the asset cannot be more than N200 million without the value of its land and working capital. Also, its employees are between 10 and 300 people (Ayodeji, 2015). This study adopted the definition given by The Central Bank of Nigeria (CBN) that states SME as a business entity in which the asset cannot be more than N200 million without the value of its land and working capital. Also, its employees are between 10 and 300 people.

The federal office of statistics (2012) report confirmed the role of the SMEs entrepreneurial activities, as the report shows that about 86% of the totalities of businesses in the country are SMEs and they engaged an average of the Nigerian working population, and they contribute to 54% to the country's industrial output. SME is the energetic force which establishes an essential basis of the nation's economic structure.

Table 2.2 Classification Adopted by SMEDAN for National Policy on MSMEs

Size Category	Employment	Assets N'M (Excluding land & building)
Micro Enterprises	Less than 10	Less than 5
Small Enterprises	10 – 49	5 – Less than 50
Medium Enterprises	50 – 199	>50

Source: SMEDAN, 2021

Where there exists a conflict in classification between employment and assets criteria (for example, if an enterprise has an assets' worth of seven million naira (N7 million) but employs 7 persons), the employment-based classification would take precedence and the enterprise would be regarded as micro. Employment based-classification tends to be relatively a more stable definition, given that inflationary pressures may compromise the asset-based definition. In choosing these definitions, cognizance was taken



of all possible factors, including international comparisons and peculiarities of the various sub-sectors/enterprises (SMEDAN, 2017).

SMEs Growth

Business growth is the effort expended by an enterprise so as to reach and achieve its stated objectives which could include: its employee's satisfaction, its customer's satisfaction, the societal satisfaction, its survival, sales growth, and return on investment, employment, and ultimately profitability. The business dictionary defined business growth as the process of improving some measures of an enterprise's success and this can be achieved either by boosting the top line or revenue of the business with greater product sales or service income, or by increasing the bottom line or profitability of the operation by minimizing costs. Business dictionary.com further expounds that when a business begins to sell more products or begin to generate service income, it brings in more money and is considered to be growing. According to Achtenhagen, Naldi and Melin (2010), when a business is able to cut costs and net more money from raising profitability, it also grows. Really, successful businesses have success in both areas often leads to another. Growth has been defined as the resultant of efforts in form of activities of the business enterprise which includes its strategy and operational activities, management of all segments of business enterprise such as the human resources, finance, production, marketing (Leitner, 2020). Furthermore, Mark and Nwaiwu (2015) adds that business growth entails how well the business enterprise is managed in terms of the value perceived by customers in relation to the organization's delivery and other stakeholder should be acknowledge when defining growth.

In general, all SMEs desire growth or performance for business success. The operational definition of growth for the purpose of this study is that growth is an achievement of goals and objectives by firms as regards to small and medium scale enterprises (SMEs) in North Central Nigeria. They are expected to grow and become large scale businesses, but it is observed that most concepts of business growth do not give examples of, and where SMEs became large scale enterprises especially in Nigeria.

Taxation and SMEs Growth

Isaac (2015) investigates the effects of government taxation on UasinGishu County, Kenya SMEs sales revenue. The study adopted an exploratory research design. The data for the study were generated from secondary and primary sources, the primary data were extracted by administering 180 questionnaires, personal interviews and document analysis. The research finding shows that government taxation has a direct significant effect on SMEs sales revenue and hence their growth. Furthermore, the study reveals that the effects of government taxation on SMEs sales revenue is negative. The study concluded that the SMEs should be levied lower amount of tax payable in order to allow for them to have as much as necessary funds for other activities that will lead to growth in their business and yield profitability.

It is however doubtful if exploratory research design is apt for a study that set out to measure growth. As a result, it will not be wrong to say that the study suffered from problem relating to wrong methodology because to study growth, it will be more appropriate to use quantitative approach rather than qualitative approach.

Atamodi and Ojeka (2012) using sustenance and expansion as indices of SMEs growth to ascertain whether a relationship exists between taxation, the SMEs' growth, and the Nigerian economic development. The study used primary data with a sample size of two hundred and thirty-five (235) SMEs. Data from the study was analyzed using multiple regression and descriptive statistics was used to provide for the characteristics of the variables studied, the study found that there is a considerable negative relationship existing between tax and businesses' capability to keep going and make itself bigger. They concluded that high tax rates are the entrepreneurs' primary problem. Even though the study used primary data to illicit for information from the respondents, the researchers ought to have gone further to demand for the tax papers of the studied SMEs to substantiate the claims of the respondents as obtained through the administered questionnaire.

Ocheni and Gemade (2015) investigates the relationship between multiple taxation and SMEs survival. The study used purposive sampling technique and interview to obtained information from the



respondents, regression analysis was used to analyze the data obtained from four hundred and thirty (430) SMEs in the study area. Finding from the study reveals that multiple taxes negatively affect SMEs survival. Furthermore, their study ascertained that a significant relationship exists amid SMEs size and its capability to pay levied taxes. The findings of the study additionally put forward that the relationship that exists between the SMEs size and its capability to pay tax does not have an effect on their continued existence as they continue to exist in the face of unremitting taxing by the tax agencies. The choice of tools of analysis used is good but it would have been more appropriate if PLS- SEM approach was used for studies using primary data.

Technology and SMEs Growth

Maurice et al. (2017) assesses the effect of technology on growth of Small and Medium-Scale Agro-food processing enterprises in Nairobi County, Kenya. The study adopts correlational research design which sought to establish relationships between the variables in the study. It also applied stratified and random sampling techniques in data collection. Qualitative data was analyzed using descriptive statistics which included mean, frequencies and percentages while quantitative data was analyzed using inferential statistics including regression analysis, correlational analysis, analysis of variance and chi-square test. The study concludes that technology positively affected growth of Small and Medium-scale Agro-food processing enterprises in Nairobi County. The research work used the appropriate methodology and statistical tools that explained further the extent to which each unit increase in technology, lead to unit increase on growth of Small and Medium-Scale Agro-food processing enterprises in Nairobi County.

The study carried out by Yahya et al. (2014) examines how technology interacts with innovation to affect business growth in small and medium-sized enterprises (SMEs) in an emerging market, namely Dubai in the United Arab Emirates. They used survey design and arrived at two separate conclusions. Firstly, technology influenced innovation and did not have a significant and direct influence on business growth, and secondly, that innovation influenced business growth.

The study emphasizes the importance of technology and links it to innovation and business growth but did not consider other strategic issues. Furthermore, it did not address the issue of how technology and innovation are carried out. The effect of technology components at different stages of innovation also needs to be examined. In addition, there is a need to understand the role of individuals in the strategic actions of the firm and how they affect innovation growth. By using multiple respondents (from different functional units or management levels) in each firm, a clearer picture could be developed from inside the firm.

External Business Environment and SMEs Growth

There have been several studies relating to the relationship between the external business environment and SMEs growth but with varied results, for example, the Alkali and Isa (2012) evaluating the external business environmental factors influence on the growth of small business manufacturing enterprises based in Bauchi State, where one hundred and fifty (150) respondents took part in the study and survey research design was adopted for the study. Multiple regression was used for the analysis of the data generated for the study from primary source. The study examine the factors influencing growth and found that access to government support and to financial capital were notably associated with small business manufacturing enterprise growth. Furthermore, the study also found entrepreneurial readiness, business plan, and technology usage to be insignificant to business growth.

Mahmood and Jabeen (2014) examines the effect of external environment on business growth. The objective of the study was to ascertain the external environmental factors influencing the growth of SMEs. Two hundred and thirty five (235) respondents took part in the study. The data for the study was analysed using regression to establish the relationship between the independent variable and the dependent variable. The duo found that external environment is positively related, also that this relationship significantly affects the business growth. The findings of the study also shows that external environment have a considerable effect on business growth. The results of the study confirmed that external business environment is imperative for the firms' survival as well as in enhancing overall growth. The study of Oginni and Adesanya



(2013) investigates the effect of external business environment on the growth of business enterprise in Nigeria. The study targeted eighty (80) SMEs in South West Nigeria and centred on the influence of the business environmental factors on the manufacturing sector's growth and survival. The finding of the study reveals that there exist negative effects of environmental variables such as organisational policies, electricity, infrastructural facilities, financial credits, government policies, and fraudulent practices on the survival of businesses in the manufacturing. Also, factors including government policies, raw materials and inflation indicates an indirect significant in their effect on business growth.

Complexity Theory

Complexity according to Mason (2007) is the evaluation of heterogeneity or diversity in external and internal environmental factors which include customers, government, technology, and socio-politics. Complexity assists in explaining how systems can change in unpredicted ways, showing signs of dramatic instability and even collapse (McKelvey, 1999; Rudolph & Repenning, 2002).

According to McElroy (2000) and McKenzie and James (2004) the complexity theory centres on how elements of a complex system at a micro-level shape surfacing actions also in general the result at the macro-level. Also, Mason (2007) contended that as the complexity of system amplifies, the ability to comprehend and make use of information to plan and envisage becomes more complicated. Eventually, the escalating complexity results to supplementary change within the system. When this happens, making sense of it turns out to be more complicated and adjusting to the changing environment grows to be more challenging. Complexity theory encompasses the tendency of a system to shift to a more random situation where there is no further potential for energy conversion or work (Byeon, 2005; Farazmand, 2003; McKenzie & James, 2004). Since business organizations are complex systems, there is a need for the organization to be proficient in learning from its operating environment as well as changing its internal formation and its operation over time, subsequently changing the individual elements behaviour (McElroy, 2000; Paraskevas 2006). The changes in the environmental factors are capable of leading to instability in the business organization in response to swift, unanticipated alteration in the operating environment (Sherif, 2016).

Several advocates of the complexity theory make use of the notion of entropy which simply means 'disorder'. Entropy is the propensity of a system to shift in the direction of a more indiscriminate state in which there is no additional potential for energy transformation or work (Byeon, 2015; Farazmand, 2003; McKenzie and James, 2004). According to Byeon (2005) entropy is the disarray, ineptitude, deficiency in patterning, or unpredictability of organization of a system.

SMEs are faced with a complex business environment within which they operate, and there is a need to understand this environment in order for them to best utilize this understanding for growth, improvement and continuity. The external environment of business enterprise is volatile, and it affects an enterprise growth and for this reason, business owners/managers should be proficient in analyzing the environment prior to concluding on apposite strategies. This theory is relevant and adopted for this study as it provides a theoretical base for the literature reviewed. The theory entail that the external environment of an enterprise is by and large beyond the control of every enterprise, in addition, it comprises the political, legal, government aspects, economy, competition, technology, socio-cultural-demographic factors, and the natural environment.

METHODOLOGY

This study adopted the correlational research study. It is correlational because it seeks to determine the relationship between external environmental variables: taxation, and technological on the growth of small and medium enterprises in North Central Nigeria. The population of the study made up of a collection of data whose properties are to be assessed in a given research situation (Sekaran & Bougie 2010). The population of the study was based on SMEDAN (2021), data which comprised of 5,310,396 SMEs in the north central part of Nigeria.

Distribution of SMEs in North Central Nigeria

S/N	North Central State	Population
1	Nasarawa State	2,604
2	Plateau State	1,574
3	Kwara State	1,416
4	Kogi State	1,027
5	Niger State	2,121
6	Benue State	1,811
7	FCT	2,825
	Total	13,378

Source: SMEDAN, 2021

However, to determine the sample size, the study adopts the sample size determination formula in management science propounded by Taro Yamane (1967) thus: The sampling size for this research was determined by the use of Taro Yamane's formula. According to Yamane (1967), the formula takes into consideration 95% confidence level and 5% sampling error level. Furthermore, to examine their growth, the research work focuses on SMEs that have been operating for at least five (5) years, and also registered with Small and Medium Enterprises Development Agency of Nigeria. The respondents were selected through their business addresses and questionnaire was administered to them.

$$\text{The formula thus is: } n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size or respondents for the study.

N = Population size

e = the level of precision (95% confidence level or 5% error of sampling)

To get the sample population for the study therefore, the equation will be substituted with the population of SMEs put together from 6 states in north central part of Nigeria and FCT 13,378 (see Table 1).

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

Where n = Sample size

N = 13,378

e = 0.05

$$\text{Hence, } n = \frac{13,378}{1 + 13,378(0.05)^2}$$

$$n = \frac{13,378}{1 + 13,378(0.0025)} = \frac{13,378}{1 + 34.445}$$

$$n = \frac{13,378}{1 + 34.445}$$

$$n = \frac{13,378}{34}$$

$$n = 393.4$$

$$n = 393$$

The sample size for this study is 393 SMEs drawn from the total population of SMEs in North Central Nigeria to serve as the sample. The study utilizes purposive sampling technique in selecting our respondents. Purposive sample is a non-probability that is selected based on the characteristics of a population and the objective of the study. In adopting purposive sampling technique for this study, only respondents that the variables of the study influence their growth are qualified to participate in the study.

Sample of SMEs According to States in North Central Nigeria and the FCT using Bouley's (1967) population allocation formula.

S/N	North Central Nigeria	Population	Sample
1.	Benue	1,811	$\frac{1,811}{13,378} \times 393 = 53$
2.	Kogi	1,027	$\frac{1,027}{13,378} \times 393 = 31$
3.	Kwara	1,416	$\frac{1,416}{13,378} \times 393 = 42$
4.	Nasarawa	2,604	$\frac{2,604}{13,378} \times 393 = 76$
5.	Niger	2,121	$\frac{2,121}{13,378} \times 393 = 62$
6.	Plateau	1,574	$\frac{1,574}{13,378} \times 393 = 46$
7.	FCT	2,825	$\frac{2,825}{13,378} \times 393 = 83$
Total		13,378	393

Source: SMEDAN, 2021

Table 3.4: Reliability Estimates for the research variables

Latent Constructs	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
SME's Growth	0.832	0.743	0.847	0.541
Taxation	0.819	0.764	0.801	0.615
Technology	0.731	0.856	0.776	0.512

Source: Researcher's Computation 2023

From the table, all the variables have a value greater than 0.70 which shows that the instrument of data collection is valid and reliable. This study analyzed the data using descriptive statistics like the mean, median, maximum and standard deviation to analyze the characteristics of the variables. The Partial Least Square Structural equation model (PLS-SEM) was used to model the regression analysis used to test the hypothesis to determine if there is an effect relationship between each of the independent variables and the dependent variable. The PLS path modeling method was developed by Wold (1982). The PLS algorithm is a sequence of regressions in terms of weight vectors. The weight vectors obtained at convergence satisfy fixed point equations. PLS-SEM is a non-parametric method that does not require that the data meet certain distributional assumptions. However, the parametric significance tests (e.g., as used in regression analyses) cannot be applied to test whether coefficients such as outer weights, outer loadings and path coefficients are significant. Instead, PLS-SEM relies on a nonparametric bootstrap procedure (Efron & Tibshirani, 1986; Davison & Hinkley, 1997) to test the significance of various results such as path coefficients, Cronbach's alpha, HTMT, and R² values.

RESULTS AND DISCUSSIONS

Data Presentation

Summary Statistics of the Measurement Variables

Items	Indicators	Missing	Mean	Median	Min	Max	Standard Deviation
TAX01	Taxes on SMEs reduces their revenue	0	4.552	5	4	5	0.497
TAX02	Taxation levied on SMEs increases selling price	0	4.835	5	4	5	0.371



TAX03	Tax agencies do not consider SMEs scale of operation	0	4.499	5	3	5	0.604
TAX04	We faced challenges of multiple taxation	0	4.389	4	4	5	0.488
TAX05	Our business does not enjoyed tax holiday	0	4.695	5	4	5	0.461
TAX06	Complex tax regulations affect our assessment	0	4.503	5	4	5	0.5
TECH01	We acquire new technologies	0	4.057	4	4	5	0.232
TECH02	Our business adopt up-to-date technologies	0	4.222	4	3	5	0.788
TECH03	We update our technology frequently	0	4.246	4	2	5	0.895
TECH04	We put emphasis on technical expertise	0	4.297	4	3	5	0.617
TECH05	We utilize best practice in production	0	4.138	4	3	5	0.531
TECH06	Technological infrastructure are adequately provided	0	3.881	4	2	5	0.843
SMEG01	Growth in market share	0	2.015	2	1	4	0.383
SMEG02	Increase in sales	0	2.284	2	1	4	1.074
SMEG03	Net profit from operations has increased	0	1.859	2	1	4	0.789
SMEG04	Our cash from operating activities has improved	0	1.949	2	1	4	0.942
SMEG05	Improvement in gross profit	0	1.776	2	1	3	0.537
SMEG06	Our firm employs more people	0	1.549	2	1	2	0.498

Source: Survey data analyzed using SMART PLS, 2021

The table 4.2 shows the mean responses to each of the question for all the respondents, the median, the minimum, the maximum, and the standard deviation of the responses. The median is the proper measure of the average in this instance because of outliers. Although, from the minimum and maximum values, there is no sign of outliers, but it is still necessary to state that the best measure of average for an ordinal response is median.

Evaluation of Reflective Measurement Models

The assessment of reflective measurement models involves evaluating the measures' reliability (i.e., indicator reliability and internal consistency reliability), and the validity (i.e., convergent and discriminant validity).

Indicator Reliability

The indicator loadings should be larger than 0.7 to ensure indicator reliability. From table 4.3, all the indicators are larger than 0.7 indicating that the construct explains more than 50 percent of the indicator's variance, thus providing acceptable item reliability.

Reliability of the indicators

Items	Indicator	Factor Loadings
TAX01	Taxes on SMEs reduces their revenue	0.824
TAX02	Taxation levied on SMEs increases selling price	0.869
TAX03	Tax agencies do not consider SMEs scale of operation	0.834
TAX04	We faced challenges of multiple taxation	0.741
TAX05	Our business does not enjoyed tax holiday	0.775
TAX06	Complex tax regulations affect our assessment	0.859
TECH01	We acquire new technologies	0.840
TECH02	Our business adopt up-to-date technologies	0.841
TECH03	We update our technology frequently	0.719
TECH04	We put emphasis on technical expertise	0.819
TECH05	We utilize best practice in production	0.808
TECH06	Technological infrastructure are adequately provided	0.808
SMEG01	Growth in market share	0.846



SMEG02	Increase in sales	0.819
SMEG03	Net profit from operations has increased	0.823
SMEG04	Our cash from operating activities has improved	0.785
SMEG05	Improvement in gross profit	0.879
SMEG06	Our firm employs more people	0.832

Source: Survey data analyzed using SMART PLS, 2021

Construct Reliability

To establish internal consistency reliability of the construct, Cronbach's alpha and composite reliability (CR) should be higher than the threshold of 0.7. It is clear from table above that all the latent indicators are reliable since their values are higher than the threshold value of 0.7. As an alternative to Cronbach's alpha and composite reliability, Dijkstra and Henseler (2015) proposed rho A as an approximately exact measure of construct reliability, which usually lies between Cronbach's alpha and the composite reliability. Hence, rho A may represent a good compromise if one assumes that the factor model is correct.

Convergent Validity

Convergent validity is the extent to which the construct converges in order to explain the variance of its items. To assess convergent validity, the average variance extracted (AVE) should be larger than 0.5. In table 4.4, all the constructs value of the average variance extracted AVE are larger than 0.5 which shows that our constructs satisfied the condition of convergent validity. It also indicates that all the construct explains 50 percent or more of the variance of the items that make up the construct.

Table 4.4: Construct Reliability and Validity of the indicators

Variables	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
SME's Growth	0.832	0.743	0.847	0.541
Taxation	0.819	0.764	0.801	0.615
Technology	0.731	0.856	0.776	0.512

Source: Survey data analyzed using SMART PLS, 2021

Collinearity Test

Before assessing the structural relationships, collinearity was examined to make sure it does not have bias on the regression results. This was done using the Variance Inflation Factor (VIF). VIF values above 5 are indicative of probable collinearity issues among the predictor constructs, but collinearity problems can also occur at lower VIF values of 3 to 5 (Mason & Perreault 1991; Becker et al. 2013). Ideally, the VIF values should be close to 3 and lower. If collinearity is a problem, a frequently used option is to create higher order models that can be supported by theory (Hair et al., 2016).

Table 4.6: Inner VIF Values of the Study

Item	VIF
TAX01	1.461
TAX02	1.695
TAX03	1.413
TAX04	2.012
TAX05	1.141
TAX06	1.758
TECH01	2.122
TECH02	1.635
TECH03	2.166
TECH04	1.442
TECH05	2.020

From the table above, none of the VIF values is close to 5 which shows that there are no indication of probable collinearity issues among the predictor constructs for this thesis. In summary, the study tested for possible Multicollinearity problems with the data using Variance Inflation Factor (VIF) Test and Table 12 shows the collinearity between the items are all below the recommended 3.8 (Ringle, et al, 2015), which shows that there is no multicollinearity problem with the data of the study. This means that all the items used are unique and not replicated.

Assessment of the Structural Model

To assess the structural model, Hair et al. (2013) suggested looking at the R^2 , beta, and corresponding t-values via bootstrapping procedure with a resample of 5000. They also suggested that, in addition to these basic measures, researchers should also report the predictive relevance (Q^2) and the effect sizes (f^2). Figure 5 shows the structural model results, the loadings and the R^2 values for SMEs growth. The resample of bootstrapping procedure was done using 5000.

Analysed Structural Model for the Variables of the Study

Source: Researcher's Development using SmartPLS (2021)

Test of Hypotheses

This section shows the path coefficients of the regression results using SmartPLS 3.2. The path coefficient results are used for testing the hypotheses of the study.

Taxation and SMEs Growth

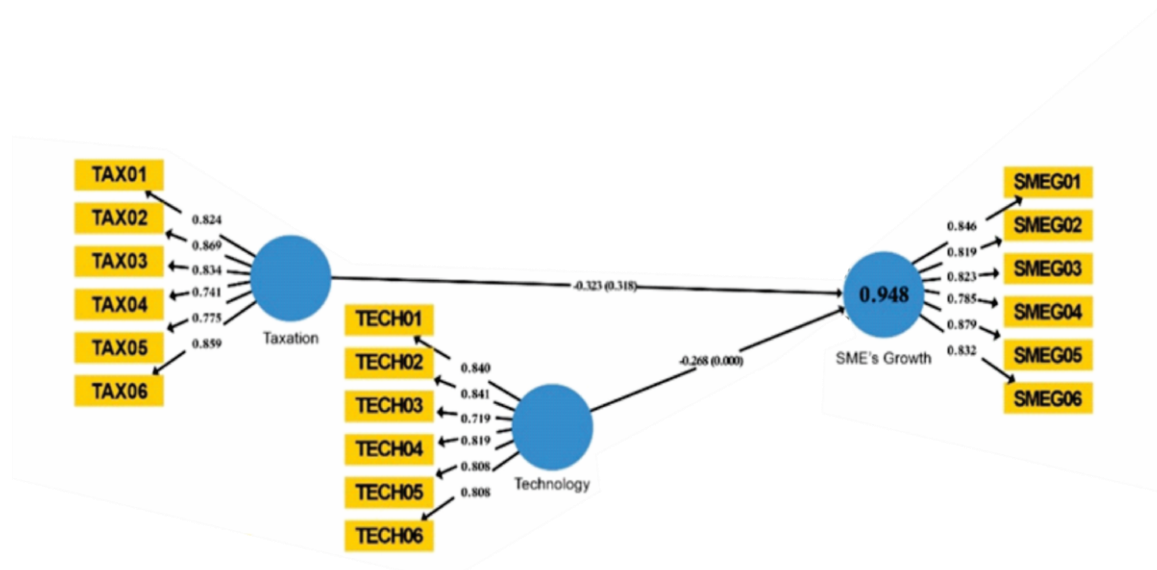
Ho₁ Taxation has no significant effect on SMEs growth in North Central Nigeria.

Table 4.8: Path Coefficient Results Extract for Hypothesis Two

Hypothesis	Coefficient	T- Stats	P- Values
Taxation -> SME's Growth	-0.323	0.999	0.318

Source: Survey data analyzed using SmartPLS, 2021

The results in Table shows that the coefficient for the effect of taxation on SMEs growth is -0.323 with a p-value of 0.318 which is greater than the acceptable 5% significance level showing that there is insufficient statistical evidence to reject the null hypothesis two (Ho₂), so the corresponding alternative hypothesis



cannot be supported. This means that there is a negative and insignificant effect of taxation on the growth of small and medium enterprises in North Central Nigeria.

Technology and SMEs Growth

Ho₂ Technology has no significant effect on SMEs growth in North Central Nigeria.

Table 4.11: Path Coefficient Results Extract for Hypothesis Five



Hypothesis	Coefficient	T- Stats	P- Values
Technology -> SME's Growth	-0.268	16.582	0.000

Source: Survey data analyzed using SmartPLS, 2023

The result from the table above shows that technology has negative and significant effect on SMEs growth in North Central Nigeria, with coefficient = -0.268 and p-value = 0.000. Thus, hypothesis two was not supported and therefore rejected at 5% level of significance. Since there is enough statistical evidence to reject the null hypothesis five (H_{05}), the study hereby supports the corresponding alternative hypothesis. Therefore, the study concludes that technology has a negative and significant effect on the growth of Small and Medium Enterprises in North Central Nigeria.

Predictive Power of the Model

Table 4.12: Predictive Power of Model Using R^2 and Q^2 Predict

	R^2	$Q^2_{predict}$
SMEs Growth	0.948	0.929

Source: Survey data analyzed using SmartPLS, 2023

The r-square statistics shows the level of determinism of the outcome by the independent variables of the study. The r-square value for the study is strong and higher than the recommended 40% according to Chin *et al*, (2008).

Table 4.12 shows that the study has an r-square value of 0.948 for SMEs growth which indicates that the independent variables used for the study account for about 94.8% of the variability in the outcome variable (SMEs growth). Other factors not captured in the model may account for the remaining 5.2%.

Furthermore, the Q^2 values corroborate the assertions of the R^2 results with 92.9% predictive power for SMEs growth. The Q^2 predict is another measure of predictive power of models that is very similar to the R^2 but more recent and gaining increasing popularity with PLS-SEM researchers who argue that the Q^2 may be a more efficient measure of predictive power (Ringle, et al, 2015). The Q^2 is usually computed in PLS-SEM analysis, particularly PLS-predict analysis in SmartPLS tool as was used by this study.

Discussion of Findings

The finding of this study contributes to the existing body of knowledge on SMEs growth by highlighting the dimensions of external business environment and shows how they affect growth individually rather than holistically. Based on the study results, the following discussions are made:

Finding One – Taxation and SMEs Growth

The analysis of taxation and SMEs growth shows that there is a negative but insignificant effect of government taxation on SMEs growth. This finding substantiates the study of Atamodi and Ojeka (2012) using sustenance and expansion as indices of SMEs growth to ascertain whether a relationship exists between taxation, the SMEs' growth, and the Nigerian economy found that there is a considerable negative relationship existing between tax and business capability to keep going and make itself bigger. In contrast, the findings of Isaac (2015) who investigates the effects of government taxation on Uasin Gishu County, Kenya SMEs growth.

Finding Two – Technology and SMEs Growth

However, the finding of this study reveals a negative and significant effect of technology on SMEs growth. From the analysis presented on technology above, it was ascertained that technology has a significant effect on enterprise growth. The result is in line with the work of Yahaya et al. (2014) which indicates a negative influence of technology on business growth. However, the findings contradict Maurice et al. (2017), Consequently this result indicates that the SMEs owners/managers do not take advantage of technology and invest in up to date technology as well as acquire the necessary technological capabilities (digital skills, technical know-how and expertise) needed to convert raw material into finish goods at minimum efficient scale. This further shows that technology is a two edged sword capable of diminishing or increasing



business growth. It is obvious that the SMEs owners in the study area failed to embrace and invest in technology, as well as acquire technological capabilities that will propel their business to achieve growth. Their inability to take advantage of technology in their operations is among the reasons why they are unable to expand beyond the survival level in order to achieve desired growth.

CONCLUSIONS AND RECOMMENDATIONS

From the foregoing, the conclusion of this study is that external business environment has negative effect on small and medium enterprise growth in North Central Nigeria. This call for concerns by managers/owners of SMEs in the study area on the consequences of treating the external business environment factors with disregard and as a result, slowing the growth of the SMEs. The implications from this study are that, a clear understanding of adequate proper taxation, and acquiring up-to-date technology alongside technological capabilities are critical factors in the business environment and, thus, pre-requisites for growth in the SME sector. Furthermore, since business organizations are complex systems, there is the need for the organization to be proficient in learning from its operating environment as well as changing its internal formation and its operation over time, subsequently changing the individual elements behaviour. Thus, the finding of this current study helps to improve the understanding of the external business environment and growth of an enterprise.

Arising from the findings and conclusion, the following recommendations are made:

- i. In order to enhance increase in revenue base of SMEs, owners/managers of SME's in North Central Nigeria must strategically consider outsourcing their recruitment to other companies or consultants with a view of minimizing their tax burdens or obligation. Also, as a way of mitigating the negative effect of taxation on the growth of SMEs in North Central Nigeria. The SMEs owners/managers should take full advantage of tax incentives offered by all tiers of government. For instance, Federal Government has exempted companies with turnover of NGN25 million and below from payment of taxes.
- ii. Technology has become a factor that cannot be treated with disregard by SMEs in North Central Nigeria. As a result, the SMEs managers/owners should consider the use technology in the production or manufacturing of their products and services. In this regard, artificial intelligence, robotics, enterprise software and automation of operations that forms an essential part of business enterprise that will help them establish and manage internal processes are highly recommended. Also, in the marketing of their products and services, the managers/owners of SMEs in North Central Nigeria should consider full utilization of social media handles such as Facebook, Twitter, Whatsapp, and Instagram in marketing their products and services. Furthermore, SMEs in Nigeria must be technologically oriented and inclined; It becomes incumbent on this sector to acquire not only up to date technology but also, technological skills and capabilities necessary to offer differentiated products, convert opportunities into product/services and therefore profit as well as achieve competitive advantage, thereby increasing their growth.

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Impact of Economic Policies on Business Performance of Manufacturing Firms

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Abstract

The contribution of the Manufacturing sector to the overall economy of nations, especially one such as Nigeria, cannot be over emphasised. As such, authorities are always keen to ensure the stability and improvement of the sector; this they can do through the formation and implementation of favourable economic policies. This study investigated the impact of economic policies on business performance of manufacturing firms. Key instruments of economic policies such as Taxation, Government Expenditure and Money Supply were measured and analysed as independent variables against Return on Assets of manufacturing firms as the dependent variable, as a measure of the performance of manufacturing firms. Secondary data was sourced from CBN Statistical Bulletins and Real GDP Reports, and Company Annual Reports for a sample of 8 reputable manufacturing over the period of 20 years, 2001 - 2021. The results of the regression analysis showed p values of 0.0000 for the Taxation, Government Expenditure and Money Supply, denoting a rejection of the null hypotheses corresponding to the mentioned variable. The study concluded that there is significant impact on business performance of manufacturing firms and advised that authorities employ appropriate measures to ensure favourable policies.

Keywords: Economic policies, Taxation, Government Expenditure, Money Supply and Business Performance.

INTRODUCTION

In today's globalised and dynamic economic landscape, countries around the world are continuously seeking ways to enhance their economic growth and industrial development. For emerging economies like Nigeria, the performance of the manufacturing sector holds a crucial role in driving economic progress, generating employment, and fostering technological advancements (Asongu & Nwachukwu, 2017). The manufacturing sector is a crucial driver of economic progress in Nigeria, contributing to job creation, export earnings, and technological advancements (Adeyemi et al., 2019).

However, the growth and sustainability of the manufacturing firms within the country are significantly influenced by the economic policies implemented by the government. Policy decisions related to instruments like taxation, government expenditure, exchange rate, interest rate, lending rate, money supply, etc., all play a crucial role in shaping the overall business environment for manufacturing enterprises.

To understand the implications of these economic policies, it is essential to conduct an in-depth analysis of their effects on the performance of manufacturing firms in Nigeria. Such research is critical for policymakers, industry stakeholders, and researchers to devise targeted strategies and interventions that can enhance the sector's performance and contribute to sustainable economic growth (Adeoti et al., 2020).

It is the duty of every government to improve the standard of living of its people. Rational governments do this through provision of a stable and improving economy among other things. To improve and stabilise the economy; strong, effective and sustainable economic policies have to be adopted by the governments. Unfavourable economic policies can create uncertainty in the economy which will discourage investment. Uncertainty in the economy will also reduce the potential of long run economic growth (Adeeb, 2013).

Government Expenditure impact on the business performance of manufacturing firms in Nigeria:

In Nigeria, as an emerging market with a vibrant manufacturing sector, the impact of government expenditure on the performance of manufacturing firms is of significant importance. Government expenditure encompasses various forms of public spending, including investments in infrastructure, social programs, and support for key industries (Ibrahim, 2017). Investments in infrastructure, for example, can enhance transportation and logistics, reducing production costs and boosting the competitiveness of manufacturing firms (World Bank, 2020).

Moreover, social programs and industry-specific incentives implemented through government expenditure can directly impact the business environment for manufacturing firms (Federal Government of Nigeria, 2004). Supportive policies such as research grants, subsidies, etc., can stimulate investments, innovation, and expansion within the manufacturing sector (Federal Ministry of Industry, Trade and Investment, 2020). On the other hand, misallocation or inefficient use of government expenditure can lead to bottlenecks, red tape, and market distortions, affecting the overall performance of manufacturing firms (Adeyemi et al., 2019).

Taxation impact on the business performance of manufacturing firms in Nigeria:

Taxation is a fundamental aspect of any economy, playing a pivotal role in funding public goods and services and supporting government initiatives. In the context of Nigeria's burgeoning manufacturing sector, the impact of taxation on the business performance of manufacturing firms is a topic of great significance. Tax policies can profoundly influence the competitiveness, profitability, and growth prospects of manufacturing firms, ultimately shaping the trajectory of the entire sector (Adebayo & Olayinka, 2019).

As the government seeks to enhance its fiscal position and promote economic growth, the design and implementation of tax policies can significantly influence the business environment in which manufacturing firms operate (Federal Ministry of Finance, Nigeria, n.d.). Various tax measures, such as corporate income tax, value-added tax (VAT), and customs duties, impact the financial performance and operational decisions of manufacturing firms (Adebayo & Olayinka, 2019). Taxation policies can directly affect the cost of production, investment decisions, and capital allocation within the manufacturing sector (PwC Nigeria, 2020). Moreover, the tax framework can influence firms' ability to attract foreign direct investment (FDI), expand production capacities, and foster technological advancements (Ogundipe et al., 2019). Adequate tax incentives and effective tax administration can encourage businesses to reinvest profits into research and development, leading to greater product diversification and enhanced competitiveness (PwC Nigeria, 2020). Conversely, tax policies that are cumbersome, burdensome, or unpredictable may hinder investment and hinder the growth prospects of manufacturing firms (Oladipupo, 2017).

Nigeria has experienced various economic policy reforms over the years aimed at promoting economic growth, industrialization, and job creation (Ogundipe & Obikili, 2014). While these policies are designed with the best intentions, their actual impact on the business performance of manufacturing firms remains a subject of significant concern and inquiry.

The manufacturing firms in Nigeria have to navigate through a complex web of policies that could either facilitate or hinder their growth prospects (Ogundipe & Obikili, 2014). For instance, certain policies that protect domestic industries may provide a shield from foreign competition, but they can also lead to higher input costs and hinder access to vital resources (World Bank, 2020). Similarly, fiscal policies aimed at revenue generation can burden manufacturing firms with high tax rates and compliance costs (Adebayo & Olayinka, 2019).

The implementation and effectiveness of these economic policies are also influenced by various external and internal factors, including political stability, institutional capacity, and global economic conditions (Filippov & Tochkov, 2019). Moreover, the heterogeneity of manufacturing firms in terms of size, sector, and ownership structure necessitates a comprehensive examination of the impact of economic policies on different segments of the manufacturing industry.

This study, therefore, aims to investigate the overall impact of economic policies, including government expenditure, taxation, and money supply, on the business performance of manufacturing firms in Nigeria. The specific objectives are:

- a) To analyse the impact of Government Expenditure on the business performance of manufacturing firms in Nigeria.
- b) To analyse the impact of Taxation on the business performance of manufacturing firms in Nigeria.
- c) To Analyse the impact of Money Supply on the business performance of manufacturing firms in Nigeria.

The study focuses on examining the impact of various economic policy variables, including Government Expenditure, Taxation, and Money Supply on the business performance of the manufacturing sector in Nigeria. The research aims to investigate the relationship between these economic policies and the performance of the manufacturing sector during the period from 2001 to 2021. During this period, Nigeria witnessed substantial economic reforms and policy changes, making it essential to analyse the effects of fiscal policies, such as taxation and government spending, and monetary policies encompassing interest rate management and money supply on the productivity and growth of the manufacturing sector.

LITERATURE REVIEW

Conceptual Framework

The conceptual framework for studying the impact of economic policies on the business performance of manufacturing firms in Nigeria involves identifying key variables and understanding their relationships (Aminu, 2020). This framework provides a structure for analysing the complex interactions between economic policies and business outcomes, enabling researchers to gain insights into the dynamics and effects of policy interventions.

Economic Policies

At the core of the framework are the independent variables, which are the economic policies implemented by the government. These policies include fiscal policies, monetary policies, trade policies, industrial policies, and external policies (Ogundipe et al., 2019). Each of these policies has the potential to influence the business environment and performance of manufacturing firms in Nigeria. Key instruments of these economic policies include but are not limited to government expenditure, taxation, exchange rate, interest rate, lending rate, money supply, etc.

Government Expenditure: Government expenditure refers to the amount of money spent by the government on various programs and projects. It can have a significant impact on the performance of manufacturing firms in Nigeria. Increased government expenditure in sectors such as infrastructure development and industrial promotion can create a favourable business environment, leading to improved performance (Ibrahim, 2017).

Taxation: Taxation policies imposed by the government affect the financial resources available to manufacturing firms. The level of taxation, tax incentives, and exemptions can influence firms' profitability and investment decisions. Favourable taxation policies can stimulate business growth and performance (Federal Inland Revenue Service, 2020).

Money Supply: The money supply, controlled by the Central Bank of Nigeria, influences the liquidity in the economy. Adequate money supply ensures the availability of funds for investment and business activities. Insufficient money supply can hinder business performance, while a well-regulated money supply can foster economic growth (Central Bank of Nigeria, 2021).

Business Performance of Manufacturing Firms

The business performance of any firm, including Manufacturing firms, can be measured using a number of key indicators, such as profitability ratio, return on investments, manufacturing output, etc. for the purposes of this study, we are going to measure the business performance of Manufacturing firms using Return on Assets.



Empirical Review

Eche et al. (2022) examined the impact of monetary policy on manufacturing sector contribution to gross domestic product in Nigeria. The study spanned through 1985 to 2019. This study adopted the Autoregressive Distributed Lag (ARDL) Bounds testing approach to test for long run relationship. The long run dynamics are also captured from the ARDL cointegration model. The results of the ARDL Bounds test suggest that there is a long run relationship between monetary policy and manufacturing sector contribution to gross domestic product. The result showed that in the short run (MPR) has a negative and significant impact on (MAN), while (DEL, LQR, INF and TRB) were found to exert positive and significant impact on (MAN). However, only (EXR) was found to exert a positive and insignificant impact on (MAN) for the period under review. While in the long run, (MPR) was also found to be negative and significant, while (EXR, DEL, and LQR) were found to be positive and insignificant. Incidentally, (INF and TBR) were found to exert positive and significant effects on the manufacturing sector contribution to gross domestic product in the long run. The study therefore concluded that the manufacturing sector contribution to gross domestic product can be stimulated through effective and efficient monetary policy in both short and long run. As such, the study recommends that, to encourage steady growth of the gross domestic product, monetary policy rate should be managed in such a way as to favour the productive sector of the economy which the manufacturing sector is significant.

Kpagih (2022), in his paper External Sector and The Nigerian Manufacturing Sector Performance, 1981-2019, examined the influence of the Nigerian external sector environment on the performance of the Nigerian manufacturing sector between 1981 and 2019. The study adopted an ex post facto research design approach and the Autoregressive Distributed Lag (ARDL) model estimation techniques. The empirical model consists of the Nigerian manufacturing sector output index as the dependent variable and exchange rate, trade openness, and foreign direct investment as independent variables and external sector environment variables. Test of unit root results indicated that the variables have mixed order of integration, while the cointegration analysis results indicated that the variables in the model have stable long run relationship. Estimates of the ARDL model reveals that in the short run exchange rate variations have negative, but significant effects on manufacturing sector performance, while trade openness, and FDI have positive but insignificant influence on the manufacturing sector performance in the short run. In the long run, exchange rate level and FDI inflows have positive and significant effect on the manufacturing sector performance, while trade openness has negative and significant effect on the Nigerian manufacturing sector performance. The study therefore concluded that the Nigerian external sector Environment has significant influence on the performance of the Nigerian manufacturing sector.

Oshodi, and Muhammed (2020) examined the impact of trade policy reforms on manufacturing firms' performance in Nigeria. Panel data were collected for 57 quoted firms in Nigeria across 15 manufacturing industries. The fixed and random effects models were examined, while the Hausman specification test judged the random effects model to be the most appropriate. Chow break-point test also suggested the existence of structural break, and hence, the break was controlled for. The findings reveal that tariff has a significant negative impact on manufacturing firms value added (performance) in Nigeria. The negative impact of tariff is however, much obvious in the printing and publishing and aluminium industries/ sub-sectors. They therefore recommend that selective imposition of tariffs on different products at different times should be implemented in conjunction with sector-specific reforms for enhanced manufacturing performance in Nigeria.

Imide (2019) examined Empirical Review of the Impact of Fiscal Policy on the Manufacturing sector of the Nigerian Economy from 1980 to 2017. The main objective of the study is to examine the impact of fiscal policy on the manufacturing sector of the Nigerian economy. The model for the study comprises Index of Manufacturing Sector as endogenous variable and proxy by IMS and exogenous variables were; Government Expenditure (GEXP), Company Income Tax rate (CITR) and Federal Government Domestic debt Outstanding (FDDO). Annual time series data were gathered from the Central Bank of Nigeria Statistical Bulletins from 1980 to 2017. The techniques used for analysis are the Ordinary Least Square Techniques tested at the 5% level of significance. The econometric techniques of Ordinary Least



Squares (OLS) results reveals that the Government Expenditure (GEX) and Company Income Tax Rate (CITR) have positive relationship with the Index of Manufacturing Sector (IMS) while Federal Government Domestic Debt Outstanding (FDDO) has negative linear relationship with the Index of Manufacturing Sector (IMS). The study concludes that Government Expenditure and Company Income Tax do not have significant impact on the manufacturing output, while the Federal Government Domestic Debt Outstanding showed a negative and statistically significant impact on the manufacturing sector. The study recommends amongst others that the Government should channel its expenditure into the provision of direct physical structures that will be able to stand the competitive nature of both domestic and global markets as well as draw a policy plan that will subsidise company income tax for the manufacturing sub-sector rather than increase it.

Osakwe et al. (2019) in their work “Monetary Policy and the Performance of the Manufacturing Sector in Nigeria (1986-2017), examined the effect of monetary policy on the performance of the Manufacturing sector in Nigeria. The explanatory variables are monetary policy rate, Treasury bills rate, Cash reserve requirement and money supply; while the dependent variable is the Manufacturing (MANU) sector output. The study adopted an ex-post facto research design and used secondary data obtained from the CBN Statistical Bulletin. The study covered a period of 32 years (1986 to 2017). The data were subjected to Augmented Dicker Fuller stationarity test to determine the best suitable econometric tool of analyses. The Autoregressive Distributive Lag (ARDL) was used for the model estimation. The results indicate that: monetary policy tools have a significant effect on the manufacturing sector output in Nigeria in the short run only. The study thus concludes that monetary policy tools may not be a long run policy instrument for the growth of the manufacturing sector output in Nigeria but rather short run instruments. This study recommended that money supply and treasury bills can be used in the short run as policy instruments to maintain macroeconomic stability in Nigeria with reference to the manufacturing sector.

Arikpo et al. (2017) examined the impact of fiscal policy on the performance of the manufacturing sector in Nigeria. The study was specifically meant to assess the extent to which government revenue and expenditure impact on the manufacturing output in Nigeria. To achieve these objectives, relevant literature was reviewed. An ex post facto research design was adopted for the study. Time series data were collected from the CBN statistical Bulletin using the desk survey method from 1982 to 2014. The data were analysed using the ordinary least square multiple regression statistical technique. Results from the analyses revealed that increases in government revenue reduce manufacturing sector output in Nigeria. Finally, the Government should increase its expenditure on infrastructural development and community services as this will have a multiplier effect on manufacturing activities and enhance economic growth in Nigeria.

Institutional Theory

The study adopted Institutional theory. Institutional theory is a sociological perspective that focuses on the role of institutions in shaping the behaviour and actions of individuals and organisations within a given social context. It emphasises the importance of formal and informal rules, norms, and structures that guide and constrain behaviour. Institutional theory suggests that organisations conform to institutional pressures to gain legitimacy and ensure their survival in a given institutional environment (DiMaggio & Powell, 1983). Institutional pressures can come from formal institutions such as laws, regulations, and government agencies, as well as from informal institutions such as cultural norms, industry conventions, and professional associations.

In the context of manufacturing firms in Nigeria, institutional theory can help explain how economic policies and institutional factors influence business behaviour and performance. For example, institutional pressures arising from government regulations and policies, such as trade regulations, taxation policies, and industrial promotion programs, can shape the behaviour and strategies of manufacturing firms (Akpan & Isihak, 2016). Firms may adapt their practices to align with these policies to gain legitimacy and secure access to resources and markets. Moreover, institutional theory highlights the role of isomorphic processes, which refer to the tendency of organisations to mimic the practices and behaviours of other successful organisations in their field (DiMaggio & Powell, 1983). In the Nigerian manufacturing sector, firms may adopt certain practices or strategies, not necessarily because they are the most efficient or effective, but



because they are seen as legitimate and conforming to industry norms (Madu, 2019). For instance, firms may adopt quality management systems or engage in corporate social responsibility activities to meet institutional expectations and gain legitimacy. By applying an institutional theory perspective, researchers can analyse how economic policies, formal and informal institutions, and isomorphic processes influence the behaviour, strategies, and performance of manufacturing firms in Nigeria. This approach provides insights into the complex interplay between institutions and organisations and helps understand the dynamics of the Nigerian manufacturing sector.

METHODOLOGY

The research design adopted for this study is the Ex post facto design, which is exploratory and descriptive. A sample of eight (8) Manufacturing firms for a period of 20 years (2001 - 2021) was chosen for this study. The eight companies were chosen because they represent different areas of the manufacturing sector, they also represent different financial operating scales and also have required documented data dating back to the period of study. Secondary data was collected from Government Publications: All data on the independent variables, such as Total Tax Revenue (TTR), Total Government Expenditure (TGE), Money Supply (M2/M3) were all obtained from Central Bank of Nigeria (CBN) Annual Statistical Bulletins and Nigerian Bureau of Statistics (NBS) website. Company Reports: Data on the dependent variable, including Net Profit and Total Assets for each of the companies was obtained from each company's Annual Report between 2001 and 2021.

The following mathematical models were developed to analyse the relationship between Fiscal Policy and Monetary Policy as proxies for Economic Policies, and Performance of manufacturing firms in Nigeria. Government expenditure and government revenue are used as KPIs for Fiscal Policy, while Money Supply are used as KPIs for Monetary Policy. Return on Assets (ROA) is used as KPI for Performance of the Manufacturing firms. This study employed the model specified below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_n X_n + \epsilon \dots \dots \dots \text{Eqn 1}$$

Where:

Y = Dependent Variable (Performance of Manufacturing firms measured by **ROA**)

ROA = Return on Assets, Measured as Net profit/Total Assets

β_0 = The constant term or the intercept of the equation

$\beta_1 - \beta_n$ = Coefficients of the independent variables or parameters to be estimated.

$X_1 - X_n$ = Independent Variables (**TTR, TGE, M2/M3**)

ϵ = Error Term

TTR = Total Tax Revenue

TGE = Total Government Expenditure

M2/M3 = Money Supply

So, adapting to Model our above, the functional form of the model for this study will be:

$$\text{ROA} = \beta_0 + \beta_1 \text{TTR} + \beta_2 \text{TGE} + \beta_3 \text{M2/M3} + \epsilon \dots \dots \dots \text{Eqn 2}$$

However, as a result of the large magnitude of the value of some of the independent variables, log-log mode is applied, and equation (2) becomes:

$$\text{LOG(ROA)} = \beta_0 + \beta_1 \text{LOG(TTR)} + \beta_2 \text{LOG(TGE)} + \beta_3 \text{LOG(M2/M3)} + \epsilon \dots \dots \dots \text{Eqn 3}$$

RESULT AND DISCUSSIONS

The descriptive statistics for this research are presented in table 2. The table shows the mean and standard deviation of the different variables of interest in the study. It also presents the minimum, median and maximum values of the variables, as well as the sum and sum of squared deviations.



Table 2: Descriptive Statistics

	LOG(ROA)	LOG(TTR)	LOG(TGE)	LOG(M2/M3)	LOG(M2/M3)
Mean	1.09115	11.78343	12.72398	13.02397	13.02397
Std Dev	0.29839	0.15458	0.29673	0.31498	0.31498
Min	0.73453	11.44199	12.00775	12.10357	12.10357
Median	1.14583	11.83833	12.74331	13.05269	13.05269
Max	1.48748	11.99524	13.08508	13.60550	13.60550
Sum	21.82304	235.66854	254.47952	260.47932	260.47932
Sum Sq. Dev.	1.44245	10.92905	2.98241	4.69233	4.69233
Count	20	20	20	20	20

Table 2 showed that the minimum value of return on assets (LOG(ROA)) is 0.73453 percent while the maximum is 1.4583 percent. The mean value of return on asset (LOG(ROA)) is around 1.09115 percent of the total assets and standard deviation of 0.29839 percent. The descriptive statistics of the sample shows that, the mean value of Money Supply (LOG(M2/M3)) has the highest mean value of 13.02397 with the standard deviation of 0.31498 where the minimum and maximum values are 12.10357 and 13.60550 respectively. Whereas the mean values of LOG(TTR), and LOG(TGE) are 11.78343, and 12.72398 percent with standard deviation of 0.15458, and 0.29673, percent. Their minimum and maximum values are 11.44199, and 12.00775 percent respectively. The results from the Static OLS regression analysis are as below:

Table 3: Static OLS Regression Results

Dependent Method: Sample Included observations: 20	(adjusted):	Variable: Least 2001	-	LOG(ROA) Squares 2021
	Coefficient	Standard Error	t-statistic	Probability
C	4.283499339	4.567541898	0.9378128181	0.18212
LOG(TTR)	-1.316214495	0.3987926854	-3.300498086	0.00000
LOG(GEXP)	0.1699245388	0.3247767844	0.5232040805	0.00000
<u>LOG(M2/M3)</u>	<u>0.5259734205</u>	<u>0.5217103926</u>	<u>1.008171254</u>	<u>0.00000</u>
R Squared	0.85950	F-statistic	22.43240	
Adjusted R Squared	0.82110	Prob(F-statistic)	0.00010	
S.E. of regression	0.05530	Mean dependent var	1.15990	
Sum squared residual	0.48170	S.D. dependent var	0.27110	

The result presented showed that the R Squared value of 0.85950 means that approximately 86 percent of the total variation in ROA could be attributed to or explained by the variation in all of the independent variables. This means that government expenditure, taxation, and money supply within the model explain 86 % of the business performance of the manufacturing firms. The F- statistic was 22.43240 and the p-



value of 0.000 which was less than 0.05 significant levels means that, there is a positive significant relationship between independent variables and the dependent variable.

Test of Hypotheses

In line with the six hypotheses stated in chapter one of this study. This section presents the findings with the respect to the stated hypotheses.

H0₁: Government expenditure has no significant effect on business performance of manufacturing firms in Nigeria.

The regression result in Table 4.7 showed that the standardised coefficient of LOG(TGE) was 0.1699245388 with p-value of 0.000 which is less than 0.05 percent significant level. This indicates a positive significant relationship between TGE and ROA, a measure of performance of the Manufacturing firms. We therefore reject the Null hypothesis and accept the alternative hypothesis and conclude that government expenditure has significant effect on the business performance of manufacturing firms in Nigeria.

H0₂: Taxation has no significant effect on business performance of manufacturing firms in Nigeria.

The regression result in Table 4.7 showed that the standardised coefficient of LOG(TTR) was -1.316214495 with p-value of 0.000 which is less than 0.05 percent significant level. This indicates a negative significant relationship between TTR and ROA, a measure of performance of the Manufacturing firms. We therefore reject the Null hypothesis and accept the alternative hypothesis and conclude that taxation has significant effect on the business performance of manufacturing firms in Nigeria.

H0₃: Money supply has no significant effect on business performance of manufacturing firms in Nigeria.

The regression result in Table 4.7 showed that the standardised coefficient of LOG(M2/M3) was 0.5259734205 with p-value of 0.000 which is less than 0.05 percent significant level. This indicates a positive significant relationship between M2/M3 and ROA, a measure of performance of the Manufacturing firms. We therefore reject the Null hypothesis and accept the alternative hypothesis and conclude that money supply has significant effect on the business performance of manufacturing firms in Nigeria.

The regression analysis conducted on the dataset provides evidence to support or reject the hypotheses related to the impact of various factors on the business performance of manufacturing firms in Nigeria. The findings of study are based on the following results:

- a. Government Expenditure (TGE): The regression analysis shows a positive and significant relationship between government expenditure and the business performance of manufacturing firms in Nigeria. The standardised coefficient of LOG(TGE) is 0.1699245388, indicating that a unit increase in government expenditure leads to a 0.1699 increase in the performance measure (ROA). Therefore, we reject the null hypothesis (H0₁) and conclude that government expenditure has a significant effect on business performance.
- b. Taxation (TTR): The regression analysis reveals a negative and significant relationship between taxation and the business performance of manufacturing firms in Nigeria. The standardised coefficient of LOG(TTR) is -1.316214495, indicating that a unit increase in taxation results in a 1.3162 decrease in the performance measure (ROA). Consequently, we reject the null hypothesis (H0₂) and conclude that taxation has a significant effect on business performance.
- c. Money Supply (M2/M3): The regression analysis shows a positive and significant relationship between money supply and the business performance of manufacturing firms in Nigeria. The standardised coefficient of LOG(M2/M3) is 0.5259734205, suggesting that a unit increase in money supply leads to a 0.526 increase in the performance measure (ROA). Therefore, we reject the null hypothesis (H0₃) and conclude that money supply has a significant effect on business performance.



CONCLUSION AND RECOMMENDATIONS

From the study conducted, we can then present the following conclusion. Taxation has a significant negative relationship with business performance of manufacturing firms. This is to say that the higher the taxes imposed, the lower the performance of manufacturing firms in Nigeria. Government has a significant positive relationship with business performance of manufacturing firms. This is to say that the more money the government spends, the higher the performance of manufacturing firms in Nigeria, and vice versa. Money Supply has a significant negative relationship with business performance of manufacturing firms. This is to say that the more money in supply, the higher the performance of manufacturing firms in Nigeria. In general conclusion, we can see that economic policies significantly impact on the business performance of manufacturing companies in Nigeria. From the findings of the study, we can put forward the following recommendation for the government and policy makers to adopt:

- i. Government should increase spending on the manufacturing sector. This has a positive relationship with the performance of manufacturing firms and will boost their growth and contribution to GDP.
- ii. Government should review its policies on taxation and lending rates. These instruments have a negative relationship with performance of the manufacturing firms and a review of the policy could lead to adoption of more effective and advantageous ideals that will improve the overall performance of manufacturing firms.
- iii. Government should increase the overall money supply. This has a positive relationship with the performance of manufacturing firms and will boost their growth and contribution to GDP.

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All Variables according to our log-log equation, Eqn 3.

YEAR	LOG (ROA)	LOG (TTR)	LOG (TGE)	LOG (M2/M3)
2001	1.48748	11.44199	12.00775	12.10357
2002	0.95025	11.50390	12.00783	12.17781
2003	1.00155	11.53286	12.08849	12.29068
2004	0.99903	11.57245	12.17731	12.32875
2005	1.14083	11.60012	12.28323	12.42126
2006	1.30994	11.63548	12.30920	12.57954
2007	1.36559	11.65467	12.38933	12.70990
2008	1.36391	11.68372	12.51065	12.93669
2009	1.23825	11.71759	12.53820	12.98621
2010	1.22066	11.93303	12.62269	13.04538
2011	1.17368	11.82563	12.67321	13.10135
2012	1.17256	11.86933	12.66326	13.19043
2013	1.21423	11.85981	12.71477	13.27284
2014	1.04389	11.91628	12.66157	13.30996
2015	1.00673	11.87896	12.69800	13.31985
2016	0.73453	11.85805	12.76779	13.38487
2017	0.80476	11.85413	12.81001	13.45643
2018	0.84439	11.86712	12.89286	13.47384
2019	0.90710	11.84897	12.98742	13.53476
2020	0.77131	11.89552	13.00995	13.55676
2021	0.84913	11.99524	13.08508	13.60550

The values of our variables using the log-log equation in Eqn 3 as: $\text{LOG}(\text{ROA}) = \beta_0 + \beta_1 \text{LOG}(\text{TTR}) + \beta_2 \text{LOG}(\text{TGE}) + \beta_3 \text{LOG}(\text{M2/M3}) + \epsilon$

Independent Variables (TTR, TGE and M2/M3) for the period 2001 - 2021.

YEAR	TTR (₦'000,000)	TGE (₦'000,000)	M2/M3 (₦'000,000)
2001	276,690	1,018,000	1,269,320
2002	319,080	1,018,200	1,505,960
2003	341,080	1,226,000	1,952,920
2004	373,640	1,504,200	2,131,820
2005	398,220	1,919,700	2,637,910
2006	432,000	2,038,000	3,797,910
2007	451,510	2,450,900	5,127,400
2008	482,750	3,240,800	8,643,430
2009	521,900	3,453,000	9,687,510
2010	857,090	4,194,600	11,101,460
2011	669,310	4,712,100	12,628,320
2012	740,160	4,605,300	15,503,410
2013	724,120	5,185,300	18,743,070
2014	824,670	4,587,400	20,415,610
2015	756,760	4,988,900	20,885,520
2016	721,190	5,858,600	24,259,000
2017	714,710	6,456,700	28,604,470
2018	736,410	7,813,700	29,774,430
2019	706,270	9,714,600	34,257,900
2020	786,170	10,231,700	36,038,010
2021	989,100	12,164,100	40,318,290

Source: CBN 2021 Statistical Bulletin_Financial Sector, CBN 2021 Statistical Bulletin_Public Finance, CBN Real GDP Report (2001-2021),

Calculated Total ROA of all Manufacturing Firms from our sample size.

CALCULATED ROA OF MANUFACTURING FIRMS			
YEAR	TOTAL NET PROFIT (₦'000)	TOTAL TOTAL ASSETS (₦'000)	ROA (%)
2001	4,086,117	13,299,249	30.7244191
2002	7,501,320	84,116,885	8.9177339
2003	20,466,853	203,938,618	10.0357908
2004	22,084,183	221,336,043	9.9776714



2005	31,955,551	231,054,549	13.8303059
2006	53,355,002	261,354,600	20.4147935
2007	68,421,433	294,851,193	23.2054116
2008	81,751,922	353,660,555	23.1159288
2009	72,903,441	421,205,429	17.3082862
2010	77,640,884	467,120,323	16.6211745
2011	93,612,457	627,553,213	14.9170549
2012	104,326,291	701,192,345	14.8784127
2013	124,522,575	760,350,211	16.3770028
2014	120,495,574	1,089,130,033	11.0634700
2015	116,594,545	1,148,024,076	10.1561063
2016	78,886,747	1,453,699,690	5.4266192
2017	99,356,429	1,557,524,270	6.3791256
2018	106,836,052	1,528,722,644	6.9885831
2019	122,023,626	1,511,267,322	8.0742582
2020	99,556,395	1,685,606,543	5.9062653
2021	137,574,871	1,947,202,647	7.0652570

Source: Calculated from the TOTAL column



Effect Of Intellectual Capital on Performance of Listed Industrial Goods Firms in Nigeria

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Abstract

The study investigated the effect of intellectual capital on performance of listed industrial goods firms in Nigeria over the period of 2017-2022. Performance was measured by Tobin's Q. Intellectual capital was measured using two component of intellectual capital, human capital efficiency and structural capital efficiency. Data were collected through secondary source from sample size of 12 industrial goods firms listed on the Nigeria Exchange Group. In testing the hypotheses formulated, panel regression was used for the analysis of this study. The findings from the analysis shown that human capital efficiency (HCE) has negative and insignificant effect on industrial goods firms in Nigeria. Structural capital efficiency (SCE) shows negative and significant effect on performance of industrial goods firms in Nigeria. This study therefore recommended that, management of industrial good firms in Nigeria should pay more attention to intellectual capital aspect of the firms to enable them increase market share in the Nigeria capital market.

Keywords: Intellectual capital, Human capital, Structural capital and Performance

INTRODUCTION

From last century, discovery has shown that people do more of brain work than physical work which is refer to as intellectual capital. In the contemporary corporate world today, sources for competitive advantage have shifted from traditional assets to intellectual ones. This situation has arisen due to the globalization process as well as due to increasing breakthroughs in areas such as production technology, computing and telecommunications (Osinski, et al., 2017). All these transformations suggest a new outlook and interpretation on society as a whole (Sharma & Dharni, 2017; Zerenler et al., 2008).

The Economics Institute of Washington D.C. (2018) study on human intellectual capital, concluded that, the economic value of the nation's productivity depends more upon employee skills and knowledge and business problem solving aptitude than it does upon the performance of the firm's commercial output. In the new millennium, intellectual capital will be the primary resource and driver of our information economy. Economic wealth is driven more by knowledge and information than the production process, these are the main resources organizations used to create market share and competitive edge.

Intellectual capital can be seen in three dimensions or component, including human capital, structural capital and relational capital. The main value of human capital is the skill set that an employee gains through education and experience in career path This dimension or component is the basis of other aspects and has indirect effect on of organization. Organizational members are included in two set, staff and managers. These different roles have different effects on the organization. Structural capital aim to provide the conditions for improving business based on knowledge and competition. Structural capital includes organizational culture, organizational structure, organizational training, operational flow and information flow to lead operational efficiency of the organization and structure. Finally, capital employed is concerned with total amount of capital used for the acquisition of profits by a firm or project, organizations need to have all the three capitals simultaneously and make them interact with each other to create performance (Pulic, 2000).

Human capital is not a one-dimensional concept and can mean different things to different stakeholders. In the business world, human capital is the economic value of an employee's set of skills. To a policymaker, human capital is the capacity of the population to drive economic growth. To others it may include tacit knowledge acquired informally through experience, non-cognitive skills, such as inter-personal skills and the physical, emotional and mental health of individuals. The human capital index aims to accommodate



this conceptual diversity and takes a holistic approach, while keeping an overall focus on maximizing a nation's human potential (Klaus, 2015).

Human capital is a processes that relate 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 increase in performance of organization (Marimuthu 2009). According to Kucharcikova (2011) human capital is combined knowledge, skill, innovativeness, and ability of the organization to meet the task at hand. This study understood human capital as knowledge, experience, skill, ability and contributions of human element in an organization

Structural capital represents the competitive intelligence, formulas, information systems, patents, policies, processes, that result from the products or systems the firm has created over time. Structural capital also includes all the non-human storehouses of knowledge in organizations, which include the databases, organizational charts, process manuals, strategies, routines and anything whose value to the company is higher than its material value (Bontis, et al., 2012).

Structural capital is also referred to as knowledge that stays within the firm. It comprises organisational routines, procedures, systems, cultures and databases. Examples are organisational flexibility, a documentation service, the existence of a knowledge centre, the general use of information technologies and organisational learning capacity. Some of them may be legally protected and become intellectual property rights, legally owned by the firm under separate title (IFAC, 2016). This study understood that structural capital is the system, culture and routines of an organizational activities and also what it left behind after everybody left.

Statement of Problem

Despite all the abundant resources in Nigeria ranging from material, non-material resources and human resources which are supposed to be some sort of competitive advantage for industrial goods firms in Nigeria yet, made in Nigeria industrial goods are unable to compete with foreign product in the Nigeria local market. Question now is, why is made in Nigeria product are unable compete in Nigeria local market? This indeed call for research into industrial goods firms in Nigeria to check the intellectual capital activities as a tools of gaining competitive advantage. It is against this statement of problem above this study set below objectives.

- i. To ascertain the effect of human capital efficiency on performance of listed industrial goods firms in Nigeria;
- ii. To assess the effect of structural capital efficiency on performance of listed industrial goods firms in Nigeria;

LITERATURE REVIEW

Concept of Intellectual Capital

Intellectual capital refers to all resources that determine the value of competitiveness of an organization. It is the knowledge-based assets which the organization focuses on to increase its efficiency and sustenance of good financial performance. Intellectual capital is the most significant organizational asset in the digital economy and an organization's success will be based on the strategic management of knowledge rather than the strategic allocation of physical and financial resources (Apiti, et al., 2017).

Kim et al., (2010) defined intellectual capital as the resource that comes from the knowledge, experience and share competencies of its staff, from the organization's ability to innovate and manage change, from its infrastructure, and from relationships between stakeholders and partners. Another management author also defined intellectual capital as anything an enterprise can use to increase its competitive advantage in the market place, including knowledge, information, intellectual property rights and experience. In other words, IC is presented as intangible assets and it produces value to enterprises that can be reflected as final income in financial statements, but it cannot be expressed as an accounting title in financial statements (Lu et al., 2010).



Han and Han (2004) noted that intellectual capital has prevailed as a measure of core competency and competitive advantage which explains the gap between the performance and book value of an organization at a time of decreasing usefulness of current financial reporting. Chen (2009) defined intellectual capital as the knowledge and knowing capability of a social collectivity, for example an organization, intellectual community, or professional practice.

Concept of Human Capital

Human capital is the knowledge that employees take with them when they leave the firm. Includes the knowledge, skills, experiences and abilities of people. Some of this knowledge is unique to the individual, some may be generic. Examples are innovation capacity, creativity, know-how and previous experience, teamwork capacity, employee flexibility, tolerance of ambiguity, motivation, satisfaction, learning capacity, loyalty, formal training and education (Ricceri, 2008).

Zula and Chermack (2007) defined human capital as the knowledge and skills that people acquire through education and training as being a form of capital, and this capital is a product of deliberate investment that yields returns. Another author here defined Human Capital as the combined knowledge, skill, innovativeness and ability of the company's individual employees to meet the task at hand. It also includes the company's values, culture and philosophy. Human capital cannot be owned by the company (Bontis, 2001). Lim (2012) says human capital is referring to the stock of usable knowledge, skills, capabilities, productivity of an organization and competencies for individuals and for groups that sustain an organization's wealth. Human capital is the combined knowledge, wisdom, expertise, skill, intuition, innovativeness, and ability of the individuals to meet the tasks and goals at hand, which include values, culture, and philosophy. Human capital is the individual's or firm's collective capability to extract the best solutions from the knowledge of its people, and represents the creativity and innovativeness that exist in each employee's mind to provide solutions to customers. (Lim et al., 2012).

Concept of Structural Capital

Bozbura and Beskese (2007) defined structural capital as the sum of all assets that make the creative ability of the organization possible. Joia, (2007), structural capital components refer to organisational culture, routines and practices, or intellectual property. (Beattie & Thomson, 2007) also states that structural capital is the knowledge that stays within the firm at the end of the working day. Comprises the organizational routines, procedures, systems, cultures, databases, etc. Some may be legally protected and become Intellectual Property Rights, legally owned by the firm under separate title.

Torres (2006) report that structural capital is the sum of all assets pertaining to the firm, which make the creative ability of the organization possible. The vision of the firm, management philosophy, organization culture, strategies, processes, working systems, and information technology can be mentioned among these assets. (Rudez & Mihalic, 2007) defined structural capital as constituted management philosophy, culture, business processes and information technology in the hotel industry.

Alama (2008) stated that structural capital includes the intangible assets that form a part of the structural design of the company, facilitating the flow of knowledge and bringing as consequence an improvement in the effectiveness of the organization and by which cause to provide proper vision and obtain competitive advantage for new product. Structural capital can help to create clear vision, competitive advantage and business values (Mc Elroy, 2002).

Empirical Review

Human Capital and Performance

Maryam et. al (2021) with empirical studied that investigate the relationship between six elements of intellectual capital such as human capital, structural capital, customer capital, social capital, technological capital and spiritual capital with organizational performance in Malaysia. The study was conducted using a structured questionnaire distributed to higher-level management working in various organizations in Malaysia. Sample size of 187 respondents out of 311 questionnaires distributed and selected randomly based on non-probability convenience sampling. Data collected was analysed using the Multiple Regression



Analysis Model. The results revealed that intellectual capital has significant influence on the organizational in Malaysian. The study was carried out in Malaysia investigated six variables of intellectual capital on organizational performance. While, current study was carried out in Nigeria examining effect of three major VAIC components (Human capital, structural capital and capital employed) of intellectual capital on value added.

Anh and Duong (2020) study investigated the impact of intellectual capital on firm performance in the context of Vietnam. The research sample includes 61 manufacturing companies listed on Vietnam stock market for the period from 2013 to 2018. This research used value-added intellectual capital (VAIC) to measure the intellectual capital of a firm. The VAIC includes the sum of three components: Human Capital Efficiency (HCE), Structure Capital Efficiency (SCE) and Capital Employed Efficiency (CEE, including physical and financial capital). In this paper, firm value is measured by Tobin's Q ratio. The empirical results show a statistically significant and negative impact of human capital efficiency on performance and other value-added intellectual capital (VAIC) component revealed positive impact on a firm's profitability. This evidence provides a new insight to managers on how to improve the value of manufacturing companies listed on Vietnam stock market. The study was carried out in Vietnam stock market using secondary data for the analysis while current study carried out in industrial goods firms in Nigeria.

Kweh et, al. (2019) study examined the effect of Intellectual capital, and firm performance of publicly listed companies in Malaysia. Secondary data on the leading 200 companies listed on the Malaysian Stock Exchange from 2010 to 2015 are employed to estimate the performance intellectual coefficient (VAIC) model. The result of regression analysis revealed that firms with and without government ownership are not the same in term of firm performance and IC. Capital employed efficiency (CEE), human capital efficiency (HCE), and total IC have significantly positive effect on firm performance. However, the significantly positive impacts of CEE and HCE on firm performance are only found in firms without government ownership. The significantly negative effect of government presence is confirmed in the pooled data analysis, whereby only CEE is significantly related to firm performance for firms with government ownership. The study was carried out in publicly listed companies in Malaysia using secondary data whereas present study is carried out in Nigeria.

Rahim et al., (2016) examined human capital efficiency and firm performance: an empirical study on Malaysian technology industry using accounting data gotten from annual reports of all the 93 technology companies listed under main market and ace market of Bursa Malaysia in year 2009. The study applied performance intellectual Coefficient (VAICTM) methodology developed by Pulic to measure human capital efficiency. The results revealed that from the correlation analysis, human capital efficiency has significant and positive relationship with firm's performance. The research relied solely on accounting data for the purpose of analysis.

Structural Capital and Performance

Onyekwelu et. al (2017) in their study examined effect of intellectual capital on financial of firms in Nigeria using the banking industry. The research used the Value-Added Intellectual Coefficient (VAIC) to ascertain the extent that intellectual capital indices affect financial of three Nigeria banks. Data were collected from the published annual financial statements of the three banks and analyzed using regression tool. The study indicates that IC has a positive and significant effect on banks' financial performances of the banks but some are not significant. The results further showed that the banks are statistically different in both the intellectual capital and its financial indicators. It also shows that the banks with high IC also show high financial performance. The study considered intellectual capital component on financial in the banking industry while the present study will be considering intellectual capital component on performance in industrial goods listed on Nigeria exchange group.

Najihah et. al (2022) study was to determine the relationship and influence of the structural capital on organizational performance. This study was conducted at Telekom Malaysia Berhad (TM) Headquarters and aims to address the significance element in intellectual capital focusing only on structural capital towards organizational performance. A mixed method research approach was used with a pragmatic



knowledge claim with strategies of inquiry that involve sequential quantitative and qualitative data collection through questionnaire survey and interviews. Overall results revealed that structural capital do matters and have a significant influence on organizational of TM. The findings obtained in this study particularly useful for both employers and employees in understanding the importance of structural capital towards of TM. It is suggested that TM should implement system and program framework to be part of TM's policy as a contribution to TM's organizational success. The study also implies that the importance of structural capital should be emphasized not only to TM but also to other organizations for future research.

Irena and Simona (2019) study is designed in order to provide a unified intellectual capital description, its structure and the methodology of intellectual capital evaluation. The main approach of this scientific research is regarding the listed companies of the Baltic States. The aggregated intellectual capital index is calculated for the listed companies of the Baltic States and the main tendency of its influence on performance. In addition to this, main factors that have an impact on the performance of the listed companies of the Baltic States are revealed. After the regression the results revealed that there is a statistically significant relationship between intellectual capital of the company and its performance.

Payam (2018) in this study explores and explain the relationship between Intellectual capital and performance in 50 Malaysian firms during the years 2000 and 2012. intellectual capital is considered as an independent variable which divided to human, relational and structural capital, to measure the ingredients of intellectual capital operating revenues have been used to form the proxy of human and relational capital and research and development expenditures have been used in the structural capital equation. performance is considered as dependent variable that represents the value of the firms. Debt to equity ratio and Administrative expenses per staff are considered as intervene and control variables, and their effect have been analyzed on the firm's performance. The method of multiple regressions has been used to predict the impact of intellectual capital and performance. The finding of this paper shows that there is a positive relation between intellectual capital and performance, it also indicates that the effect of debt to equity ratio on economic value added is negative and this relation for administrative expenses per staff is positive but it is not meaningful.

Dynamic Capability Theory

Dynamic Capability Theory (DCT) and change management previously we discussed different academic perspectives of HC, the concept of HC acting as an enabler of organisational change was briefly discussed (Schultz 1961; Nelson & Phillips 1966). Evidence suggests that many firms now operate in increasingly dynamic and turbulent environments where disruptive forces such as technological innovation, global competition and entrepreneurship more typically emerge (Schreyögg & Sydow 2010). Moreover, in such environments, firms need to be able to reinvent and transform their constituent resource base, knowledge routines and capabilities in order to remain aligned with, or even ahead of, their external environment.

Danneels (2002) DCT has been introduced to gain a better understanding of firm adaption and how competitive advantage is gained and maintained over time in changing environments. It is a relatively new theory when compared with the RBV, yet in many ways DCT can be described as an extension of the latter (Helfat et al 2007; & Ambrosini et al 2009). As the theory is relatively new, it has not been applied in as many studies as the RBV, which also means that on a conceptual level, the theory is still the subject of debate. More recently, however, it is seeing increased use in studies relating to firm (Kor & Mahoney 2005; Rothaermel & Hess 2007; Ambrosini et al 2009; Hsu & Wang 2010; Barrales-Molina et al., 2013). This study adopts Dynamic Capability Theory (DCT) because the view of this theory is the dynamic change in business environments such as technological, innovation, global competition, changes from physical to intellectual and entrepreneurship.

METHODOLOGY

The study used Ex-post factor research design with the population of 19 industrial goods firms listed on the Nigeria Exchange Group (NXG) as at 2022 while the sample size consists of twelve listed industrial goods firms on the (NXG) that had required data for this period of study. In other words, companies that are listed on the (NXG) for the six years' period of study 2017-2022. The study used secondary data

sourced from published annual report of the firms. The study also used panel regression technique to determine the relationships and effect of the research the variables.

Model specification

$$\text{TOBIN } Q_{it} = f(\text{HCE}_{it}, \& \text{SCE}_{it})$$

$$\text{TOBIN } Q_{it} = \beta_0 + \beta_1 \text{HCE}_{it} + \beta_2 \text{SCE}_{it} + \mu_t$$

Where:

TOBIN Q_{it} = Performance Measure (Dependent variable)

HCE_{it} = Human Capital Efficiency (Independent variable)

SCE_{it} = Structural Capital Efficiency (Independent variable)

β_0 = Constant/Intercepts

β_1 , and β_2 , = Parameters of determination

μ_t = Stock Variable (Error term).

Performance is the dependent variable and was measure outwardly using Tobins Q. Tobins Q = Total market value of a firm / Total asset value. While independent variables which is Intellectual Capital was measured using two components of VAIC model Human Capital Efficiency and Structural Capital Efficiency.

Measurement of Variable Table

Variables	Measurement	Authors
Tobin' s Q	Total market value of a firm by Total Asset Value	Tobin (1969)
Human Capital Efficiency	Employee expense such as training, wages and salaries	Pulic (2000)
Structural Capital Efficiency	Difference between value added and human capital	Pulic (2000)

Source: researcher 2023

Results and Discussions

In testing the hypothesis for this study, we used random effect result when they were no problem of heteroscedasticity.

Table 1:

	HCE	SCE	TOBIN
Mean	3.07	0.67	1.88
Std. Dev.	3.00	1.41	1.66
Variance	9.02	1.98	2.77
Min	-1.5	-4.48	0.45
Max	23.96	13.62	10.83
Skewness	4.00	6.14	2.97
Kurtosis	25.99	62.58	13.71
Obs	72	72	72

Source: STATA Output, 2023

The above table show the descriptive statistics of the variables under study. The table revealed that human capital efficiency recorded a minimum of -1.5 and maximum of number value of 23.96 which implies that the human capital efficiency of industrial goods firms under study does not exceed that. However, the average number of human capital recorded was 3.07 with a standard deviation value of 3.00. Although the skewness value of 4006 which is within the range of normality, the kurtosis value 25.99 recorded was far above normality range. Also, structural capital efficiency recorded a minimum and maximum values of -4.48 and 13.62 respectively with the average value recorded of 0.76 with a standard deviation of 1.42. Although the skewness value of 6.14 falls within normality range, the kurtosis value of 62.58 exceeds the normality range. Tobin's Q (TOBIN) as index used to measured also recorded a minimum value of 0.45 and a maximum value of 10.83. with average value of Tobin's Q at 1.88 with a standard deviation of 1.66. both the skewness value of 2.97 and the kurtosis value of 13.71 far exceeds the normality range. Below is

the table that shows the correlation analysis based on the sampled data collected from variables on industrial goods firms listed on Nigeria stock exchange;

Correlation Matrix

	<u>TOBIN</u>	<u>HCE</u>	<u>SCE</u>
<u>TOBIN</u>	1.000		
<u>HCE</u>	-0.0684 0.4580	1.000	
<u>SCE</u>	-0.0779 0.3977	0.0134 0.8844	1.000

Source: STATA Output, 2023

TOBIN recorded a negative and weak relationship with human capital efficiency (HCE) which stood at -0.0684 implying that -6.84% and its statistically insignificant at 5% level of significance. Also, (TOBIN) also recorded a negative and weak relationship with both structural capital efficiency and capital employed efficiency which both stood at -0.0779 and -0.1448 respectively, and both are statistically insignificant at 5% level of significance. HCE recorded a weak but positive relationship with SCE which stood at 0.0134 but is statistically insignificant at 5% level of significance.

The study was obliged to run both fixed effect and random effects regression test due to the nature of the data being a panel data. Sequence to the above, the hausman fixed test revealed a chi-square probability of -0.2434 which is less than 0.05 and hence necessitated the choice of the random effect model. In addition, the Langrangian multiplier (LM) test also showed a chi-square probability less than 0.05 (0.00>0.05) which supports the interpretation of the random effect model against the panel regression model.

However, post estimation test of heteroscedasticity revealed the absence of heteroscedasticity problem. In addition, skewness and kurtosis test for normality of residuals revealed that the residuals are normally distributed. Also, the Shapiro Wilk W test revealed a probability value of 0.08 which is greater than 0.05 which also indicates that the data were normally distributed. Of the basic assumption of a panel regression model is that of normality of residuals, absence of heteroscedasticity problem as well as presence of serial correlation among others which have been all reflected in the random effect model lead to the choice of interprets the result of random effect regression analysis as shown below:

Random Effect Regression Output

<u>TOBIN</u>	<u>Coefficient</u>	<u>t-value</u>	<u>p> t </u>	<u>R-square</u>
<u>HCE</u>	-0.0048	0.09	0.926	0.1410
<u>SCE</u>	-0.0029	-0.03	0.975	
<u>Constant</u>	1.9192	6.04	0.000	

Source: STATA Output, 2023

The above table revealed that the value of r-square stood at 0.1410 which indicates that 14.1% of the variation in Tobin's Q (TOBIN) could be explained by the combination of human capital efficiency, structural capital efficiency and capital employed efficiency while the remaining 85.9% could be explained by other variables that are not included in the study. The estimate value of r-square appears to be normal which shows that the model is fit for the analysis (Gujarati, 2004).



H₀₁ Human capital efficiency has no significant effect on performance of industrial goods firms in Nigeria

The regression line $TOBIN = 1.9192 - 0.0048 HCE$ indicates that a unit increase in HCE will lead to -0.0048 decrease in TOBIN. The t-value stood at 0.09 with the probability of the t-statistic pegging at 0.926 which is insignificant, the study therefore accepts the null hypothesis which states that human capital efficiency has no significant effect on performance of listed industrial goods firms in Nigeria and ignore the alternative hypothesis.

H₀₂ Structural capital efficiency has no significant effect on performance of industrial goods firms in Nigeria

The regression line $TOBIN = 1.9192 - 0.0029 SCE$ indicates that a unit increase in SCE will lead to -0.0029 decrease in TOBIN. The t-value stood at -0.03 with the probability of the t-statistic pegging at 0.975, the study therefore accepts the null hypothesis which states that structural capital efficiency has no significant effect on performance of listed industrial goods firms in Nigeria and ignore the alternative hypothesis.

Discussion

The study sought to examine the effect of intellectual capital on performance of listed industrial goods firms in Nigeria. The results from the regression analysis are discussed below.

From the result of hypothesis above the study found that human capital efficiency has negative and insignificant effect on performance proxies by Tobin's Q (TOBIN). This result indicates that an improvement in human capital aspect of intellectual capital would significantly increase firm performance (TOBIN) of listed industrial good firm in Nigeria.

The result does not agree with empirical findings of Kweh et al. (2019) and the result tally with findings of Anh and Duong (2020) this means the study accept the null hypothesis which stated that human capital has no significant effect on performance of listed industrial goods firms in Nigeria.

Also, the second hypothesis result above shows that structural capital efficiency has negative and no significant effect on performance proxies by Tobin Q (TOBIN). This result indicates that an improvement in structural capital aspect of intellectual capital would significantly increase performance (TOBIN) of listed industrial good firm in Nigeria not. The result tally with empirical findings of Mohammad (2019); Dimitrios et al., (2011) which show that increase in structural capital efficiency of intellectual capital has no influence in performance. And the result does not agree with findings of Nwaiwu and Aliyu (2017); Payam (2018); and Neha and Niladri (2018) this means the study accept the null hypothesis which stated that human capital has no significant effect on performance of listed industrial goods firms in Nigeria.

CONCLUSIONS AND RECOMMENDATIONS

Looking at the general objective of the study which was to investigate the effect of intellectual capital on performance of listed industrial goods firms in Nigeria, and taking into perspectives the findings of each of the specific objectives, it is clear that one. Human capital of the hypotheses results showed negative and insignificant effects on performance of listed industrial goods firms in Nigeria and as such the study contends paying more attention to human capital component of intellectual capital will create performance. Also, Structural capital showed negative and insignificant effects on performance of listed industrial goods firms in Nigeria meaning improving the system of operation in the Nigeria industrial goods firms will create performance in the industry.

- i. For industrial goods firms in Nigeria to improve their performance to enable competitive advantage, more attention must be given to human capital of firms, such as knowledge, skills, experiences and off the job training of employee, so as to enable Nigeria industrial goods firms. because it was discovered from the analysis that human capital efficiency had insignificant negative effect on performance of firms in Nigeria.
- ii. The study also recommended that, Nigeria industrial goods firms should improve their structural capital aspect of intellectual, such as processes and procedure, patents, information system, proprietary databases and the general systems of the firms, so as to support industrial goods firms in Nigeria in gaining competitive advantage and also lead to better performance.



Because the regression result revealed that structural capital efficiency had negative and insignificant effect on performance of firms in Nigeria.

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Effect of Ownership Structure on Financial Performance of Listed Deposit Money Banks in Nigeria

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Abstract

The study investigated the effect of ownership structures on financial performance of listed Deposit Money Banks in Nigeria over eight years period (2015-2022). Financial performance was measured using Return on Equity (ROE) and ownership structures were measured using institutional ownership and managerial ownership. Data were collected through secondary source from sample size of 13 Deposit Money Banks listed on the Nigeria Exchange Group as at 2022. In testing the formulated hypotheses, panel regression was used for the analysis of this study. The findings from the analysis shows that institutional ownership has negative and insignificant effect on financial performance, the study also found managerial ownership revealed positive and insignificant effect on financial performance. This study concluded that low institutional ownership DMBs in Nigeria is more effective in attaining higher return on equity. Also, managerial ownership should be diluted to the extent that ensure right alignment between managers and shareholders.

Keywords; Ownership structure, institutional ownership, managerial ownership, financial performance and Return on Equity

INTRODUCTION

Performance is crucial to any business organization's survival and allows continuous patronage from investors, potential investors, creditors, and other stakeholders in the business world. Every business organization has an important decision of making returns. This decision is important since the ability of a firm to make returns in this competitive environment determines to a large extent its ability to survive in the future. Modern organizations emphasize the separation of management and ownership; in practice, the interest of the group managing the company can differ from the interest of those that supply the capital to the firm (Andow & David, 2016).

The ownership structure of firms is a concept that explains the percentage of equity ownership/stockholding by each class of shareholders. (Yahaya & Lawal 2018) avers that ownership structure remains an important factor employed in structuring the governance systems of corporate entities. In fact, ownership structure clearly determines amongst others, the voting capacity of holders of equity shares in any given company. By extension, decisions at the corporate level/board meetings are sometimes influenced by their respective ownership structure, thus making it a significant corporate governance mechanism that influences firms' behaviour (Fan & Leung, 2020).

Institutional ownership shows the ownership portion of a firm that is held by large organizations, financial firms, endowments, pension funds etc. Institutions normally purchase big blocks of a company's outstanding shares and can apply substantial influence on its management. Thus, institutional shareholders are usually professionals and they generally apply their expertise in supervising the management to ensure that their interests support those of the company's interests. Institutional ownership is represented by natural logarithm of equity held by different institutions as investors in the company (Shohreh et al., 2015).

Managerial ownership shows the ownership portion or stake in a firm that is owned by managers. Managerial ownership is not only intended to enlarge the capital of the company but also to serve as inducements to managers to support managers' interests with the interests and needs of the company. Managerial ownership is represented by natural logarithm of equity shares held by managers as shareholders of the firm (Fich et al., 2015).

Statement of the Problem

Ownership structures are intended to improve operational effectiveness, efficiency and to eliminate or minimize costs including those of principal-agent monitoring costs. Among other ownership structures practiced even in Nigeria, options of management owning shares in the firm was made available to align management interest with ownership interest and mitigate agency problem. It is still observed that managers use their position to influence decisions and hoard information to personal benefit rather than organizational benefit, thereby not maximizing value for the shareholders/owners (Adebiyi & Sunday, 2011). It therefore constitutes a question of whether ownership structures as a mechanism of corporate governance actually has any significant effect on financial performance of firms which this study seeks to ascertain.

Objective of the study

- i. To determine the effect of institutional ownership on financial performance of listed Deposit Money Banks in Nigeria.
- ii. To ascertain the effect of managerial ownership on financial performance of listed Deposit Money Banks in Nigeria.

LITERATURE REVIEW

Concept of Ownership Structure

Chen and Chen (2018) further categorized ownership structure as the percentage of shares held by managers (managerial ownership), institutions (institutional ownership), government (state ownership), foreign investors (foreign ownership), family (family ownership) and so on. They further state that ownership structure has two implications: identity of owners and ownership concentration, that is, the distribution of shares owned by controlling shareholders

Shehu and Jibril (2012), ownership structure can be seen as the supply of equity with respect to capital/votes as well as by identity of equity owners'. It is substantial that the supply of equity on the foundation of assets retained by the identity of owners evidently regulates the ownership structure. Diverse proxies could be engaged in gauging ownership structure. (Cornett, et al 2015) analysed managerial ownership and institutions as ownership structure substitutions. This research made use of institutional ownership, managerial ownership, foreign ownership and ownership concentration as proxies for ownership structure.

Concept of Institutional Ownership

Institutional ownership refers to the percentage of a company's outstanding shares that are owned by institutional investors, such as mutual funds, pension funds, insurance companies, and investment firms. These entities pool money from various investors to invest in stocks and other assets, often influencing the company's management and decisions. Institutional ownership represents the ownership stake in a corporation held by financial institutions with significant financial resources. It contrasts with individual ownership and can impact a company's governance, strategic decisions, and overall stock market behavior. Institutional ownership denotes the ownership interest in a company held by large-scale financial organizations and entities, including pension funds, mutual funds, endowments, and hedge funds. These institutional investors typically manage substantial funds from a diverse range of individual and institutional clients. Their ownership positions can exert influence over corporate governance, voting decisions, and strategic direction due to the significant voting power they hold in shareholder meetings.

Concept of Managerial Ownership

Ownership of firms by management is qualified by the percentage of shares retained by the managers. In other words, the ownership is measured by the percentage of capital held by insiders. Internal retention stays used as a substitution for managerial shareholdings and contains both the management and directors in the board. One proxy for ownership by management is occasionally used. Ownership by the Chief Executive Officers percentage. Internal shareholdings have a tendency to be objectively extremely linked



with the procedures used for major holders of shares regularly companions of the board (Alfayoumi, et al., 2010).

Murwaningsari, (2009) stated that managerial ownership is the owner of the firm which is a shareholder in a firm that participates in corporate decision making. Some shareholders may be entirely passive investors, whereas others are more active and do perform an important monitoring service. Various motivations and abilities of different types of shareholders may result in their distinctive effectiveness to influence major corporate decisions and value. Managerial ownership (insider ownership) is the most popular topic that has been extensively studied. Jensen and Meckling (1999) formalize the relation between managerial ownership and financial performance. They propose the convergence-of-interest hypothesis to explain the positive effect of managerial ownership.

Empirical Review

Institutional Ownership and Financial Performance

Damilola, et al., (2020) examined the impact of institutional investor's ownership on the financial performance of deposit money banks listed on Nigerian stock exchange (NSE). The time frame for this study is 2011-2018. Data was generated from annual reports of 15 deposit money banks listed on NSE. The result of the panel data methodology shows a positive and significant relationship between institutional investor's ownership and banks financial performance. The study recommended that management of banks should give more attention to the large institutional shareholders due to their influence on the growth and survival of the company.

Khadijat and Rodiat (2018) examined the effects of ownership structure on firm value of Nigerian deposit money banks. It also evaluated the relationship between ownership structure variables (concentrated, managerial and foreign) on firm value (Return on Equity and Return on Asset). Prior Work: Few research works have covered ownership structure and corporate governance in Nigeria. As a company's ownership structure changes and ownership is separated from control, incentive alignment problems become evident and the need for more research. Approach: The study used a sample of fifteen (15) banks quoted on the Nigerian Stock Exchange. The study employed secondary data which was obtained from Audited Report of Nigerian deposit money banks for a period of nine years (2008-2016). The data obtained were subjected to System Generalised Moment Method. Results: Findings reveal that only institutional ownership has positive and significant effect on financial performance while others have insignificant effect. Implications: This empirical study provided fruitful implications that there exist a significant effect between ownership structure and financial performance of Nigerian deposit money banks. Value: This study recommends that institutional shareholders should continuing using their resources and expertise to exercise control over management abuse of power which can affect the performance of the company.

Gayana and Shanika (2016) investigated the effect of ownership structure on firm performance of listed manufacturing companies in Sri Lanka. The sample of the study was 20 companies and data were analysed using correlation analysis and Multi-variant analysis. The study found that the block ownership has negative and insignificant relationship with ROE. Institutional ownership has negative and insignificant relationship with ROE, and also firm size has positive and significant relationship with ROE. The study was carried out in listed manufacturing companies in Sri Lanka while the current study was carried out in listed Deposit Money Banks on the Nigeria stock exchange.

Managerial Ownership and Financial Performance

Polwitoon and Tawatnuntachai (2020) examined the effect of managerial ownership on firm value in capital markets where outside governance mechanisms to discipline managers are weak or non-existent. We hypothesize that strong market forces in the U.S. confound the effect of managerial ownership on firm value, i.e., the convergence of interest argument. We test the hypothesis using data from 112 firms from Singapore Stock Exchange and 205 firms from the Stock Exchange of Thailand prior to the Asian financial crisis in 1997 when the market forces were weak, yet the investor protection was sufficient to prevent outright appropriation from management. For ease of comparison, we use methodologies from studies done on the U.S. sample firms during the same study period as ours. We find that, both in Singapore



and Thailand, firm value is a function of managerial ownership, and the relation is of the famous inverted U-shaped. Moreover, the relation is robust under different model specifications. The results from Thai sample, with weaker market forces than in Singapore, lend support to many agency cost hypotheses advanced in the U.S. Our results provide useful implication for investors in emerging and frontier markets where outside governance mechanisms are yet to be fully developed.

Johan, (2020) examined the impact of managerial ownership on operational performance for firms backed by private equity. High post-buyout CEO ownership stakes are associated with improved firm profitability. This result is consistent with many explanations, such as the impact of incentives or matching of talented CEOs to firms. To distinguish between these explanations, the paper utilizes that the CEO is often replaced in buyouts. The ownership-performance result is only present for retained CEOs, suggesting that the matching explanation is unlikely to be a main driver. In addition, the result is stronger when absolute changes in ownership are used rather than ownership level. Taken together, these results suggest that changes in incentives from managerial ownership stakes induced by buyouts likely contribute to improved firm performance.

Benjamin, et al., (2015) examined the impact of ownership structure on the financial performance of listed insurance firms in Nigeria. The study uses panel data for seventeen (17) firms for the period 2001 – 2010 (10 years) using least square regression method. The study focuses on two aspects of two independent variables to measure ownership structure which are managerial ownership and institutional shareholding while Firm's performance has been measured through Return on Asset (ROA) and Return on Equity (ROE). Findings indicate that there is a positive significant relationship between ownership structure (institutional and managerial) and firm's performance as measured by ROA and ROE. The study combined return on asset and return on equity as proxy for performance whereas the current study used on return on equity as proxy for performance.

Resource Dependence Theory

Resource dependence theory characterizes the organization as an open system, dependent on contingencies in its external environment. Organizations constrained by their resource conditions attempt to reduce environmental uncertainty by increasing their control over vital resources. From the perspective of resource dependence theory, bringing in resources is exactly the organizational function served by boards and individual directors (Chuo, 2015). Resource is a broad term that includes all types of tangible or intangible items useful for firms. However, critical resources that constitute firm competitive advantage are typically heterogeneous, imperfectly mobile, and difficult to acquire in the market. Board directors not only bring in capital (as a block shareholder) but also numerous intangibles. Pfeffer and Salancik (1978) as cited in Chuo (2015) named four types of resource that directors could bring in to benefit firms: (a) information in the form of advice and counsel, (b) access to channels of information between the firm and environmental contingencies, (c) preferential access to resources, and (d) legitimacy. All these items are clearly heterogeneous and unavailable in normal markets.

METHODOLOGY

The study used Ex-post facto research design with the population of 23 DMBs listed on the Nigeria Exchange Group (NXG) as at 2022 while the sample size consists of thirteen that had required data for this period of study. In other words, banks that are listed on the (NXG) that had financial report for the seven years' period of study 2015-2022. The study used secondary data sourced from published annual report of the DMBs. The study also used panel regression technique due to the nature of the data being panel data.

Model specification

$$ROE_{it} = f (INOW_{it}, \& MGOW_{it},)$$

$$ROE_{it} = \beta_0 + \beta_1 INOW_{it} + \beta_2 MGOW + \mu_t$$

Where:

ROE_{it} = Return on Asset

INOW_{it} = Institutional Ownership

$MGOW_{it}$ = Managerial Ownership

β_0 = Constant/Intercepts

β_1 , and β_2 = Parameters of determination

μ_t = Stock Variable (Error term).

RESULTS AND DISCUSSIONS

Descriptive statistics for all the variables used to analyzed the seven-years panel data set from 13 sampled DMB listed on the Nigerian Exchange Group (NGX)

Stats	ROE	INOW	MGOW
Mean	2.58	64.41	3.83
Sd	3.76	11.34	7.57
Min	9.53	24	22
Max	17.99	77	40
N	91	91	91

Source: STATA Outcome, 2023

Table above shows the descriptive statistics for the variables used in this study. The mean value of performance measured by ROE for the firms was 2.58 and the standard deviation of value 3.76. The minimum and maximum values of performance among the sampled firms were 9.53 and 17.99 respectively. This does not indicate the presences of outliers as there is no much difference between the maximum and the minimum values.

Similarly, for institutional ownership (INSTO), with mean of 64.41 with a standard deviation value of 11.34 and the minimum and maximum values of 24 and 77 respectively. These values also do not indicate the presence of outliers. For the managerial ownership (MGRLO), the mean was 3.83 with a standard deviation value of 7.57 and the minimum and maximum values of 22 and 40.19 respectively. These values indicate no presence of outliers as there is no difference between the minimum and maximum values, and mean and standard values.

Correlation Matrix for Ownership Structures

The following describes the correlations exhibited between the variables of the study as analyzed and expressed in table 4.2.

Correlation Analysis of Ownership Structures

	INOW	MGOW
INSTO	1	
MGRLO	0.1840	1

Source: Researcher's Computation, 2023

Institutional Ownership (INOW) and Managerial Ownership (MGOW) with a positive coefficient value of 0.1840. These relationships show no likelihood of multicollinearity problems with the data analyzed as none of the variables exhibited high correlations. All the variables had correlation coefficients below 0.5 regardless their positive or negative signs. The study run both fixed effect and random effects regression test. Sequence to the above, the Hausman fixed test revealed a chi-square probability of 0.6129 which is greater than 0.05 and hence necessitated the choice of the random effect model. In addition, the Lang ranger multiplier (LM) test also showed a chi-square probability less than 0.05 ($0.0 < 0.05$) which supports the interpretation of the random effect model against the ordinary least square (OLS) model.

Regression Output

ROE	Coefficient	t-value	p> t	R-square
INOW	-2.78	- 12.85	0.031	0.419
MGOW	0.076	-0.31	0.754	
Constant	1.317			

Source: STATA Output, 2023

From the table above the value of r-square stood at 0.0909 which indicates that 41.9% of the variation in return on equity (ROE) could be explained by the combination of institutional ownership and managerial



ownership while the remaining 58.01% could be explained by other variables not included in the study. The prediction value of r-square appears low but doesn't connote that the model is bad (Gujarati, 2004). The regression line $ROE = 1.317 - 2.785 INOW$ indicates that a unit increase in INOW will lead to -2.317 decrease in ROE. The t-value stood at 12.85 with the probability of the t-statistic pegging at 0.031 which is significant, the study therefore reject the null hypothesis which states that institutional ownership has no significant effect on financial performance listed DMB in Nigeria and ignore the alternative hypothesis. The regression line $ROE = 1.317 + 0.076 MGOW$ indicates that a unit increase in MGOW will lead to 0.076 increase in ROE. The t-value stood at -0.31 with the probability of the t-statistic standing at 0.754, which is insignificant, the study therefore accepts the null hypothesis which states that managerial ownership has no significant effect on financial performance of listed Deposit Money Banks in Nigeria.

Discussion of Findings

The study found a negative and insignificant effect of Institutional Ownership on Financial Performance implying that the number of Institutional Owners is negatively related to ROE of listed Deposit Money Banks in Nigeria indicating that low Institutional Ownership is more effective in attaining higher ROE. The study agreed with the study outcome of Gayan and Shanika (2016) and is against the outcome of (Khadija & Rodiat 2018; and Damilola et al., 2020)

The study further found a positive and insignificant effect of Managerial Ownership on ROE of listed Deposit Money Banks in Nigeria. This implies that an increase in managerial ownership within listed Deposit Money Banks in Nigeria is associated with a positive impact on Return on Equity (ROE. Means as managerial ownership increases, the profitability of the banks, as measured by ROE, tends to improve. This finding is in line with study of Benjamin et al., (2015) and the finding is against study of Johan (2020) who's study found managerial ownership to be positive but insignificant.

CONCLUSIONS AND RECOMMENDATIONS

Looking at the general objective of the study which was to investigate the effect of ownership structure on financial performance of listed Deposit Money Banks in Nigeria. Taking into perspectives the findings of each of the specific objectives, Institutional ownership of the hypotheses one results shows negative and insignificant effects on performance of listed DMBs in Nigeria, as such the study concludes that low institutional ownership of deposit money banks in Nigeria is more effective in attaining higher return on equity. The second hypotheses managerial ownership shows positive and significant effects on financial performance of listed DMBs in Nigeria.

- i. The study recommends that institutional ownership should be encouraged as the study found it to have a negative but insignificant effect on the ROE. Therefore, it may be increased to a point where its effect may become positive and significant to the sampled DMBs.
- ii. The study also recommends that managerial ownership should be increased as much as possible but only to such an extent that ensure dilution of control and the right alignment between managerial owners and shareholders.

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Effect of Financial Reporting Fraud on Market Value of Listed Consumer Goods Firms in Nigeria

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Abstract

Financial statements must accurately reflect a company's activities and financial status and be free of major misstatements in order for it to be publicly listed. Nevertheless, fraud is still a problem. People who conduct business with those firms therefore lose faith in financial reports and the information they include. This study's goal is to determine if financial reporting fraud—represented by fictitious revenue and incorrect expense recognition—has an impact on a company's market value as measured by its price to book value (PBV), with firm size added as a control variable. For a period of eleven (11) years, from 2011 to 2021, the study used fourteen (14) listed consumer products companies in Nigeria. The study used an ex post facto research approach, and secondary data were gathered from the businesses' annual reports for the time period under consideration. E-Views version 10 was used to do correlation and regression analyses. The findings show that fictitious revenue and incorrect expense recognition had no influence on the tested enterprises' price to book value. According to the study, financial reporting fraud has little influence on the market value of Nigerian listed companies. The study suggests that the sampled firms implement a proper financial statement fraud management system within the organisation as an internal control, as well as fraud detection mechanisms to monitor all operating expenses to ensure adherence to the matching principle, resulting in improved financial statements and more efficient operations.

Keywords: Financial Reporting, Agency Theory, Market Value, Fictitious Revenue, Incorrect Expense Recognition

INTRODUCTION

Financial reporting is a mechanism for conveying the results of a business entity's operational operations to its stakeholders. Corporate financial reporting is critical for both the reporting organisation and its external consumers. It offers data to help current and future investors, creditors, and other users analyse the quantities, timing, and uncertainty of anticipated cash payments from dividends or interests, as well as revenues from the sale, redemption, or maturity of securities or loans (FASB, 1978). Financial statements issued by publicly traded corporations should be fair, efficient, transparent, and free of any misleading information. However, due to recent financial statement fraud incidents, the credibility of financial statement information appears to be questioned by investors and the general public. In reality, reliance on financial statement information is one of the most significant worldwide concerns for firms (Chenguel, 2020).

The current wave of accounting scandals in the international financial community (from 2016 to 2020) has created numerous questions about the accuracy of financial reporting, lowering organisations' value and shareholders' wealth. Several companies in developed countries have received significant media and business community attention as a result of large company failures such as Enron, WorldCom, and Parmalat, as well as more recent business failures such as Wells Fargo, Wirecard's collapse, Patisserie Valerie's financial scandal, and Luckin Coffee's frothy finances (Fortune Editors, 2020; Skoulding, 2019). Business failures caused by dishonest financial reporting are growing commonplace, even in underdeveloped nations. Corporate failures and scandals are common in the consumer products business as a result of misleading financial reporting. (Omoyele, 2010; Fodio et al., 2013; Ogbonna & Ebimobowei, 2012). From 2010 to 2019, the Nigerian Exchange Group delisted 73 listed corporations, the majority of which were accused of misleading financial reporting, including UTC, Jos International Breweries Plc., P.S.



Mandrides & Company Plc., Premier Breweries Plc., and others (Abiona, A. 2021; Okoye & Gbegi, 2013, Reuters, 2018). According to the Association of Certified Fraud Examiners (ACFE), a financial statement is materially misleading when its presentation contains fictitious transactions, improper valuations, inappropriate transaction timing, omissions, and false statements that are significant enough to influence the decisions of its users, either individually or collectively (ACFE, 2017). Reputable accounting companies have identified fictitious revenue, inaccurate asset value, inaccurate expenditure recognition, dishonest management choices, and outright cover-ups as the main financial reporting fraud in many consumer goods firms. (Oyewobi, 2022; Odunayo, 2014, Everette, 2012, Everette, 1998, Okoye & Alao, 2008).

Market value, which is typically correlated with stock prices, is the company's value and the investor's assessment of the company's success rate (Soebiantoro, 2007). The price to book value ratio was used to measure market value in a study by Karoma et al. (2020) that looked at the impact of financial statement fraud on firm market value in some Indonesian firms. From this, it was concluded that financial statement fraud has a negative impact on the market value of firms. The research of Elviani et al. (2020) and Hapsoro and Handayanilends credence to this claim (2020). Market value has been estimated using the price to book value ratio in these studies since it is one of the fundamental indicators used by many investors to determine the fair value of shares by comparing stock market prices with the book value of shares (Brigham, 2011; Rodoni & Ali, 2014, Shabib-ul-Hasan et al., 2015). According to an ACFE (2022) report published in Occupational Fraud 2022, financial statement fraud, despite being the least common with 9% of schemes, is the most costly, resulting in a median loss of USD593,000 per case, while asset misappropriation and corruption have median losses of USD 100,000 and USD 150,000, respectively. According to Global Edge (2022), the consumer products business accounts for two-thirds ($\frac{2}{3}$) of global commerce volume; this makes it a powerful industry, especially given its tight link to other industries, and the function it plays in the global economy is crucial and cannot be neglected.

The key problem areas that sparked interest in this topic are notably the investors' lack of faith in financial reports, the recurrent fraud incidents, and the few studies that caught the consumer goods industry. Although a few studies on financial reporting fraud on selected businesses in the manufacturing industry have been conducted, none of them have directly focused on the impact on consumer products firms and their market value. Among the few notable studies are those by Oyewobi (2022), Everette (1998), Aburime (2012), and Agbaje and Oloruntoba (2018). There is no known study that includes a large sample or all of the Nigerian Exchange Group's listed consumer goods businesses. The closest studies that examined the effect of fraud on market value were that of Karoma et al. (2020) and Elviani et al. (2020) whose examinations were based on listed manufacturing firms and *infrastructure, utilities and transportation sectors respectively* in Indonesia, hence making this study justifiable in seeking to fill up a geographic gap that subsists. Indisputably, there is a time and industry knowledge gap to be filled and it is given that this study seeks to examine the relationship between financial reporting fraud—represented by fictitious revenue and incorrect expense recognition variables—and firms' Price to Book value (PBV) which is used as a proxy to measure firm market value. It addresses the issues relating to the pertinent question as to what extent fictitious revenue and incorrect expense recognition affects market value of listed consumer goods firms in Nigeria. As a result, the hypotheses mentioned below, all of which are expressed in null form, are those relevant to this investigation;

- H₀₁:** Fictitious Revenue has no significant effect on Price to Book Value (PBV) of consumer goods firms in Nigeria.
- H₀₂:** Incorrect Expense Recognition has no significant effect on Price to Book Value (PBV) of consumer goods firms in Nigeria.

LITERATURE REVIEW

Conceptual Framework

Financial Reporting Fraud

Financial discrepancies in financial reporting may be the result of errors or fraud (Kwok, 2010). As a result, it is critical to distinguish between financial report fraud and financial report inaccuracies. Mistakes refer



to the unintentional revelation of incorrect financial information, which might include totally missing statistics or not mentioning them at all (Arthur, 2014). Aburime (2012) went on to illustrate many strategies through which financial reporting fraud is frequent. These include fictitious revenues, incorrect expenditure recognition, and inappropriate asset valuation. In terms of financial data, revenue, gain, or long-term properties are frequently over-reported, whereas loss of income, spending, or debt is frequently under-reported. Financial reporting fraud has been classified as a financial crime, which the UK Financial Services and Market Act (2000) describes as any act involving fraud or dishonesty, misconduct in or abuse of financial market information, or managing the proceeds of crime. In this situation, fraudulent financial reporting might be linked to market manipulation and inventory overvaluation, which are used to manipulate financial data in order to deceive the company's investors. This research used fictitious revenue and incorrect expense recognition to establish a company's financial reporting fraud.

Fictitious Revenue

Wells (2001) defined revenue that is fictitious as the purposeful attempts that are made to book income that will not eventually occur. The word purposeful describes an intent which means that fictitious revenue cannot be accidental but rather intentional creation of transactions that does not exist. Revenue is defined by International Accounting Standards (IAS) 18 as the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Aburime (2012) noted that as long as fraud occurs in the financial report, it will surely continue to re-occur every year because revenue that is deliberately increased in a particular year through inventory scheme would make the following year profit to be smaller, therefore managers tends to continuously involve in this fraudulent act year by year which will in the long run have negative effect on the financial reporting. Odunayo (2014) observe that fictitious revenue is one of the major fraud committed in financial reporting. The Beneish M-Score Model which tracks the propensity of fraud earnings manipulation in the company's financial statements will be used to interpret this concept. It is a mathematical model that uses financial ratios and eight variables which are Days' Sales in a Receivable Index (DSRI), Gross Margin Index (GMI), Asset Quality Index (AQI), Sales Growth Index (SGI), Depreciation Index (DEPI), Sales and General and Administrative expenses Index (SGAI), Leverage Index (LVGI), and Total Accruals to Total Assets (TATA). These variables are used to identify whether a company has manipulated its earnings thereby uncovering financial fraud (Beneish & Nichols, 2012). Once these eight variables are calculated, they are then combined to achieve an M-Score for the company. There are two thresholds (cut-off value) that are implied from the M-score:

MSCORE < -1.78: Company is not likely to have manipulated their earnings.

MSCORE > -1.78: Company is likely to have manipulated their earnings.

Incorrect expense recognition

Expenses are reductions in economic benefits that occur throughout the accounting period in the form of outflows or depletions of assets or incurrences of obligations that result in declines in equity, excluding distributions to equity participants (Robert, 2020). When to recognise expenses is a critical topic in accounting. The expenditure is used to determine the business's profit by offsetting the income produced by the company. As a result, the timing of costs and income is critical. A firm can artificially make its business look more lucrative by altering the time of when expenditures are recognised, resulting in false reporting owing to incorrect expense recognition. There are several methods of incorrect recognition of expenses includes (i) falsely inflating net income in a period by improperly eliminating or deferring current period expenses, or by allocating more costs to inventory than cost of goods sold, (ii) creating excess reserves by initially over-accruing a liability in one period (also known as "cookie-jar" reserves) and then reducing the excess reserves in later periods, (iii) understating reserves for bad debt and loan losses, (iv) failing to record asset impairments. This study will use the operating expense ratio to represent the incorrect expense recognition variable. It is measured as the total operating expenses divided by gross revenue. A higher operating expense ratio means a higher operating expense than the company's revenue while a lower ratio implies lower operating cost which is preferable. High ratio's values (above 0.9) suggest incorrect cost management policy in the company. Ratio's values above 0.9 indicate incorrect situation, in which operating costs prevail over revenues from sales. This measurement is supported by the study carried out by Oyewobi (2022) and Agbaje and Oloruntoba (2018).



Market Value

The company's value is determined by investors' perceptions of the company's success rate, which is typically linked to stock prices (Soebiantoro, 2007). When the company's worth rises, this rise is defined by the relative share price, which is proxied by price to book value (Hermuningsih, 2012). A market ratio is used to compare stock market prices to book value in order to assess performance. It is used to calculate a company's worth (Jogijayanto, 2003). The cost of purchasing securities on an exchange is known as its market value. A lot of factors influence market value, including market volatility, the status of the economy, and the popularity of the firm. A company's valuation is based on ratios such as the price per unit of earnings (from the income statement), price per unit of net worth (from the statement of financial position), and price per unit of cash flow (shown in cash flow statement) which was developed in the 14th century as double entry principle by Luca Pacioli (Ronen & Yaari, 2008). Further developments advanced towards individual share pricing as opposed to the firm as a whole. Price per dividend of share price to estimate the intrinsic value of share came to fore as a pricing method; while discounted cash flow was found appropriate by analysts as against price per dividend because it is based on the time value of money. Another word for a firm's value is market capitalization, which is calculated by dividing the total number of outstanding issued shares by the company's share price. The daily buying and selling on the stock market sets a business's share price, which further establishes the influence of demand and supply factors on firm market value. As a result of the availability of its components, such as stock and future values, determining the market price or evaluating a firm using various valuation approaches is simple (Hermuningsih, 2012).

Price to Book Value

Price to book value (PBV) is the ratio between the share's book value and the stock market value (Brigham, 2011). Price to Book Value is a way to gauge a company's worth. According to the goals of the company's owners, raising the company's worth is a success because as the value of the business rises, so will the owners' well-being. In other words, high shareholder prosperity is a sign of high company worth. PBV is a comparison of the share's book value and market price; so companies that have high PBV ratios show that the company's growth has a very good prospect as reflected in the high stock market price compared to its book value, whereas companies that have low growth will have low PBV (Husnan & Pudjiastuti, 2015). According to Fahmi (2015), Price to Book Value (PBV) is a ratio that assesses how much the market stock price differs from the book value of its shares. The ratio rises as the company's credibility increases, which raises its value. Price to book value (PBV) is the proportion of a company's stock price to its book value. (Azimah, 2019). The formula to calculate the PBV is Market Price per Share divided by the Book Value per Share or alternatively, Market Capitalization divided by Shareholders' Equity.

Firm Size

Brigham and Houston (2015) assert that a firm's size is determined by the average of its annual to multi-year total net sales. In this situation, the amount of revenue before tax will be determined since sales are higher than variable expenses and fixed costs. Due to their expansive perspectives and chances for resource utilisation, large-scale businesses are better able to adapt to their surroundings, which can have an impact on their success. A firm's size may be determined by a variety of variables, such as its total assets, number of workers, total sales, total income, total capital, and other aspects. Babalola (2013) asserts that since they have a bigger influence on their stakeholders, large organisations perform better than small ones. Shaheen and Malik (2012) defined firm size as the volume and diversity of production capability and potential that a business possesses, or the amount and diversity of services that a firm may simultaneously provide to its clients. Firm size is a significant and crucial component when discussing the kinds of interactions a business has both inside and outside of its working environment. Firm size is included as a control variable in this study to account for the potential influence of firm size on the market value of the sample firms. It is calculated using the natural logarithm (LN) of a company's total assets.

Empirical Literature

Oyewobi (2022) carried out a study on Effect of Financial Reporting Fraud on the Performance of Firms in the Nigerian Exchange Group. The study adopted the ex-post facto research design method while the population comprises of all listed firms on the Nigerian Stock Exchange. General sampling was based on



industry diversification and purposeful sampling technique was used to select sixteen (16) companies that satisfied the criteria chosen to represent the capital market. One of the proxies representing financial reporting fraud was fictitious revenue while Return on Assets (ROA) was the surrogate for firm performance. Secondary data were collected from the firms using documentary information from company annual accounts. Correlation and regression analysis were employed in analysing the data. The study revealed that fictitious revenue has an insignificant positive relationship with ROA. The study came to the conclusion that financial reporting fraud has an impact on how well businesses perform. The study made the recommendation that financial reporting fraud be looked into in order to uncover the fraud that has an effect on businesses' performance.

Elviani et al. (2020) examined the effect of fraudulent financial statements on firm value judging from the perspective of fraud pentagon theory using Indonesia as a case study. The study examined how the influence of fraudulent financial reporting is on the firm value and it was viewed from the perspective of a pentagon fraud. The study adopted the ex-post facto research design method with the population of 71 companies drawn from the infrastructure, utilities and transportation sectors in the Indonesia Stock Exchange in existence with the period of 2014-2018. Purposive sampling method was used to select 60 companies based on a chosen set of criteria that they satisfied. Regression analysis model was used to analyse the data collected from the final accounts of the sampled firms. The independent variables that represented financial statement frauds are the fraud-score models which are opportunity, pressure, arrogance, competence and rationalization, while firm value as the dependent variable is measured by price to book value. The findings of the study revealed that opportunity and arrogance variables have positive and significant influence on firm value whereas pressure, rationalization, and competence have no significant effect. The study concluded that proven fraudulent financial reports of firms has a negative effect on the value of firms. The study recommended research should be carried out on the public sector that commits fraud with the government funds and further develop qualitative methods in the research methodology or use a combination of qualitative and quantitative methods due to existing elements of fraud that are difficult to measure.

Hapsoro and Handayani (2020) used the moderator variables of managerial ownership, audit committee, and audit quality to determine the impact of financial reporting fraud on the firm value in a study that sought to explore the impact of fraudulent financial reporting on company value. The study assumed a mono-method quantitative research design based on the ex-post facto approach. Publicly traded companies from the Kompas100 Index listed on the Indonesia Stock Exchange between 2013 and 2017 make up the study's population. 180 public companies that fit the established criteria were chosen as the sample when employing the purposeful sampling approach to collect data with specific criteria considerations and objectives. The F-Score model was used as a stand-in for fraudulent financial reporting while the independent variable was represented by the modified Tobin's Q as a proxy for the company's value. With the help of SPSS version 17.0, the simple and multiple linear regression methods of analysis were applied. According to the study's findings, the interplay between financial reporting fraud and the control factors has a big impact on how much a firm is valued. The study's conclusion is that fraud in financial reporting has a significant adverse effect on firm value. The study recommended that regulations that must be obeyed by public companies should be established with strict legal sanctions against violating public companies.

Karoma et al. (2020) examined the Effect of Financial Statement Fraud on Firm Value in terms of antecedent factors proxied in the fraud pentagon theory. The study is an association research type which is a type of research with problem characteristics in the form of a relationship between two or more variables. The population in this study are listed manufacturing companies on the Indonesian stock exchange from 2015 to 2018. The purposive sampling method of selection was used to select 51 manufacturing companies. The data collection technique used is documentation technique. The data collected in the study are secondary data collected from companies' financial reports and quantitative panel data regression analysis was used for the obtained data using SPSS Statistics 25 to analyse them. Firm value was measured by price to book value as a proxy, while fraudulent financial statements were measured by Z-score models with Financial Target, audit quality, change of directors, frequent number of CEO's picture



and changes in auditors as the antecedents. The study showed that there is a negative relationship between the antecedent variables and firm value. Conclusion was therefore made that the financial reports of companies that have been indicated to have committed fraud have a negative effect on the value of the firms. *The study recommended that further* qualitative methods in the research methodology with the combination of qualitative and quantitative methods should be developed to further drill into verification of fraud elements which affects companies' values.

Agbaje and Dare (2018) carried out a research study to assess the impact of financial statement fraud on profitability of selected Nigerian manufacturing firms. The study focused on ascertaining the effect of a variable of financial statement fraud on return on assets (ROA). Beneish model was used to capture data for fictitious revenue which was used as the proxy for financial statement fraud. Descriptive research design was used for the study while secondary data were collected from the financial reports of the selected firms and website of security and exchange commission. The population of the study was all listed food and beverages firms however, sampling was based on industry diversification using some criteria like wider market control, large scale of operation, consistency in business overtime, size of the firm (multinational in nature), longer years of operation, and products variety to select three (3) firms that satisfied the criteria. The analysis of covariance (ANCOVA) and STATA 11 econometric method was used to analyse the data and validation of the parameters were ascertained using various statistical techniques such as t-test, coefficient of determination (R^2), F-statistics and Wald chi-square. The result of the study revealed that fictitious revenue have a negative relationship with the firms' profitability, this means that when the firm revenue is declared or recognized to be fictitious, the return on asset (ROA) will decrease 5.07%. It was concluded that effective and adequate management of the fictitious revenue will have a great result on the profitability of firms. The study also recommended financial statement fraud detection and check should be paramount in the effective running of manufacturing industry in Nigeria and it should be mandatory for all manufacturing industry to apply correct financial rules and operations in the preparation of monetary statement.

Rukmana (2018) carried out a study on pentagon fraud effect on financial statement fraud and firm value evidence in Indonesia. The purpose of the study was to analyse the effect of fraudulent financial statement on firm value from the perspective of the pentagon fraud model. Financial statements fraud was described by the misstatement or earnings manipulation that is being used by managers to increase the value of firms but which ultimately results in a misleading annual financial report. The pentagon fraud variables are pressure, opportunity, capability, rationalization and arrogance while corporate value was measured by price to book value ratio and Tobin's Q. The research used the ex post facto design and this was based on data obtained from the manufacturing companies listed on the Indonesia Stock Exchange between the years 2011–2016. The population of the study comprised of 144 companies and purposive sampling technique was used to sample 66 companies whose data were used in the data observations. This study used a smart partial least square method of data analysis to obtain accurate and precise results. The findings of the study indicate that fraudulent financial statements have a detrimental impact on corporate value and that the more the earnings management, the longer the company will remain undervalued. The study came to the conclusion that financial statement fraud has an impact on the company's worth. According to the study, it is recommended that financial reporting fraud should be prevented by the company through the use of risk management techniques such as internal control, accountability, responsibility, independence, and fairness. This is because it has been established that such earnings management acts cannot increase a company's value or that it plays a minor role in determining a company's value.

Agbaje and Oloruntoba (2018) on the impact of financial statement fraud on profit performance of manufacturing firms in Nigeria, which was a study on the food and beverage firms in Nigeria aimed at some selected manufacturing firms covering between the period of 2002 and 2016. The research study objectively aimed to ascertain the effect of incorrect asset valuation and incorrect expense recognition (used as proxies for financial reporting fraud) and return on assets (ROA) – the proxy for financial performance. Altman's Z-Score model was used to capture data for incorrect asset valuation, while operating expenses ratio was adopted to measure the incorrect expense recognition variable. Descriptive research design was used for the study while secondary data were collected from the financial reports of



the selected firms and website of security and exchange commission. The population of the study was all listed food and beverages firms however, sampling was based on industry diversification using some criteria like wider market control, large scale of operation, consistency in business overtime, size of the firm (multinational in nature), longer years of operation, and products variety to select three (3) firms that satisfied the criteria. The analysis of covariance (ANCOVA) and STATA 11 econometric method was used to analyse the data. The findings of the analysis revealed that there is a significant relationship between financial statement fraud and profitability in Nigerian manufacturing industry. The study recommended that pragmatic policy options is to be taken in the manufacturing industry to effectively manage incorrect asset valuation and incorrect expense recognition in order to enhance their performance in the country and also the system of curtailing financial statement fraud should be adequately adopted and enshrined in the internal control system of manufacturing firms for the effective running of the industry in Nigeria.

Theoretical Framework

Fraud Triangle Theory

The most famous of the few theories that have explained why people act dishonestly or commit occupational fraud is the work of Donald Cressey (1950), an American sociologist who highlighted the notion of the fraud triangle. Fraud Triangle Theory (FTT) was developed as an idea to investigate the causes of fraud. Cressey's aim was to have an understanding of the reason behind why people entrusted with authority and responsibility violate trust (Cressey 1953, Albrecht, 2014). Cressey was troubled with the question of why people commit financial crime; this is what gives him courage to examined 250 convicted criminals in a period of 5 months. Cressey (1953) postulated that trusted persons become trust violator, when they conceive of themselves as having a financial problem that is non-sharable and have the knowledge or awareness that this problem can be secretly resolved by a violation of the position of financial trust, and can apply to their conduct in that situation verbalizations which enables them to adjust their conceptions of themselves as a trusted person with their conceptions of themselves as users of the entrusted funds or property. Fraud Triangle Theory describes three factors that are present in every situation of fraud as Perceived pressure, incentives/pressures, Perceived opportunity, and Rationalization. Cressey's findings reveal that none of the three elements would result in embezzlement alone, so all the three elements (perceived pressure, opportunity and rationalization) must be present for a fraudster to be able to violate trust in an organization. However, the elements do not necessarily have to be of equal proportion for fraud to occur (Cressey, 1953).

Agency Theory

Alchian and Demsetz introduced the Agency theory, which has its roots in economic theory, in 1972, and Jensen and Meckling expanded on it in 1976. When business owners (principals) hire other people (agents or stewards) to perform duties on their behalf, they form an agency relationship. This connection necessitates the principal delegating decision-making authority to the steward, and the consequent division of labour benefits an efficient and productive economic activity. Delegation, on the other hand, indicates that the principal must put his or her trust in an agent to work in the principal's best interests (Umobong&Ironkwe, 2017). Agents may deviate from the principal's aim and pursue self-interest when carrying out their tasks. For an investor, the degree of uncertainty about an agent's inclination to pursue self-interest motives rather than follow the contract's expectations is an agent risk (which leads to agency cost) (Fiet, 1995). The principal will want to know whether the agent's acts are profitable or not. The motives of agents are likely to differ from those of the principal, particularly in the areas of risk taking, performance optimism, access to superior knowledge, and so on. These conflicts of interest may result in novel accounting practises or financial statement manipulation, resulting in a company's insolvency. The agency theory is the foundation theory for this research because of its fraud detection capabilities. It explains what drives agents to commit financial reporting fraud by identifying potential conflicts of interest between the agent and the principal, which might be an impetus to distort information flows.

METHODOLOGY

The study employed *ex post facto* research design. It involves the gathering of information about the financial reporting fraud variables and market value variable of listed consumer goods firms on the Nigerian Exchange Group. The population of this study consists of 21 consumer goods firms and purposive

sampling of 14 of the listed firms was used based on consistent data availability during the study period. Data were gathered from these companies' audited annual reports and accounts between 2011 and 2021. While preparing for analysis, the acquired data was sorted, modified, and validated for correctness. The data was analysed using E-Views version 10. This was accomplished by employing descriptive statistics to demonstrate the measurements of trends, which included means, tables, standard deviations, and percentages. To determine the association between financial reporting fraud and market value, correlation and regression studies were performed.

The variables that are used in the analysis are as shown in the table below:

PROXY	TYPE	MEASUREMENT	SOURCE
Price-to-Book Value (PBV)	Dependent Variable	Price-to-Book Value Ratio = Market Capitalization ÷ Shareholders' Equity	Husnan&Pudjiastuti (2015), Brigham (2011), Rukmana (2018)
Fictitious Revenue	Independent variable	Using Beneish Model's M-SCORE to create dummy values. (equal to '1' if the company likely commit fraud and '0' otherwise)	Beneish and Nichols (2012), Anichebe et al. (2019), Agbaje and Dare (2018)
Incorrect expense recognition	Independent variable	Operating Expenses Ratio = Total Operating Expenses ÷ Gross Revenue	Oyewobi (2022), Agbaje and Oloruntoba (2018), Aburime (2012)
Firm Size	Control Variable	The natural logarithm of Total Assets of the Firms	Saona and Martín (2016), Aggarwal and Padhan (2017).

The panel data regression analysis model of Asuquo et al. (2018) is adjusted to investigate the association between financial reporting fraud and company market values based on the use of distinct fraud and market value proxies. The regression model for the empirical analysis is therefore given as follows:

$$PBV_{it} = \beta_0 + \beta_1 FR_{it} + \beta_2 IER_{it} + \beta_3 FS_{it} + e_{it} \quad \dots\dots\dots (i)$$

Where:

- PBV = Price to Book Value
- FR = Fictitious Revenue variable
- IER = Incorrect expense recognition
- FS = Firm Size
- β_0 = Constant
- i = Number of firms
- t = Time period
- e_{it} = error terms.

The a priori expectation is that all explanatory variables, excluding those with a negative relationship, are positively connected to the dependent variable.

Decision Criteria

The null hypothesis (H_0) will not be rejected if the computed value falls within the critical positive value of distribution table for whichever degree of freedom that will be computed with 5% (0.05) level of significance. Otherwise reject the null hypothesis.

RESULTS AND DISCUSSION

The main objective of this study is to investigate the effect of financial reporting fraud on firms' market value. To enhance the validity of the results and the presentation and understanding of panel multiple regression results, the results of the descriptive analysis and diagnostic tests are included in the results and analysis presented here. These include the fixed effect likelihood ratio, the robustness test of multicollinearity, the hausman test, and breusch-pagan multiplier test.

Descriptive Statistics

In descriptive statistics, the mean, maximum, and lowest values of the applicable variables are shown together with the corresponding standard deviations. The descriptive statistics for the variables used in the study are displayed in Table 1. Using E-Views 10, an analysis of every variable for the time period under consideration was obtained.

Table 1: Descriptive Statistics Results

	PBV	FR	IER	FS
Mean	4.500164	0.164773	0.173174	17.75632
Median	1.783613	0.000000	0.180600	17.96041
Maximum	57.71153	1.000000	0.458687	20.54257
Minimum	-3.302458	0.000000	0.000000	14.22566
Std. Dev.	7.386111	0.372034	0.095747	1.556493
Skewness	3.679740	1.807275	0.248719	-0.365335
Kurtosis	21.09402	4.266244	2.488102	2.223952
Jarque-Bera	2798.074	107.5679	3.736215	8.331610
Probability	0.000000	0.000000	0.154416	0.015517
Sum	792.0289	29.00000	30.47869	3125.112
Sum Sq. Dev.	9547.060	24.22159	1.604321	423.9671
Observations	154	154	154	154

Source: E-Views 10 Output (2022)

The descriptive statistics for each variable are shown in Table 1 above. The table displays the mean, standard deviation, minimum, and maximum values for price to book value (PBV) which are 4.500164, 7.386111, -3.3-2458, and 57.71153 respectively. By comparing the range between the minimum and highest value, the standard deviation demonstrates that there is a significant departure from the mean value of the data, which also suggests an unstable value. The table also displays the mean, standard deviation, minimum and maximum values for the fictitious revenue (FR) variable as 0.164773, 0.372034, 0.000000 and 1.000000 respectively. Comparison of the range between the minimum and maximum values reveals there is a marginal increase of fictitious revenue in the study period shown by the small dispersion of the standard deviation from the mean value. The table further shows incorrect expenses recognition (IER) during the period has a mean value of 0.173174 with a standard deviation of 0.095747, while the minimum value is 0.000000 and the maximum value return 0.458687. This shows a similar increase IER as FR during the study period. Accordingly, firm size (FS) has a mean value of 17.75632, a standard deviation of 1.556493, and minimum and maximum values of 14.22566 and 20.54257 respectively. The values of the standard deviation in the table represent the degree of dispersion in the data series; the more the dispersion of the standard deviation value, the more the series deviates from the mean, and vice versa.

PBV, FR and IER all display a positively skewed distribution with PBV and FR having values greater than zero, which predicts that the distribution will have more values above the sample average in the distribution. Skewness reflects the degree of asymmetry of the series. However, IER yields a figure that is less than zero while FS displayed a negatively skewed one. The Kurtosis value, which assesses the peakness of the series' distribution, indicates that a value is leptokurtic if it exceeds 3 and platykurtic if it is below 3. The values of PBV (21.09402) and FR (4.266244) are greater than 3, indicating that the series' statistics will be higher than the sample average (peaked-curve kurtosis). IER and FS have a short-tailed curve with the values of 2.488102 and 2.223952 which are below 3. Jarque-Bera statistics which analyses whether sample data exhibit the skewness and kurtosis of a normal distribution, indicates that PBV has the greatest value of 2798.074, while FR, IER and FS has the lower values of 107.5679, 3.736215, and 8.331610 respectively. Further analysis of the table shows that PBV, FR and FS are statistically significant with P-values less than 5%, judged by their individual behaviours, while IER has higher value over the 5% level of significance.

Correlation Analysis

Table 2 presents the correlation matrix showing the Pearson correlation coefficients between the dependent and independent variables as well as among the study's independent variables.



Table 2: Correlation Matrix

	PBV	FR	IER	FS
PBV	1.000000			
FR	-0.090204	1.000000		
IER	0.184648	-0.305623	1.000000	
FS	0.191367	-0.248113	0.067163	1.000000

Source: E-Views 10 Output (2022)

Table 2 showed that there is no relationship among the explanatory variables that is larger than 0.7 which can pose the problem of serial correlations among the data because the rule states that a correlation coefficient between two independent variables of 0.8 is excessive showing a sign of multicollinearity. During the research period, the table shows a negative correlation coefficient between FR and PBV (-0.090204) which indicates that fictitious revenue is associated with decrease in price to book value of the sampled firms. Incorrect expense recognition also has a negative relationship with fictitious revenue but a positive relationship with price to book value as indicated by the coefficient of -0.305623 and 0.184648 respectively.

Robustness Test

The multicollinearity test was carried out in order to assess the robustness of the estimates, utilising the Variance Inflation Factor (VIF). Multicollinearity occurs when one or more independent variables have a stronger influence on the others than they do on each other.

Table 3: Multicollinearity Test (VIF)

Variance Inflation Factors
Date: 08/21/22 Time: 16:29
Sample: 2011 2021
Included observations: 154

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	43.58883	148.0310	NA
FR	2.503732	1.401040	1.170187
IER	35.63438	4.732351	1.103126
FS	0.130267	140.5477	1.065692

Source: E-Views 10 Output (2022)

Decision rule: If the Centred VIF is less than 10, there is the absence of multicollinearity or otherwise, if the Centered VIF is above 10.

The VIF ranges from 1.065692 to 1.170187, which are below a threshold of 10 and show that the study's variables are not multicollinear. This finding supports the study's conclusion that the variables under investigation do not provide a multicollinearity difficulty.

Fixed Effect Likelihood Ratio Test

In order to distinguish between the fixed effects regression model and the pooled effect regression model, the Fixed Effect Likelihood Ratio test is carried out. Due to the panel format of the data set, pooled and fixed effect regressions were conducted (see Appendix 7 and 8).

H₀: Pooled effect is most appropriate for the Panel Regression analysis

H₁: Fixed effect is most appropriate for the Panel Regression analysis

The result of the fixed effect likelihood ratio is shown in Table 4 below:

Table 4: Fixed Effect Likelihood Ratio (Test between Pooled and Fixed)

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects



Effects Test	Statistic	d.f.	Prob.
Cross-section F	23.051913	(15,157)	0.0000
Cross-section Chi-square	204.847154	15	0.0000

Source: E-Views 10 Output (2022)

According to the decision rule that leads the test, the table reveals a chi-square statistics value of 204.847154 with a probability value of 0.0000, implying that we should reject the null hypothesis, which indicates that pooled effect is the most suited for the panel regression analysis.

Langranger Multiplier Test (Test between Pooled and Random)

The Breusch-Pagan Lagrange Multiplier test is employed to choose between the pooled effects model and the random effects model. The pooled effect and random effect regressions were run due to the panel nature of the data (see Appendix 7 and 9). The decision rule for this LM test is that; at 5% Level of significance:

H₀: Pooled effect is most appropriate for the Panel Regression analysis

H₁: Random effect is most appropriate for the Panel Regression analysis

The result of the LM test is shown in Table 5 below:

Table 5: Breusch-Pagan Lagrange Multiplier Test (Test between Pooled and Random)

Residual Cross-Section Dependence Test

Null hypothesis: No cross-section dependence (correlation) in residuals

Equation: Untitled

Periods included: 11

Cross-sections included: 16

Total panel observations: 154

Note: non-zero cross-section means detected in data

Cross-section means were removed during computation of correlations

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	437.6141	120	0.0000

Source: E-Views 10 Output (2022)

The Breusch-Pagan LM test shows the probability value of 0.0000 implying the rejection of the null hypothesis which states that pooled effect is the most appropriate for the panel regression analysis. We therefore pick the random effect model as the most appropriate.

Hausman Test

Hausman test is carried out to choose between the fixed effect model and random effect model, as to the appropriate model to be used to analyse and interpret the objectives of the study and research hypotheses. The random and fixed effect regressions were run (see Appendix 8 and 9). The decision rule for Hausman test is that; at 5% Level of significance:

H₀: Random effect is most appropriate for the Panel Regression analysis

H₁: Fixed effect is most appropriate for the Panel Regression analysis

The result for the Hausman test is shown in Table 6 below.

Table 6: Hausman Specification Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.



Cross-section random 4.002213 3 0.0212

Source: E-Views 10 Output (2022)

The test statistic result presented in Table 6 above is statistically significant at 0.0212 as the probability statistics lies below the 5% level of significance. Hence, the study rejects the null hypothesis that random effect model is most appropriate. This implies that the fixed effect estimator is the most appropriate. Therefore, the regression result of fixed effects model is as presented in Table 7 for analysis.

Table 7: Fixed Effect Regression Analysis

Dependent Variable: PBV
Method: Panel Least Squares
Date: 08/20/22 Time: 11:35
Sample: 2011 2021
Periods included: 11
Cross-sections included: 16
Total panel (balanced) observations: 154

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	16.77232	11.15513	1.503551	0.1347
FR	0.442695	0.956263	0.462942	0.6440
IER	-5.186703	5.404645	-0.959675	0.3387
FS	-0.644666	0.626656	-1.028740	0.3052
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.708447	Mean dependent var		4.500164
Adjusted R-squared	0.675021	S.D. dependent var		7.386111
S.E. of regression	4.210595	Akaike info criterion		5.814756
Sum squared resid	2783.470	Schwarz criterion		6.157024
Log likelihood	-492.6985	Hannan-Quinn criter.		5.953578
F-statistic	21.19424	Durbin-Watson stat		1.700355
Prob(F-statistic)	0.000000			

Source: E-Views 10 Output (2022)

Table 7 displays and analyses the fixed effects regression results of the explained variables proxied by PBV as well as the explanatory variables FR and IER. Between the R^2 and Adjusted R^2 , there is a range of values between 70% and 67%, respectively. The variation in the dependent variable (PBV) as a result of changes in the independent variables is explained by the R^2 of 70%. Therefore, it can be concluded from the results shown in Table 7 that the independent variables represented by FR and IER have a combined predictive power of 70% influencing on the market value of listed consumer goods firms in Nigeria, with the remaining 30% being explained by other factors not included in the model. Furthermore, the regression result as presented above reveals an intercept of 16.77232 which is positive. This simply implies that when other variables are held constant, the price to book value of listed consumer goods firms is improved by 16.77232.

Table 7 further reveals that fictitious revenue (FR) has a favourable impact on the price to book value (PBV) of the selected listed consumer goods firms in Nigeria. FR has a beta coefficient of 0.442695 and a P-value of 0.6440, both of which are significant at the 5% level. This suggests that a unit shift in FR will result in a non-significant increase in the market value of Nigerian listed consumer products firms. This implies that fictitious revenue of listed consumer goods firms in Nigeria improves their market value, although insignificantly. In addition, incorrect expense recognition (IER) has a negative association with the PBV. The result reveals a beta coefficient of -5.186703 and a corresponding P-value of 0.3387 which is above the 5% level of significance. This implies that a unit change in IER will lead to a -5.186703 decrease in PBV. This result could be interpreted to mean that IER decreases the market value of listed consumer goods firms in Nigeria however with an insignificant decrease during the period under study.



This study sought to investigate the effect of financial reporting fraud on market value of listed consumer goods firms in Nigeria. Financial reporting fraud was measured with fictitious revenue and incorrect expense recognition. The major findings in this study are discussed here. Evidence from the study showed an insignificant effect of fictitious revenue on the market value of listed consumer goods firms in Nigeria. As shown in Table 7 fictitious revenue has a positive beta coefficient thus; implying that it is an insignificant predictor of market value of listed consumer goods firms in Nigeria, although with positive relationship. This suggests that the feature shown by the firms' practice of fictitious revenue translates to increase in market value but have not yet shown the expected effect on the market value of these companies. This finding agrees with findings of Oyewobi (2022) who examined the effect of financial reporting fraud on financial performance consumer goods firms in Nigeria and the study revealed that fictitious revenue has no significant relationship with return in assets. The findings is however inconsistent with findings of Hapsoro and Handayani (2020) in a study where they explore the impact of fraudulent financial reporting on company value and it revealed that fraud in financial reporting has a significant adverse effect on firm value.

Additionally, incorrect expense recognition showed an insignificant effect of market value of listed consumer goods during the period under study. The result shows IER has a negative beta coefficient with a corresponding P-value that has no significant effect. This result could be interpreted to mean that incorrect expense recognition insignificantly diminishes the market value of listed consumer goods firms in Nigeria during the period under study. This finding is consistent with that of Elviani et al. (2020) and Rukmana (2018). However, this finding is not consistent with the study by Agbaje and Oloruntoba (2018) who studied the impact of financial statement fraud on profit performance of manufacturing firms in Nigeria, and their result showed a significant relationship between financial statement fraud and profitability in Nigerian manufacturing industry.

CONCLUSION AND RECOMMENDATIONS

This study uses a sample of fourteen (14) listed consumer goods companies in Nigeria between 2011 and 2021 to assess the impact of financial reporting fraud on market value. In general, the study's findings helped to disprove all of the hypotheses, although the sampled firms' regression results revealed that there is no substantial correlation between fictitious revenue and incorrect expense recognition with price to book value. The conclusion drawn from the study's findings is that financial reporting fraud has no significant effect on the market value of the listed companies. Given the foregoing, the study recommends as follows;

- i. The Board of Directors of the companies should employ objective external auditors to track the validity of revenues generated through appropriate vouching and verification methods in order to detect probable counterfeit revenues that depict a deceptive value of the firms.
- ii. That the selected firms implement a competent financial statement fraud management system as an internal control, as well as fraud detection measures to monitor all operational expenditures in order to assure adherence to the matching principle, resulting in enhanced and credible financial reporting.

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Effect of Financial Innovation on Performance of Deposit Money Banks in Nigeria

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Abstract

The study examined the effect of financial innovation on the performance of deposit money banks in Nigeria. Ex-post facto research design was employed in the study. Twenty (20) banks constitute the sample size out of a total population of 32 deposit money banks as at 31/12/2022. Data was sourced for the study from the Central Bank of Nigeria's statistical bulletins and financial statements of the respective banks. For the analysis, descriptive statistics, correlation, unit root, and regression were employed. Multiple regression was used to analyse the data after the efficiency calculation, and the results showed that financial innovation has a positive and significant effect on the performance of deposit money banks in Nigeria in terms of efficiency. While other findings showed that the value of Unstructured Supplementary Service Data (USSD) transactions has a favorable and significant effect on deposit money banks in Nigeria, the amount of USSD transactions has a large and negative effect. It was also discovered that the effectiveness of deposit money banks in Nigeria is negatively and negligibly affected by board size. In order to boost the volume of bank transactions, the study advised deposit money banks in Nigeria to keep re-strategizing USSD to all consumers and also provide software for monitoring and managing their transactions. This is very necessary to enhance the efficiency and effectiveness of transactions in Nigeria's deposit money banks.

Keywords: Financial innovation, USSD, performance and efficiency

INTRODUCTION

The Nigerian banking sector has experienced a significant change in its operational strategy due to advances in innovation and changing financial conditions. Similarly, the financial innovations embarked upon by deposit money banks have translated to great transformation in the financial sector and the Nigerian economy as a whole. As the pace of change accelerates, it has become evident that building information and communication technology (ICT) facilities into a bank's products and services will not only influence customers' perception but also enhance competitive advantage and overall efficiency. Consequent upon this, Gorton and Metride (2019) outlined reasons for growth in modern financial innovation which include, reduction in insolvency costs, imposed points of interest, diminishment in mortal danger, decreased administrative costs, straightforwardness, and customization.

Financial innovation provides cheaper and more accessible services to financial system which enhances the value of services and products in the long run. In Nigeria and other parts of Africa, technology-based applications such as Mobile Banking, Internet Banking, Automated Teller Machine (ATM), Point of Sale transactions (POS), Mobility of payment (M-banking), Retail banking, free warning administrations, usage of standing directions of clients, installments of service charges, portable savings money, APP store which provides clients of financial institutions considerable advantage in the conveyance of subsisting products and several value-added activities (CBN Reports, 2013). The introduction of Information and Communication Technology (ICT) has greatly affected the financial sector both negatively and positively (Aladwani, 2011). He also observed that most challenges and issues experienced in financial institutions



include, internet security and customer-related issues. This is a confirmation of the importance of managing the costs and risks associated with financial innovation.

According to Sweeny and Morrison (2004), the delivery of services and retail banking has been greatly altered by innovation in the banking industry. In the same vein, Otoo (2014) asserts that banks have been able to take some necessary decisions which support financial innovations due to stiff competition in the banking sector. He further observed that improved banking performance, market share, better customer response, and a wide variety of products are some of the clear benefits associated with financial innovation which significantly enhance profitability. Similarly, Makini (2010) examined the interaction between financial innovation and financial performance of commercial banks in Nigeria and established that financial innovations enhanced the operations, liquidity and asset quality of deposit money banks.

Over the past few years, deposit money banks introduced a variety of innovations such as Unstructured Supplementary Service Data (USSD) in their operational system in order to advance efficiency and effectiveness in their service delivery. USSD is similar to short messages service (SMS) and it is unstructured because it has no specific format. Following the convenience in usage coupled with the ability to break the barrier of physical presence for banking transactions, financial innovation is considered as a compelling force that can alter the pace of banking transactions the world over (Ezeala & Obi, 2022). For instance, customers from any location can conduct banking activities such as funds transfer, cash withdrawals and payments, checking account balance among several other banking transactions and this eliminates the long queues being experienced in the banking halls when physical presence is required before conducting banking business.

As a matter of fact, Nigeria's banking industry can be regarded as one of the most financially dependent because it has undergone significant changes throughout time as a result of ever-evolving financial advances. Consequently, the majority of Nigerian banks are implementing fresh approaches to streamline and enhance business processes, which encourages a shift from physical channels toward digital/mobile distribution (PWC Nigeria, 2017). Onuoha, et al, (2019) asserts that these financial innovations have the potential to enhance aggregate spending and also promote bank efficiency. According to Onuoha, et al., (2019), the use of e-banking channels has improved financial inclusion, which in turn has greatly enhanced performance in terms of efficiency. Financial innovation, as observed by Motsatsi (2016), fosters efficiency within the banking industry by invigorating competition among financial institutions in terms of providing financial services to the public, such as capital for investment, and offering low lending rates to support household consumption and investment, which can translate to efficiency.

The impact of financial innovation on the performance of deposit money banks has become a subject of growing interest and concern in the financial industry. As financial markets and technological advancements continue to evolve, various innovative financial products, services, and instruments have emerged. The innovations have the potential to revolutionize the banking sector and reshape traditional banking practices. However, the implications of such innovations on the overall performance and stability of deposit money banks remain uncertain.

The main objective of this study is to examine the effect of financial innovations on the performance of deposit money banks in Nigeria. The study period is 4 years, from 2019 to 2022 using Unstructured Supplementary Service Data (USSD), established in 2016, which is also current. The hypothesis is as stated below:

H₁: Financial innovation has no significant effect on the performance of deposit money banks in Nigeria.

Concept of Financial Innovation

According to Abraham et al., (2016), the introduction of a new product or procedure into the financial system characterizes financial innovation. Similarly, modifying an existing concept as a process or a product is another example of financial innovation. A concept must make markets more complete and/or operationally efficient in order to be viable as a financial innovation (Abraham et al, 2016). Additionally, according to Lerner and Tufano (2011), "the act of creating and then popularizing new financial instruments, as well as new financial technologies, institutions, and markets" is what is meant by financial



innovation. According to Gubler (2011), financial innovation is a process of change that affects markets and intermediaries as well as the type and range of financial products that are offered. Hedge funds, private equity, weather derivatives, Islamic Bonds (like Sukuk), mortgage-backed securities, and retail-structured products (like ATM, POS, Agent Banking, USSD, and E-bills Payment), among others, are examples of recent financial innovations (Abraham, et al, 2016). Many banks have embraced financial innovation as a potent strategic variable to outweigh any type of competition among the deposit money banks so that they can increase their performance while also maintaining their marketability (Kamau & Oluoch, 2016). According to Davis (2017), one of the pillars of our financial system and the lifeblood of effective and responsive capital markets are financial innovations.

Unstructured Supplementary Service Data (USSD)

Unstructured Supplementary Service (USSD) can be defined as a Global System for Mobile Communication (GSM) protocol that is used to send text messages. It can also be referred to as “Quick Codes” or feature codes. By dialing a code (*99#), users who don't have a smartphone or data/internet connection can access mobile banking through Unstructured Supplementary Service Data (USSD). Fund transfers, monitoring account balances, and generating bank statements are just a few of the uses for USSD-based mobile banking. The revolutionary code payment service's primary goal is to enable the underbanked and economically underprivileged segments of society to participate in mainstream banking (Niekerk, 2020). All deposit money banks in Nigeria offer this service in an effort to make it accessible to everyone. USSD is a technological platform that enables information to be transferred on a basic phone over a GSM network as an innovative financial product. All mobile phones with an SMS capability can use this service. Users only need to call a code and choose an option from the interactive menu in order to use USSD mobile banking. In Nigeria, a large number of banks are currently offering this service (Gilaninia et al. 2019).

With USSD codes, the days of waiting in huge lines at the bank or ATM to transfer money or finish a transaction are long gone. It is now simpler to do banking from the comfort of your home or while on the go. thanks to USSD codes, which have eliminated the waiting game. You may transfer money, top up your airtime, and do a lot more by using the USSD numbers for your selected bank (using this code: *966#). If done the old-fashioned manner, transferring money can be a pain and take some time. However, using USSD codes can speed up the process and make it considerably simpler (Niekerk, 2020). Zenith Bank Plc (*966#), Guarantee Trust Bank Plc (*737#), First Bank of Nigeria Plc (*894#), and UBA (*919#), to name a few, all have USSD numbers that can be used to do transactions from your phone.

Concept of Performance

According to Kaguri (2013), performance is the technique of quantifying the outcomes of a firm's strategy, policies, and operations. Financial performance and non-financial performance are the two types of performance (Akyuz & Opusunju, 2019). According to Opusunju, et al., (2019), performance is a general structure that refers to an enterprise's activities. Performance, according to Opusunju, et al., (2017), is a reflection of an organization's members' productivity (efficiency), as assessed by income, profit, growth, development, and organization-wide expansion.

According to Akyuz and Opusunju (2019), performance is measured by how well a company is doing in terms of growth in profit, market share, product quality, and expansion relative to other businesses in the same sector. Different organizations measure performance using various metrics; some businesses use capital employed, personnel count, efficiency, and growth (Akyuz & Opusunju, 2020).

Efficiency is a performance level that specifies a process that employs the fewest inputs to produce the most outputs possible. Efficiency is the use of all inputs, including individual time and energy, to produce any given product (Isard et al., 2007). Efficiency is also described by Zala (2011) as swift and fat-free adherence to the process or system procedure. It is necessary to be able to deliver a set level of service with a certain degree of quality using the fewest resources possible to meet the requirements, performance metrics, and/or indicators.



Efficiency was described by Berger and De Young (2011) as a performance level attained by using little input to produce a lot of output. It entails using inputs to produce a particular outcome that also includes time and energy. Efficiency as a notion can be assessed by calculating the ratio of usable output to total input while attempting to reduce the waste of resources like physical materials, energy, and time. Because banks are crucial to controlling the movement of money in an economy, the health of the banking sector has an impact on both the stability of the financial system in a nation and economic activity. Therefore, it is essential that banks continue to operate effectively. This means that efficiency refers to how effectively a company uses its resources to produce as much as possible. Efficiency is the process of getting the most out of the least amount of input. Efficiency is essential for ensuring financial system stability since financial institutions and the financial sector operate in a dynamic environment. According to Drake and Hall (2013), bank's efficiency boosts profitability by processing more sales and providing services to more clients.

The study used a non-parametric methodology that makes few assumptions about the estimated frontier and does not presuppose a particular functional form to describe the cost and production functions. Data Envelopment Analysis (DEA), a non-parametric method, is frequently used to calculate the cost-effectiveness of Decision-Making Units (DMU). DEA is a method based on mathematics and linear programming. to evaluate DMU performance when input orientation and steady return to scale are present. Data Envelopment Analysis (DEA) is based on an efficiency notion that is quite similar to the microeconomic one; the primary distinction is that the DEA production frontier is derived from the actual data for the evaluated enterprises rather than by some functional form (Casu & Philip, 2003). The Decision Making Unit (DMU) of each firm analyzed is used in this technique to compare it to the "best practice" firms. The cost of production frontier and a score of "1" are where the most effective DMUs are located. When compared to benchmark enterprises, companies (DMUs) below the frontier are thought to be relatively inefficient.

Control Variable (Board Size)

Enobakhane (2010) defined board size as the total number of directors that make up a board structure. This is determined by dividing the total number of directors on the board of directors at the conclusion of the fiscal year by the minimum number of directors (at least five) required by the central bank. It is obvious that a company's performance is influenced by the number and caliber of its directors and, in turn, the board's operation. The chance of a high board size increases their access to knowledge and expertise, which will improve performance (Williams, 2002).

Empirical studies

Through the use of electronic banking services, Jingqin et al., (2019) evaluated the effects of financial innovation on banks' profitability performance in Africa from 2015 to 2018. The study used the dynamic panel data approach and panel data regression modeling to perform GMM estimations. According to the results, both ROA and ROE have a significant level of dependable persistence. In addition, the findings demonstrate that, with the exception of POS terminals and Internet banking, bank cards and ATMs positively impact banks' financial success. More importantly, the profitability of the majority of African emerging nations affects the ratio of ATMs to branches and is crucial.

The impact of financial innovations on the financial sustainability of microfinance institutions (MFIs) in Eldoret town, Kenya, was established by Jemeli and Caroline in 2019. Through the use of research questionnaires, the study utilized first-hand information. The study made use of a census research design, which permits the use of questionnaires that study participants must fill out and aids in the presentation of accurate and useful information. The study focused its investigation on MFIs in Eldoret town. 120 employees working in 15 MFIs in Eldoret town were the study's accessible population. The study was intended for all Kenyan MFI employees. Before the main study began, pre-testing of the research tools was carried out in MFIs located in Elgeyo Marakwet County to ascertain their dependability. The research questionnaire's validity was examined utilizing content validity. The reliability of the research questionnaire was examined using Cronbach's alpha. The SPSS statistical package for social science was used to process and analyze the data. Standard deviation, mean, frequencies, and percentages were employed as descriptive



statistics. Pearson's product moment of correlation and multiple regression analysis were the inferential statistics used. The study's findings showed that financial innovations had a favorable and significant impact on the financial viability of MFIs in Eldoret, Kenya (p 0.05).

In the study on the impact of financial innovation on profitability, Henry and Ruth (2020) focused on the impact of a number of financial innovations on deposit money banks' return on equity, including automated teller machines, electronic fund transfers, internet banking, mobile banking, and investments in ICT. In order to examine the secondary data taken from the annual reports and accounts of the fourteen companies for the years 2009 to 2017, the study developed four hypotheses using panel data regression. The dependent variable was return on equity, whereas the independent variables were automated teller machines, electronic fund transfers, online banking, mobile banking, and investments in information and communication technology. The study's findings showed that while internet banking, mobile banking, and investments in information and communication technology have favorable relationships with return on equity, automated teller machines and electronic fund transfers had negative relationships with return on equity.

Ibekwe (2021) examined how financial innovations affect the performance of Nigeria's deposit money institutions. Because the study's data are secondary and were derived from the Central Bank of Nigeria's Statistical Bulletin, Annual Report, and Statement of Accounts, the study utilized an ex-post facto research design. The study's findings showed that while online banking has a negative and small impact on return on assets, automated teller machines, mobile banking, and point of sale have positive and significant effects. The impact of financial innovation on the efficiency ratio of deposit money banks in Nigeria from 2006 to 2014 was examined by Ibenta and Anyanwu (2017). They also examined the relationship between financial innovation and bank efficiency. The Central Bank of Nigeria statistical bulletin served as the primary source for secondary data for the study's time period. Due to the way the variables were constructed, the unit root test was carried out to make sure they were free of the stationarity fault associated with nearly all time series data. To assess the association between the relevant variables, a multiple regression model was created and calculated. The results showed that while web/internet and mobile banking are favorably correlated with efficiency ratio, only web/internet was significantly correlated. The value of transactions made at ATMs and Points of Sale (POS) are adversely correlated with the efficiency ratio. According to the Granger Impact Assessment, the value of transactions made through ATMs, the web and internet, point-of-sale systems, and mobile banking have little or no effect on the efficiency ratio of Nigeria's deposit money institutions. It was also discovered that banks' efficiency ratio had a statistically significant impact on the amount of money spent at ATMs.

Kane's Theory of Regulatory Dialectic

According to Kane's theory, which he propounded in 1984, financial innovation is an institutional reaction to the expenses incurred as a result of changing technology, market demands, and political pressures, particularly laws and regulations. Kane refers to the dialectical process as the interactive regulatory process that comes after institutional avoidance and innovation. His main focus was the regulatory dialectic between federal banking regulation and the exogenous market forces such as technological change, changing banking environments, and growing uncertainty about future financial developments. In his model, he explained most of the evolution that occurred in the US during the 1960s and 1970s. He views innovation as a tool for arbitrage, attempting to benefit from regulatory gaps. Innovation occasionally takes the shape of a product replacement to get around regulation by simply moving along different financial systems and rearranging contracts (Kane, 1997). For a better understanding of the dialectic that exists between the Kenyan banking industry and exogenous influences, Kane's contribution is crucial.

METHODOLOGY

Ex-post facto research design was utilized in the study because it sought to establish the relationships between the variables' causes and effects. Ex-post facto research design is a methodical empirical investigation in which the researcher lacks direct control over variables since their manifestations have already happened and they are fundamentally unmanipulable. This is the explanation. Twenty Nigerian deposit money banks make up the study's population, and they also act as the sample size. Both descriptive

and inferential statistics were used to analyze the study's data. For the purpose of testing the hypotheses, multiple regression was performed. Data envelopment analysis was used to analyze the data before utilizing regression analysis. The data were collected on input (personnel, machinery and equipment cost, research and development cost, total asset) and output (operational revenue, net income, earnings per share, market value). The variables were examined using descriptive statistics, correlation test, and regression.

Measurement of the Variables

Variables	Measures	Authors
Board size	Natural logarithm of the total number of directors for the firm <i>i</i> at time <i>t</i>	Khan and Bin-Tariq (2017)
Financial innovation	USSD	Enobakhare (2010)
Performance	Efficiency	Akyuz and Opusunju (2020)
Efficiency	Input and Output	Berhan, 2015; Tana et al. 2013
Input (4)	Employees, machinery and equipment cost, research and development cost, total asset	Not guided by any author
Output (4)	Operating revenue, net income, earnings per share and market value	Not guided by any author

The Augmented Dickey-Fuller (ADF) test was used in the study's unit root test and pre-test correlation analysis. After analyzing the unit root test, it was decided to utilize regression when all of the variables had mixed integration orders. The theoretical model is written as follows:

$$Y = f(X) \dots \dots \dots (1)$$

Where:

Y= dependent variable

X= Independent variable

The statistical expression of the model can be stated as:

$$EFF_t = b_0 + b_1VOUSSD_t + b_2VAUSSD_t + b_3BS_t + u_t \dots \dots \dots (2)$$

where b_0 denotes the model intercept, b_1 the volume of transactions in USSD for deposits in Nigerian banks, and b_2 the value of transactions in USSD for deposits Nigerian banks t =Time trend; u =Error term. To make sure that all the variables have the same level of measurement as shown in equation 3 below, the data collected from the Central Bank of Nigeria statistical package (VOLUSSD and VAUSSD) as well as data collected on input and output from the financial statements of the deposit money banks were also logged.

$$IEFF_t = b_0 + b_1LVOUSSD_t + b_2LVAUSSD_t + b_3LBS_t + u_t \dots \dots \dots (3)$$

Where, L is defined as the natural logarithms of the variable in question. IVOUSSD is logged, LVOUSSD is logged and LBS is logged.

RESULTS AND DISCUSSION

Table 1: Descriptive Statistics

	EFF	VAUSSD	VOLUSSD	BS
Mean	1.277423	1.58E+10	991914.6	2.516592
Median	1.254292	68057471	20241.00	2.397000
Maximum	1.929201	8.59E+10	5159701.	3.934800
Minimum	0.192822	792072.0	746.0000	2.039000
Std. Dev.	0.493452	2.86E+10	1755199.	0.342307
Skewness	-0.047235	1.378887	1.329724	2.338479
Kurtosis	1.965503	3.194265	3.009235	8.701889



Jarque-Bera	2.158218	15.28611	14.14551	108.7709
Probability	0.339898	0.000479	0.000848	0.000000
Sum	61.31630	7.59E+11	47611902	120.7964
Sum Sq. Dev.	11.44428	3.83E+22	1.45E+14	5.507173
Observations	80	80	80	80

Source: E-view package, version 9

The efficiency, transaction volume, and transaction value averages for Nigeria's deposit money banks are shown in the table above, along with the board size. According to the table, the mean values for EFF, VAUSSD, and VOLUSSD are 1.27, 1.58, and 991914.6, respectively. Since the Jarque-Bera probability are less than 5% and VALUSSD, VOLUSSD, and BS are not normally distributed, the table also shows that the efficiency data utilized in the study is regularly distributed. Since the variables have different levels of measurement, all the data is logged even though the data is normal.

Table 2: Correlation

	EFF	VAUSSD	VOLUSSD	BS
EFF	1.000000	-0.025708	0.000959	-0.031016
VAUSSD	-0.025708	1.000000	0.544858	0.192686
VOLUSSD	0.000959	0.544858	1.000000	0.215411
BS	-0.031016	0.192686	0.215411	1.000000

Source: E-view package, version 9

According to the above table, there is a bad correlation between USSD transaction value and deposit money banks' effectiveness in Nigeria. The chart also showed a weakly positive correlation between the volume of USSD transactions and the effectiveness of Nigeria's deposit money institutions. Additionally, it should be highlighted that board size and the effectiveness of deposit money banks in Nigeria have a tenuous negative relationship.

Table 3: Unit Root Test						
Variable	Level of stationarity	ADF-statistic	Significant values 1%, 5%, 10%	Order of Integration	Prob.(5%)	
LEFF	constant	7.33	-3.58, -2.92, -2.60	1(1)	0.001*	
LVAussd	constant	5.89	-3.58, -2.92, -2.60	1(0)	0.005*	
LVolussd	constant	7.52	-3.58, -2.92, -2.60	1(1)	0.002*	
LBS	constant	7.51	-3.58, -2.92, -2.60	1(0)	0.001*	

Probability values are indicated by *

Source: Author's Computation using E-view 9.00

Due to the values of its ADF test statistics at first differences exceeding their respective critical values at 5% level of significance, Table 2 indicates that the LEFF, LVAussd, and LVolussd are stationary at the level and stationary at first difference but not stationary at second difference. Additionally, the variables are integrated in orders 1(1) and 1(0), indicating that the regression model is more acceptable and suitable for the investigation.

Table 4: Regression Analysis

Dependent Variable: LEFF

Method: Least Squares

Date: 27/07/23 Time: 15:07

Sample: 1 48

Included observations: 48



Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.166323	0.934578	-0.177966	0.8596
LVAUSSD	0.132744	0.122235	11.85978	0.0134
LVOLUSSD	-0.179302	0.151754	-12.81531	0.0437
LBS	-0.353217	0.609511	-0.579509	0.5652
R-squared	0.543371	Mean dependent var	0.149784	
Adjusted R-squared	-0.421854	S.D. dependent var	0.486935	
S.E. of regression	0.492227	Akaike info criterion	1.499902	
Sum squared resid	10.66065	Schwarz criterion	1.655836	
Log likelihood	-31.99765	Hannan-Quinn criter.	1.558830	
F-statistic	3.664940	Durbin-Watson stat	1.870563	
Prob(F-statistic)	0.008071			

Source: E-view, version 9.00

Decision rule: 5%

Since the f-statistics is significant at the 5% level of significance, the regression result demonstrates that the model is appropriate for the investigation. The outcome also demonstrates that while the value of USSD transactions has a favorable and significant impact on deposit money institutions in Nigeria, the amount of USSD transactions has a negative and large effect. The effectiveness of Nigerian deposit money banks is also shown to be negatively and insignificantly affected by the number of the board of directors. These effects are noteworthy and noteworthy given that the P-values are less than 5%. As a result, we came to the conclusion that while the value of USSD transactions has a positive and significant effect on deposit money institutions in Nigeria, the amount of USSD transactions has a negative and large effect. The effectiveness of Nigerian deposit money banks is also shown to be negatively and insignificantly affected by the number of the board of directors. Only 54% of the variation in financial innovation (USSD) can be utilized to explain the performance (efficiency) of Deposit Money Banks in Nigeria, according to the $R^2 = 0.54$, but 46% can be accounted for by other factors that were not taken into account in the regression model, or error term.

According to the report, USSD has a good and significant impact on how well Nigerian deposit money banks function in terms of efficiency. Further research revealed that while the volume of USSD transactions has a favorable and significant impact on deposit money banks in Nigeria, the amount of USSD transactions has a negative and large impact. It is also discovered that the effectiveness of deposit money banks in Nigeria is negatively and negligibly impacted by board size. The research supports Ibenta and Anyanwu's (2017) findings, which indicated a positive and significant impact of financial innovation and efficiency. The study also contradicts the conclusions of Ibekwe (2021), who concluded that financial innovation and performance in terms of efficiency had a favorable and negligible impact. According to Kane's Theory of Regulatory Dialectic, the study is accurate.

CONCLUSION AND RECOMMENDATIONS

The study concluded that financial innovation (USSD) has a favorable and significant impact on the performance of Nigeria's deposit money institutions. The other result was that while the volume of USSD transactions has a favorable and significant impact on deposit money institutions in Nigeria, the amount of USSD transactions has a negative and large impact. It was also discovered that the effectiveness of deposit money banks in Nigeria is negatively and negligibly effected by board size.

The study thus recommends that in order to boost the number of transactions, deposit money banks in Nigeria should keep re-strategizing Unstructured Supplementary Service Data (USSD) to all consumers by offering tools for tracking and managing their transactions. While this approach is good and can improve



the effectiveness of Nigeria's deposit money banks, they ought to keep raising the volume of their transactions.

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Electronic Payment System and Bank Customer's Satisfaction in Karu Metropolis Of Nasarawa State

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Abstract

The e-payment system adopted in the Nigeria financial system is expected to address the challenges inherent in the manual settlement and payment system. Despite the series of technological innovation of the e-payment facilities, cash usage still represented over 99 percent of the total transactions as at December, 2019 as posited by the CBN in 2020. This study therefore examined the electronic payment system and bank customers' satisfaction in the Karu metropolis of Nasarawa state. Primary data was obtained through the questionnaire for this study. Data obtained were subjected to dprobit, probit and logit regressions, using the statistical tool for analysis (STATA 11.0). The major outcome of this study showed that electronic payment system has significant impact on customers' satisfaction, though with attendant challenges. The study therefore recommends that; (i) The Central Bank of Nigeria should put in place an e-transact policy to encourage more customers to adopt the use of the e-platform; and (ii) the government should put in place enabling infrastructures, especially stable power supply. If the above recommendations are fully implemented, more users are likely to adopt the technology in carrying out their transactions, which will in – turn have positive effect on the Nigerian financial system.

Keywords: *Electronic Payment System, Bank Customer, Customers satisfaction, Technology Acceptance*

INTRODUCTION

Electronic payment systems (EPS) are becoming increasingly popular worldwide, as they provide customers with a convenient, fast, and secure way to transfer funds between accounts. According to a study by Grand View Research, the global electronic payment market size was valued at USD 35.5 billion in 2019 and is expected to grow at a CAGR of 13.9% from 2020 to 2027 (Grand View Research, 2020). As a result of the growing popularity of electronic payment systems, banks have been investing in new technologies and payment platforms to keep up with the competition. Banks are interested in understanding how electronic payment systems affect customer satisfaction to develop strategies to retain customers and remain profitable. Before the existence of electronic systems of payments, transaction of businesses in the financial and productive sectors had been a difficult and stressful one. Mostly, banks make use of ledgers, folio numbers, and postcards like data sheet where customers name, specimen signature, photo are kept in record. The manual operations caused very slow and inefficient performance of the banks in Nigeria. Technology has affected the performances of all Nigerian banks in the previous time. This century has been associated with the availability of dynamic customers whose interest is targeted on banking services, improved regulation, and high profitability.

The Electronic means of payment is a way of carrying out financial transactions with the use of mobile or internet in order to reduce the huge risk involved in carrying physical cash or paper cheque. Electronic banking guarantee speed, efficiency, fair and well secured transactions compared to that of cash-at-hand procedure (Jenevive & Anyanwaokoro, 2021). Before the emergence of modern banking system, banking operation was manually done, and that solely account for the inefficiency in handling transactions. This



manual system involves posting of transactions from one ledger to another without the aid of computer system. Computations which should be done through computer or electronic machines were done manually, which sometimes lead to miscalculations due to human errors, which results in extension of closing hours when account is not balanced on time. (Siyanbola, 2022). Research has shown that electronic payment systems can have a positive impact on customer satisfaction. In a study conducted by Arshad and Bhati (2021), it was found that electronic payment systems significantly influenced customer satisfaction, and customers were more likely to be satisfied with banks that provided electronic payment systems. With the rise of electronic payment systems, banks have been forced to adapt to changing consumer preferences and invest in new technologies to remain competitive. This has led to an increasing interest in understanding how electronic payment systems affect bank customers' satisfaction. Bank customers' satisfaction is a crucial aspect of banking, as it affects customer loyalty, retention, and profitability. Satisfied customers are more likely to remain loyal to their bank and recommend it to others, which can result in increased revenues and market share.

Ever since the introduction of Electronic Payment System, studies have shown that it enhanced services delivery in the banking industry and brought a great development in the Nigerian Banking Industry. However, there are also some challenges associated with electronic payment systems that can impact customer satisfaction. Security concerns, technical issues, and lack of trust in electronic payment systems can lead to customer dissatisfaction and loss of trust in banks (Arshad & Bhati, 2021). Therefore, banks need to address these issues and provide secure and reliable electronic payment systems to ensure customer satisfaction. Lack of trust is another critical challenge associated with electronic payment systems. Customers may be hesitant to use electronic payment systems due to a lack of trust in the technology or the bank's ability to protect their financial information. In a study by Iqbal et al. (2020), lack of trust was found to be a significant factor influencing bank customers' adoption and use of electronic payment systems in Pakistan. accessibility is another challenge associated with electronic payment systems. Some customers may not have access to electronic payment systems due to factors such as limited internet connectivity or lack of access to smartphones or computers. In a study by Arshad and Bhati (2021), accessibility was found to be a significant factor influencing bank customers' adoption and use of electronic payment systems in Pakistan.

However, despite the series of technological innovation that have adopted in Nigeria banking industry, cash usage is still very high as cash related transactions represented over 99% of customer's activities in Nigerian banks as at Decembers 2019 (CBN, 2020). In addition, the banking halls continue to be immersed with the long queues as people come in to collect their monthly wages or salaries (Nwaolisa and Kasie, 2019). May be customers are not satisfied with the use of the electronic payment system, that is why cash transactions have not reduced in the banking halls as expected. Therefore, this study seeks to evaluate the impact of electronic payment system on bank customers' satisfaction in Karu metropolis.

Research Hypothesis

H0: Electronic payment system has no significant effect on customer satisfaction in Karu metropolis.

LITERATURE REVIEW

This section focuses on conceptual issues, Empirical studies and theoretical background

Electronic payment system

A payment system is used for transferring money. Most modern payment systems employ cash – substitutes. E – Payment can be defined as payment by direct credit, electronic transfer of credit card details, or some other electronic means, as opposed to payment by cheque and cash (Agabonifo, Adeola and Oluwadare, (2019). According to Humphrey, Kim and Vale (2011), electronic payment refers to cash and associated transactions implemented using electronic means. Electronic payment system is defined as a form of financial banking system that operates fund transfer through electronic means rather than physical transfer of cash (hand-to-hand), cheque and other financial relevant documents. The term electronic payment system is usually used in place of electronic banking, however, there are slight differences between them: electronic payment system involves transfer of funds, while electronic banking



does not necessarily involve the transfer of funds. Other services offered online such as opening an account, checking account balance, blocking accounts, applying for loans are also included in electronic banking (Okeci & Oruan, 2020).

Bank Customer

Bank customer is a person who is utilizing one or more of the services provided by the bank. A customer is a person through whom the bank gets an opportunity to make an earning in return to the service they can provide the customer. A person may become a customer of a bank, when the bank accepts his/her offer (Oyedokun, 2012). The relationship between a customer and a banker is essentially contractual and it is fundamentally that of debtor and creditor with the roles sometimes reversed and sometimes flavored with agency relationship (Oyedokun, 2012).

Customer Satisfaction

Ijeoma et al., (2020) defined customer Satisfaction is defined as the overall customer approach towards service rendered or an emotional response to the differences between what customer expected and what is being offered, regarding the accomplishment of some need, goal, or desire (Haadi & Ajibola 2020). Customer satisfaction can also be defined as a verdict following consumption knowledge about the particular service being rendered if it meets its expectation to the customer (Oliver, 2019). Kelvin, (2020) describes Satisfaction as an individual perception of enjoyment and dissatisfaction resulting from comparing a product or services apparent performance in relation to his or her expectations. Satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations. Happy and satisfied customers behave in a products and services (Adeoye & Lawanson, 2012).

Empirical Review

Omodele and Onyeiwu (2021) examined the impact of electronic banking service on customer satisfaction. The study specifically probed on the various dimensions of electronic banking service quality as well as on the relationship between customer satisfaction and the various electronic banking service quality dimensions. A descriptive survey research design was adopted. The sample size was 93 respondents. The main research instrument used was questionnaire. Data collected were analyzed using descriptive statistic followed by Pearson correlation, and regression analysis to test the hypotheses. The findings revealed that there is a significant relationship between customer satisfaction and the various electronic banking service quality dimensions and electronic banking service quality has significant impact on customer satisfaction.

Fenuga and Oladejo (2021) investigated the effect of electronic payment on customer service delivery in Nigerian banks as brought about by the problem of satisfying customer's need in Nigerian banking industry. Four commercial banks (United Bank for Africa, First bank, Zenith bank and Intercontinental bank) in Nigeria were studied using a survey design which focused on the population of the four selected commercial banks in Nigeria. One hundred (100) respondents were stratified proportionately amongst customers of the selected banks with the aid of questionnaire randomly administered. Chi-square and regression analysis were employed in testing whether there is significant relationship between the level of automation banking services and improvement in delivery of services to their numerous customers in Nigeria. The study concluded that electronic payment has significant impact on the services render by the banking Industry in Nigeria thereby improves customer service delivery, better management efficiency, increased profit and customer satisfaction in Nigeria.

Nnamani and Makwe (2021) examined the impact of electronic banking on customer Satisfaction. The study obtained data from 54 respondents using questionnaires and the obtained data were analyzed using the Chi-square method. The findings showed that electronic banking has improved customer satisfaction in Nigeria. Nwanko and Eze (2020) examined electronic payment in cashless economy of Nigeria: problems and prospects. Their findings showed that the electronic system of payment has a great implication in cashless economy of Nigeria, but will lead to significant decrease in deposit mobilization and credit extension by Nigerian deposit money banks. Consequently, they concluded that the e – payment system should be developed first, so that people will be used to it before going cashless economy. They



argued that this is so because bulk of the Nigerian economy is driven by SME and petty traders and thus, migration of our payment system towards a cashless society would require some reforms and a lot of sensitizations especially for low-income group, who are currently deeply rooted in using cash and see it as a convenient and easy way of receiving and making payments.

Oladejo and Akanbi (2019) investigated banker's perception of electronic banking in Nigeria. Findings of the study revealed that bankers in Nigeria perceive electronic banking as a tool for minimizing inconvenience, reducing transaction cost, altering customers queuing pattern and saving customers banking time. Okey (2019), also examined the Central Bank of Nigeria's Cashless Policy in Nigeria: Benefits and challenges. Their results revealed that the benefits that accrue to the policy implementation include; cost reduction, reduction in the risk of using cash, reduction in subsidy cash transaction costs, and reduction of corruption. While the challenges of adopting the policy include; fraud, indiscriminate deductions from accounts, high rate of illiteracy, inefficiency and epileptic power supply.

Theoretical Framework

This sub – section discusses the under-pinning theories to this study. This study adopted three theories as its theoretical framework. These include the diffusion of Innovation (DOI) Theory, the Technology Acceptance Model (TAM) and the disconfirmation theory.

Diffusion of Innovation Theory (DOI)

The Diffusion of Innovation (DOI) was propounded by Everett Rogers in 1962. Theory attempts to examine the factors that influence an individual, firms etc. to adopt an innovation – which is the electronic payment system adopted by banks to create customer satisfaction via service delivery of any innovation include: relative advantage, complexity, compatibility, trialability, and observability.” The DOI theory was used by Hogarth, Kolodinsky and Gabor (2020) and by Nwankwo and Eze (2020), among others. In the context of the banking industry, the DOI theory can be used to explain how new banking products and services are adopted and how they impact customer satisfaction. For example, if a new mobile banking app is introduced by a bank, the DOI theory can be used to explain how the app is adopted by customers and how it affects their satisfaction with the bank's services.

In Karu Metropolis of Nasarawa State, the impact of the DOI theory on bank customers' satisfaction is likely to be significant. The banking industry in Nigeria has been rapidly growing and evolving in recent years, with new products and services being introduced regularly. Customers in Karu Metropolis are likely to be exposed to a variety of new banking products and services, and the DOI theory can be used to explain how these products are adopted and how they impact customer satisfaction. The DOI theory suggests that the adoption of new products or services follows a predictable pattern, with innovators, early adopters, early majority, late majority, and laggards all adopting the product at different stages. As more customers adopt the new product, it becomes more widely accepted, and customer satisfaction may increase as a result. Overall, the impact of the DOI theory on bank customers' satisfaction in Karu Metropolis of Nasarawa State is likely to be significant, as it can help banks understand how new products and services are adopted by customers and how they impact customer satisfaction. By understanding these factors, banks can tailor their products and services to meet the needs of their customers and improve their overall satisfaction with the bank.

Technology Acceptance Model (TAM)

Park (2019), opined that “one of the well – known models related to technology acceptance and use, is the Technology Acceptance Model (TAM), this was originally proposed by Davis in 1986,” TAM has proven to be theoretical model in helping to explain and predict user behavior of information technology (Legris, Ingham, & Collette, 2020). According to park, two cognitive beliefs are posited by TAM: perceived usefulness (PU) and perceived ease of use (PEOU) TAM is of the principle that one's actual use of a technology system is influenced directly or indirectly by user's behavioral intentions, attitude, perceived usefulness of the system, and perceived ease of the system. The Technology Acceptance Model was adopted by Pikkarainen, Pikkarainen, Karjaluo and Pahnla (2020), Park (2019) and by Nwankwo and Eze (2020), among others, in their related studies.

METHODOLOGY

This section focuses on the methodology used in carrying out the study. It covers model specification and estimation, sources of data used, population of the study, sample size, sampling technique, method of data collection and the method of data analysis. This study made use of the primary data. The primary data for this study was however obtained through the questionnaires administered to customers of banks in Karu metropolis of Nasarawa State, Nigeria. The questionnaire was a close-ended type, designed to seek factual and definite responses from the respondents. The instrument for the collection of the primary data was the questionnaire designed and administered to five hundred (500) respondents from different banks, using purposive sampling technique.

This study developed a model towards satisfying the main objective of the study. The following model specification was adopted:

$$\text{Prob. } (CS_i = 1/EPS_i) = f(ATM_i, DC_i, MT_i, INTB_i) \dots\dots\dots (1)$$

The equation (1) can be transformed into linear equation and thus becomes;

$$\text{Prob. } (CS_i = 1/EPS_i) = \alpha_0 + \lambda_1 ATM_i + \lambda_2 DC_i + \lambda_3 MT_i + \lambda_4 INTB_i + \mu_i \dots\dots\dots (2)$$

Where:

Prob. = Probability

CS_i = Customer Satisfaction (Explained variables)

EPS_i = Electronic Payment System (Explanatory variables)

Prob. ($CS_i = 1/EPS_i$) = probability of customer Satisfaction (CS_i) being equal to one (1) is conditioned on the Electronic Payment System (EPS_i)

And where proxies for EPS_i are:

ATM_i = Automated Teller Machine (Proxy 1 for electronic system)

DC_i = Debit Cards (proxy 2 for electronic payment system)

MT_i = Mobile Transfer (proxy 3 for electronic payment system)

$INTB_i$ = Internet Banking (proxy 4 for electronic payment system)

α_0 = the intercept to the equation

$\lambda_1, \lambda_2, \lambda_3$ and λ_4 = the parameter estimates (coefficients)

μ_i = the error term

The model shown in equation (2) has four independent variables and a dependent variable. The dependent variable (explained variable) is represented by CS = customer satisfaction. While the independent variables (explanatory variable), include; the electronic payments system and they are proxied by the most common means of electronic payments in Nigeria. These are the Automated Teller machine (ATM), Debit Cards (DC), Mobile Transfer (MT) and Internet Banking (INTB). The data for the model was obtained from the responses of the questionnaire. To estimate the model, a dprobit regression, as well as probit and logit regression analysis were used to test the validity of the model.

RESULTS AND DISCUSSION

Results on Marginal effects, Probit and Logit Regression

Impact of Electronic Payment System on Customers' Satisfaction

Variables	Marginal effects (probit)	Probit	Logit
COSTANT		-0.8754835	-1.586667
Coefficient		0.00***	0.000***
Prob. (z-stat)		0.1272959	0.2314924
Robust std. Err.			
ATM	0.1063551	0.3370514	0.5073218
Coefficient	0.139	0.139	0.195
Prob. (z-stat)	0.0751275	0.2277876	0.3916628
Robust std. Err			
DC	0.372813	1.136607	2.064151



Coefficient	0.000***	0.000***	0.000***
Prob. (z-stat)	0.0772403	0.2302035	0.2969406
Robust std. Err			
MT	0.1937563	0.6430875	1.317325
Coefficient	0.000***	0.000***	0.000***
Prob. (z-stat)	0.0404765	0.1484527	0.2969406
Robust std. Err			
INT.B	0.152864	0.5074289	0.982888
Coefficient	0.001***	0.001***	0.000***
Prob. (z-stat)	0.0431687	0.1478451	0.264387
Robust std. Err			
Pseudo R2	0.3057	0.3057	0.3185
Wald chi 2 (4)	123.58	123.58	97.48
Prob. Chi 2	0.0000***	0.0000***	0.0000***

*** significant at 1%, **significant at 5%, * significant at 10%

Source: Authors' computation (2023)

The coefficients of the marginal effect regression (dprobit) indicates that a unit increase in the use of the Automated Teller Machine increases the likelihood of customers' satisfaction by 0.1063551 i.e., by approximately 11 %. The 0.1937563 coefficient for the Mobile Transfer facility implies that a unit increase in the use of the facility increases in the use of internet Banking has the probability of increasing customers' satisfaction by 15.29%.

The probabilities of the z-statistics for Debit card, Mobile Transfer, and Internet Banking are 0.000, 0.000 and 0.001 and shows that they are all statistically significant at 1% level of significance. The Wald Chi-square (Wald Chi² (4)) = 123.58 is large with an associated probability of 0.0000 i.e., prob. Chi² = 0.000 indicating that the model is statistically significant at 1% level of significance. The figure four (4) in parentheses indicates the four predictors (ATM, Debit Card, Mobile Transfer and Internet Banking) used in the model.

Result from the probit regression shows that the four predictors (ATM, Debit Card, Mobile Transfer and Internet Banking) of the model all have positive coefficient. The coefficient of the Automated Teller Machine is 0.3370514, Debit Card is 1.136607, and Mobile Transfer is 0.6430875, while that of the internet Banking is 0.5074289, the positive coefficients of these four predictors of the model imply that the probability of customers' satisfaction increases with the use of ATM, Debit Card, Mobile Transfer and Internet Banking respectively. The coefficient of the constant is -0.8754835 with the use of the electronic payments system (ATM, Debit Card, Mobile Transfer and Internet Banking).

The probabilities of the z-statistics for the Debit Card, Mobile Transfer, Internet Banking and the constant are 0.000, 0.001 and 0.000 respectively. This implies that they are all statistically significant at 1% level of significance. The Wald Chi² (4) is 123.58 with a probability of 0.0000. this implies that the model is statistically significant at 1% level of significance. The results from the Logit regression indicate positive coefficients of 0.5073218, 2.064151, 1.317325, and 0.982888 for ATM, Debit Card, Mobile Transfer and Internet Banking respectively. This implies that the probability of customer satisfaction increases with the use of the electronic payments system (ATM, Debit Card, Mobile Transfer and Internet Banking). The constant has a negative coefficient of -1.586667 and implies that customer satisfaction is likely to decrease constantly by -1.586667 with the use of the electronic payments system.

The associated probabilities of the z-statistics for Debit Card, Mobile Transfer, Internet Banking and the constant variable are all 0.000 respectively, which imply that they are all statistically significant at 1% level of significance. The Wald Chi² (4) is 97.48 with an associated (prob. Chi 2) of 0.0000, implying and heteroscedasticity.



The table 4.2 below shows the investigation on the benefits associated with the use of electronic payment system by bank customers.

Table 4.2 Benefits Associated with the Use of Electronic Payment System

Questions	Percent ⁰
Electronic payment system has brought you convenience in conducting your transactions?	
Yes	78.21
No	21.79
Electronic payment system has reduced your risk of cash related crimes?	
Yes	72.22
No	27.78
Electronic payment system has brought you cheaper access to out-of- branch banking service?	
Yes	70.94
No	29.06

Source: Authors' Investigation, 2023

From table 4.2, 78.21% of the respondents agreed that the electronic payment system has brought them convenience in their transactions with banks. 72,22% of the respondents are of the opinion that the total respondents agreed that the electronic payment system has given them the opportunity to cheaper access to out-of-branch banking services.

Table 4.3 below shows some of the challenges faced by the users of the Electronic Payment system in Nigeria

Table 4.3 Problems Associated with the Electronic Payment System

Question	Percent ⁰
Do you find the electronic payment System to be challenged e-payment Fraud?	
Yes	87.39
No	12.61
Do you find the Electronic Payment System to be challenged by epileptic power supply?	
Yes	66.88
NO	33.12
E-payment is challenged by limited ATM and point-of-sales terminals at priority locations?	
Yes	91.88
No	8.12
E-payment is challenged by indiscriminate and exorbitant bank charges?	
Yes	55.13
No	44.87
Electronic payment System is challenged by network-down-time?	
Yes	87.39
No	12.61

Source: Authors' Survey, 2023

The above table 4.3 represents the responses of the respondents on the challenges associated with the use of the e-payment system. A total of 87.39% of the total respondents agreed that the electronic payment



system is challenged with e-payment fraud, 66.88% of the respondents agreed that the users' of electronic payment system are faced with problems of epileptic power supply, 91.88% agreed on limited point-of-sale (POS) terminals/Automated Teller Machines (ATMs) at priority locations, 55.13% of the respondents opined exorbitant bank charges for using the e-payment products, while 87.39% complained that they are challenged by network down-time. On the other hand, 12.61%, 33.12%, 44.87%, and 12.61% of the total respondents opined that the electronic payment system is not challenged with the e-payment fraud, epileptic power supply, limited ATM/POS terminals, exorbitant bank charges and network down-time respectively.

Linking the theories adopted by this research work in discussing the findings of this study; the Diffusion of Innovation theory and the Technology Acceptance are two similar theories on technology adoption with five and two constructs respectively. The findings of this research work shows' that factors influencing the adoption of the electronic payment system are its user-friendliness, convenience, usefulness and ease-of-use (non-difficulty to understand), as well as the findings on benefits of the electronic payment system which include reduced risk of cash related crimes, cheaper access to out-of-branch banking services as well convenience in conducting banking transaction, are all in conjunction with the constructs provided by the two theories. The findings of this research work is therefore consistent with the findings of Rogers (2020); Pikkarainen, et al (2014); Hogarth, et al (2018); park (2019); and Okafor and Ezeani (2020).

Applying the Kano's Model of customers' Satisfaction to the findings of this research work, the e-payment facilities (ATM, Debit Cards, Mobile Transfer, Internet Banking) are the must-be requirements expected by customers' desiring to use electronic payment facilities of banks. The findings such as convenience, user-friendliness, usefulness, non-difficulty of use of this research work are factors that can attract customers' to using the e-payment system and ultimately bring about customers satisfaction. This is therefore in line with one Dimensional Requirement and the Attractive Requirements of the Kano's Model. Perhaps, this accounted for the significant impact of the electronic payment system on customers' satisfaction by this study. The findings of this study is therefore consistent with the findings of Walder (2022), Sauerwein, Bailom, et al (2021), Ungvari (2020), Zultner and Mazur (2019).

CONCLUSION AND RECOMMENDATIONS

This study concludes that the payment system has significant impact on bank costumers' satisfaction in Karu metropolis of Nasarawa state, though with attendant challenges associated with the use of the e-payment facilities. If the recommendations of this study are implemented by the relevant stakeholders, there is every likely-hood that more Nigerians will adopt the technology in carrying out their banking transactions, which in-turn will have great effect on the Nigerian Financial system-the payment and settlement system in particular, and the entire economy in general. This recommends that: (i) The Central Bank of Nigeria (CBN) being a supervisory and regulatory body concerned should embark on public enlightenment on the use of e-payment system; (ii) it should specifically put in place a policy on 'e-transact' to enable Nigerians adopt the use of the electronic payment system before going cashless. This is because the cashless policy which the CBN has recently introduced cannot thrive or work without customers first embracing the e-payment facilities; (iii) the government of Nigeria should put in place customer protection measures through the CBN in order to make banks address challenges such as e-payment fraud, exorbitant charges, limited POS/ATM at priority locations and network down-time. Addressing these challenges will not only lure more customers to using the e-payment facilities but will also increase the confidence of its existing users about the technology; and (iv) the government should put in place enabling infrastructures, especially stable power supply will not only encourage customers' to using the e-payment on customers, resulting to exorbitant bank charges.

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Organizational Ambidexterity and Performance of Small and Medium Enterprises in Nigeria, The Moderating Role of Learning Orientation

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Abstract

SMEs have globally been acknowledged as the economic life line of any nation and any economy that is interested in economic development must pay attention to the sector. A very critical challenge confronting SMEs in Nigeria is survival and prosperity. One strategy for survival and prosperity found in literature is organizational ambidexterity. However, because of their size, it is thought that SMEs cannot operate firm level ambidexterity. This study therefore evaluated if SMEs could benefit from ambidexterity and the role of learning orientation. Data was gathered via closed ended questionnaire that were systematically administered to SMEs in each of the six geopolitical areas in Nigeria. With a sample size of 572 SMEs drawn from the population of 670,447 SMEs, Structural Equation modelling via SmartPLS 3.4 was employed to compute the two main model, the measurement model and the structural model for the test of the hypotheses. The results of the analysis revealed that organizational ambidexterity significantly affects SME performance and learning orientation significantly moderates the effect. The study therefore recommended that SME operators should recognize the importance of continually improving their existing business to ensure prosperity while thinking forward so they are equipped for any challenge that might come up in the future so as to guarantee survival. Also, SMEs should be committed to learning in order to keep up with trends in their businesses.

Keywords: Ambidexterity, Exploitation, Exploration, Learning Orientation, SME Performance

INTRODUCTION

Small and Medium Enterprises (SMEs) are drivers of development, economic transformation and industrialization in any country but most especially, developing ones like Nigeria. The SME sector are known for contributing enormously to their nation's economy since they contribute to the Gross Domestic Product (GDP), reduction of the level of unemployment, reduction in the level of poverty and promotion of entrepreneurial activities (Adamu, Wan & Gorondutse, 2019; National Bureau of statistics (NBS) – (SMEDAN), 2017; Oyelaran-Oyeyinka, 2020). Given that the performance of SMEs is a strong indicator of the economic wellbeing of the entire Nation and as Kippa, (2022) stated, the success of SMEs in Nigeria is the Nation's hope for economic stability, it has become paramount to pay more attention to their performance so as to not have the sector lagging behind its counterpart Nations.

Sadly, in spite of the attention and contributions of the government to SMEs in Nigeria and the academic contributions from scholars so far, SMEs in Nigeria have continued to perform below expectations. An evaluation of SME survival rate in Nigeria reveals an unpleasant situation that leaves nothing to be desired as the life span of most SMEs is not more than five (5) years. According to the report of United Nations Industrial Development Organization (UNIDO, 2017) in Olaore, Adejare and Udofia. (2021), their studies on the survival of SMEs in Nigeria reveal that not more than 20% actually survive 5 years in the business. They further identified that though about 40% of Nigerians who have entrepreneurial intention get to start the business, only 20% of them make it pass the 5 year mark.



Furthermore, the periodic National survey on SMEs carried out by NBS-SMEDAN reveal that the performance of SMEs in Nigeria in terms of survival has deteriorated over the years. The survey carried out in the year 2013 reported that there were a total of 72,838 SMEs out of which 4,670 were medium enterprises and 68,168 small enterprises; by the year 2017, the total number of SMEs were 73,081 revealing a less than 250 increase over a period of four years and the number of medium enterprise had drastically reduced from 4,670 to 1,793 a whopping 61.6% fall. Though the report of the 2020 survey indicated an increase in the number of SMEs, the survey indicated a reduction in the number of MSMEs from 41,543,028 in 2017 to 39,654,385 in 2020 (that is a 4.5% decline) as well as a 3.5% decline in contribution to GDP (NBS-SMEDAN, 2013; 2017; 2021). The implication of this failure holds grave consequence not just for the business owners who lose their businesses but also the government, their employees, customers and investors which sometimes include the government.

One strategy for organizational survival and prosperity is organizational ambidexterity; an organizational concept that depicts how organizations can achieve profits and sustainability by engaging in two contradictory yet complementary activities (exploitation of the existing and exploration of the future). Several studies have found a correlation between organizational ambidexterity and performance (Pertusa-Ortega & Molina-Azorin, 2018; Shaibu, Ogbo, Agbaeze & ukpere 2019; Clauss, Kraus, Kallingere, Bicanc, Brem & Kailere, 2020; Schnellbacher & Heidenreich, 2020). The argument is that, exploitation alone may convert the organization's resources into profits but it may keep the organization in the status quo and its stock of knowledge may become obsolete without exploration. So also, exploration alone may encourage continuous renewal and expansion of knowledge but without exploitation, exploration may be weighed down by the cost of Research and Development, with no guaranty of return on investments.

The study was based on Lazonick's theory of the innovative enterprise which explains how a firm can attain superior performance by developing strategy and learning abilities. The theory of the innovative enterprise argues that to achieve superior performance, firms need to come up with a strategy that ensures quality products at lower cost as well as novel ideas that competitors can't easily replicate. They also need to have a learning orientation while they wait for the strategy to yield returns. This study extended the use of the theory to explain the impact of ambidexterity and learning orientation on performance of SMEs in Nigeria. Following the notions of the theory and the recommendation of Baker, Mukherjee and Perin (2022) that learning orientation is strategic orientation that supports other strategies, this study introduced learning orientation as an intervening variable. The study therefore evaluated the effect of ambidexterity (exploitation and exploration) on performance of SMEs in Nigeria and the moderating role of learning orientation.

LITERATURE REVIEW

Concept of Performance

Although no universal description exists for performance as many definitions exist for the term, some scholars have tried to find common themes in the various definition in a bid to simplify the concept and give it a definition that is also suitable for whichever perspective. Samsonowa (2012) for example argued that in spite of all the varying definitions found in literature for performance, they are often linked with two expressions namely, "effectiveness" and "efficiency"; Effectiveness in relation to the extent to which goals/objectives are attained and efficiency in relation to the amount of resources exerted in the process of the goal/objective attainment. Similarly, Pintea and Achim (2010) maintain that regardless of the definition, the term performance leads us to success, competitiveness, action, effort, progress. It is one factor that determines the success or failure of an organization (Yu & Huo, 2018). Tarigan, Mochrar, Basana and Siagian, (2021) viewed organizational performance as mechanism that is always planned and controlled to improve organizational strategy. According to Adamu et al., (2019) a successful SMEs is one that can perform and withstand because of their ability to adopt effective factors that influence their performance. This study viewed performance as the outcome/condition of an organization as a result of how it has managed its environment and business in relation to its employees, resources, customers and the strategies adopted.

Concept of Organizational Ambidexterity

Ducan (1976) first proposed the concept of organizational ambidexterity and he described it as the ability of a firm to meet conflicting demands of alignment (that is, to remain coherent amid the patterns of present activities) and adaptability (ability to quickly restructure to meet changing environmental demands). However, March (1991) is recognized for giving prominence to two set of activities, “exploitation and exploration” used extensively by ambidexterity researchers. The concurrent pursuit of exploitation and exploration is most times crucial to the survival and profitability of firms; the ability to do so is referred to as organizational ambidexterity (Nobakht, Hejazi, Akbari & Sakhdari, 2020). Activities tagged exploitation are linked with improving existing ability/knowledge/customers/market, efficiency, quality, improvements of present products/services/technologies as well as adapting favorably to the demands of the business the environment (O'Reilly & Tushman, 2013).

Exploration activities are associated with searching for different opportunities, possibilities, ideas, processes and development of products and services that were not previously available to the market so that the firm is in a better place to survive the dynamism of the business environment through invention and experimentation (Pertusa-Ortega, Tari, Pereira-Moliner, Molina-Azorín, & L'opez-Gamero, 2021). But no matter the nomenclature used by authors to describe the composition of organizational ambidexterity, they all at its core reinforce one focal idea, that organizational ambidexterity hosts two differing ideas of exploring dynamic prospects so as to ensure the longevity of the business while creating better conditions in the current business so as to achieve higher profits that sustains the activities of exploring future prospects.

Concept of Learning Orientation

Learning is a fundamental technique in achieving sufficient response to crisis and accurate restoration of normalcy (Broekema, Porth, Steen & Torenvlied, 2019). Tajeddini, Altinay and Ratten, (2017) described learning orientation as an organization's principles which influences its propensity to create knowledge and also implement same. Citing Ducan and Weiss (1978). Tajeddini et al., (2017) described learning orientation as an organization's strategy orientation and administrative idea that entails disseminating and communicating knowledge and information across the organization such that employees are oriented and their abilities and skills are improved. According to Reulink, (2012) learning orientation is an organization's knack to create novel ideas/knowledge/insights that is capable of changing the strategies of the organization as well as how the strategies are deployed. Sinkula, Baker and Noordewiet, (1997) described learning orientation as the organizations inclination to develop and utilize information, the purpose of which is to gain an edge in the market. Hakala, (2010) posited that in evolving markets particularly, businesses need to imbibe the habit updating how they do business so as enhance their performance quicker than rival business. These definitions point to the essentiality of the concept to organizations as the instrument through an organization can acquire information and make meaningful and positive change.

Exploration Strategy and Performance

Peng and Lin (2019) linked exploration to performance of electronics manufacturing firms in Taiwan that engaged in the development of new high-tech products, with 228 valid responses from a sample of 1000 firms, their regression results revealed a negative relationship between exploration and performance. The study focused solely on the direct relationship between the variables and missed an opportunity to showcase how other variables can improve this relationship or explain the relationship. The study by Clauss et al, (2020) established that exploration affects the competitive advantage of firms using a mixed-method technique of reviewing previous literature and analyzing of 150 mid-size firms in the engineering industry in Germany quantitatively. Data was collected from a mail survey randomly sent to 800 firms and hypotheses were tested using Partial Least Square-Structural Equation Modeling (PLS-SEM). Their study discovered a significantly positive effect of exploration innovation strategy on competitive advantage. The study particularly focused on mid-size firms while exempting small firms like most prior studies have done. This study focusing on performance small as well as medium firms therefore hypothesized that;

H₀₁: Exploration strategy does not affect the performance of SMEs in Nigeria.



Exploitation Strategy and Performance

Silva and González-Loureiro, (2021) examined whether exploitation orientation could influence speed of internationalization. From a sample size of 795 manufacturing SMEs in Portugal, the study measured the effect of international exploitation orientation on foreign sales to total sales. Hypotheses testing was achieved by employing PLS-SEM and the findings indicated that a higher level of international exploitation has a positive impact on foreign sales to total sales growth. Clauss et al, (2020) also studied the effect of exploitation innovation strategy on the competitive advantage of 800 mid-size firms in the engineering industry in Germany who were randomly selected and issued questionnaires by mail out of which 150 responses were usable. Using PLS-SEM to test hypotheses, the study revealed that exploitation innovation strategy does not affect competitive advantage. We hypothesized that;

H₀₂: Exploitation strategy does not affect the performance of SMEs in Nigeria.

Learning Orientation as a Moderator

Several strategic management studies have considered the moderating role of learning orientation in enhancing performance outcome (e.g. Reulink, 2012; Martinez, Serna & Montoya 2020). Hakala (2010) postulated that a learning orientation whether it is learning from the markets/technologies/ processes have the ability to covert identified prospects to engagements that consequently gears up the performance of the organization. As a result of the uncertainties inherent in the business environment, entrepreneurs need instill propagative learning in their businesses. There is need for vision to be shared across the business even amongst employees as well as having an open mind to learn new things, (Wang, 2008).

Tajeddini, Altinay and Ratten (2017) assessed the moderating role of learning orientation in the relationship between Service innovativeness and the structuring of organizations focusing on 178 executives/managers of hotels in Japan. Moderated regression analysis was utilized in the analysis of data. Their study established that when organization increase their propensity to learn, their organic structure effectiveness further boosts the innovativeness of their services. These findings like many others contribute to understanding how learning orientation plays a pivotal role in the innovativeness/strategies of an organization. Irrespective of the strategies a business wants to employ, it is necessary for the firm to add information and knowledge seeking in its strategic plan/tactics because that will substantially influence all other notions/orientations and subsequently, performance (Paladino, 2007; Martinez et al., 2020). The study stating hypotheses in the null therefore hypothesize that;

H₀₃: Learning orientation does not significantly moderate the relationship between exploration strategy and performance of SMEs in Nigeria.

H₀₄: Learning orientation does not significantly moderate the relationship between exploitation strategy and performance of SMEs in Nigeria.

METHODOLOGY

The study employed a cross-sectional survey research design which has the basic characteristics that involves the collection and collation of data once to facilitate the answering of research questions through the test of hypotheses (Onodugo, Ugwuonah & Ebinne, 2010). Data for the study was gathered via the use of open ended questionnaire. Copies of the questionnaire were administered to owners/managers of SMEs in Nigeria. The target population of this study was the 670,447 SMEs in Nigeria as recorded by NBS-SMEDAN, (2021). Krejcie and Morgan (1970) statistical formula for sample size determination was used to obtain a sample size of 384 SMEs.

Following the suggestion of Mathers, Fox and Hunn (2009), that researchers should include a mark-up of 50% on the calculated sample size to cover for a fall in response rate of the sample or contingent problems associated with data collection, which may lead to difficulties in reaching the required number of sample that is needed for a precise data analysis as well as a sample size that adequately represents the actual population of the study, this study added a 50% mark-up to the calculated 384 sample size to make it up to 572 SMEs. Questionnaires were then proportionately distributed among the six geopolitical zones in the country and was administered in states with the highest number of SMEs from the region.

Measurement and Operationalization of Variables

To measure organizational ambidexterity, the measurement scale developed by Lubatkin, Simsek, Ling and Veiga (2006) was adapted for this study. Both exploitation and exploration dimensions were evaluated by six items each. Using a 5-point scale ranging from 1 (strongly disagree) to 5 (strongly agree), respondent were expected to rate their firm's exploitation and exploration orientation. Samples of question for exploration included: "In the last three years, our organization looked for novel technological ideas by thinking outside the box". Example of questions for exploitation was; "In the last three years, our organization committed to improving quality and lowering organizational cost".

The dependent variable, SMEs performance was operationalized as business growth and was measured by an adapted scale developed by Santos and Britos (2012).respondent rated their firms growth in the past3years based 5 indicators of growth namely, market-share growth, net revenue growth, growth in profitability, asset growth and increase in the number of employees. The moderating variable was measured by an adapted scale developed by Hult and Farrell (1997). The scale had 6items and respondents rated their firms position on questions such as, "Learning in our organization is seen as a key commodity necessary to guarantee organizational efficiency; Employees in our firm are committed to organizational goals.

RESULTS AND DISCUSSION

Following extant scholarly recommendations on path analysis, two-fold approaches were adopted, which was the measurement and structural model analysis (Hair et al., 2019; Sarstedt et al., 2016). The study used SmartPLS version 3.4 for the analysis. This choice was premised on the fact that it uses the PLS algorithm, which is robust to violations of assumptions such as non-normality, small sample sizes, and multicollinearity (Sarstedt, 2020). This robustness makes SmartPLS a suitable choice when dealing with non-normal or non-linear data, which may be common in social sciences and management research (Hair et al., 2016). The study model evaluated the convergence of the PLS algorithm and it revealed that it converged after the second iteration.

Measurement Model

Factor loadings of each item in the scale was assessed for their inclusivity in the model. Hair *et al.* (2021) stated that the minimum threshold for factor loading to be accepted in a model should be 0.60 and above. Hence, all items that loaded 0.60 and above were retained. Hence, since none of the item loaded less than 0.60, all items in the scale were retained and included in the structural model having satisfied the minimum threshold. Composite reliability and Cronbach alpha was used to gauge the reliability of the scale. Scholars recommend that for internal consistency to be established a minimum criterion of 0.70 must be satisfied (Hair *et al.*, 2016). As shown in the table 1 below, it is evident that none of the reliability coefficient had an index value less than 0.70, hence, having satisfied these criteria, it then means that the reliability criteria are satisfied. Similarly, the composite reliability of 0.70 and above is considered reliably good (Hair *et al.*, 2021).

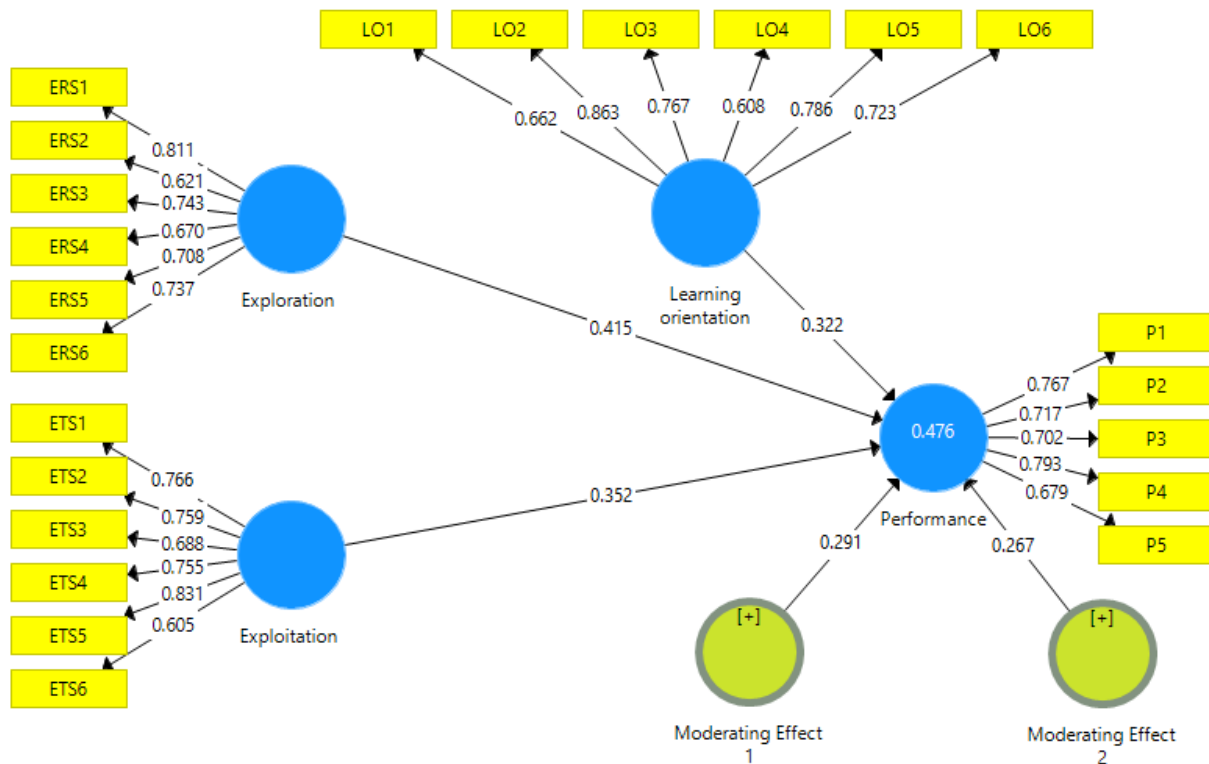


Figure 1: Pictorial display of measurement model

In line with the measurement model requirement, convergent validity was assessed, and average variance explained (AVE) was used, and we followed recommended scholarly threshold of 0.5 and above for Average Variance Extracted (AVE) (Becker *et al.*, 2013; Henseler *et al.*, 2015). As shown in Table 1 below, all the values exceeded the threshold, hence indicating that convergent validity criteria were satisfied. Chin (1998) provided guidelines for interpreting R-square values for endogenous latent variables. According to his recommendations, R-square values of 0.67 can be considered substantial, values of 0.33 can be seen as moderate, and values of 0.19 can be considered weak in terms of their explanatory power. Following this point view, it then implies that the variance in performance explained by ambidexterity and learning orientation is moderate given the coefficients of 0.476. The path coefficients between the variables were also confirmed. The path coefficients represent the strength and direction of the relationships between variables in a structural equation model. The path coefficient between "exploration" and "performance" is 0.415. This suggests that there is a positive relationship between exploration and performance. As the exploration variable increases, it is associated with a higher level of performance.

The path coefficient between "exploitation" and "performance" is 0.352. This indicates a positive relationship between exploitation and performance. A higher level of exploitation is associated with a higher level of performance. F-Square refers to the difference in R-Square when an exogenous variable is excluded from the model. It is used as a measure of effect size, where values equal to or greater than 0.02 are considered small, values equal to or greater than 0.15 are considered medium, and values equal to or greater than 0.35 are considered large, according to Cohen's (1988) classification. The result confirms medium effect size for both exploration and exploitation with values of 0.193 and 0.119 respectively, while learning orientation had a small effect with a value of 0.03.

Table 1
Factor Loadings, Reliability and Convergent Validity

Construct	Indicators	Loadings	Composite Reliability	AVE	Cronbach Alpha
Exploration	ERS 1	0.811	0.816	0.530	0.743
	ERS 2	0.621			
	ERS 3	0.743			
	ERS 4	0.670			



	ERS 5	0.708			
	ERS 6	0.737			
Exploitation	ETS 1	0.766	0.856	0.502	0.802
	ETS 2	0.759			
	ETS 3	0.688			
	ETS 4	0.755			
	ETS 5	0.831			
	ETS 6	0.605			
Learning Orientation	LO1	0.662	0.765	0.582	0.765
	LO2	0.863			
	LO3	0.767			
	LO4	0.608			
	LO5	0.786			
	LO6	0.723			
Performance	P1	0.767	0.852	0.536	0.784
	P2	0.717			
	P3	0.702			
	P4	0.793			
	P5	0.679			

Furthermore, to confirm the validity of the scales, the researcher tested for discriminant validity. To test for the discriminant validity of the study construct Heterotrait-Monotrait (HTMT) ratio of correlations was used (Henseler *et al.*, 2015). The choice of this method is owing to its superior ability to identify the lack of discriminant validity when compared with other measures.

Table 2
'Ratio of Correlations Discriminant Validity'

	ETS	ERS	LO	Moderating Effect 1	Moderating Effect 2	P
ETS						
ERS	0.665					
LO	0.649	0.574				
Moderating Effect 1	0.186	0.249	0.296			
Moderating Effect 2	0.199	0.272	0.328	0.701		
Performance	0.601	0.700	0.653	0.312	0.302	

Table 2 above displays the results of the Heterotrait-Monotrait (HTMT) ratio of correlations, which were utilized to assess the discriminant validity of the constructs. In order to meet the criteria for discriminant validity, the intercorrelations should be lower than the recommended threshold of 0.85 for constructs that are conceptually dissimilar, as stated by Hair *et al.* (2021). Based on the findings presented in Table 2, it can be concluded that the discriminant validity criteria have been met.

Structural Model

Next, the structural model was assessed and this was focused on accounting for the significance of the model and 5000 bootstrapping re-sampling was used.

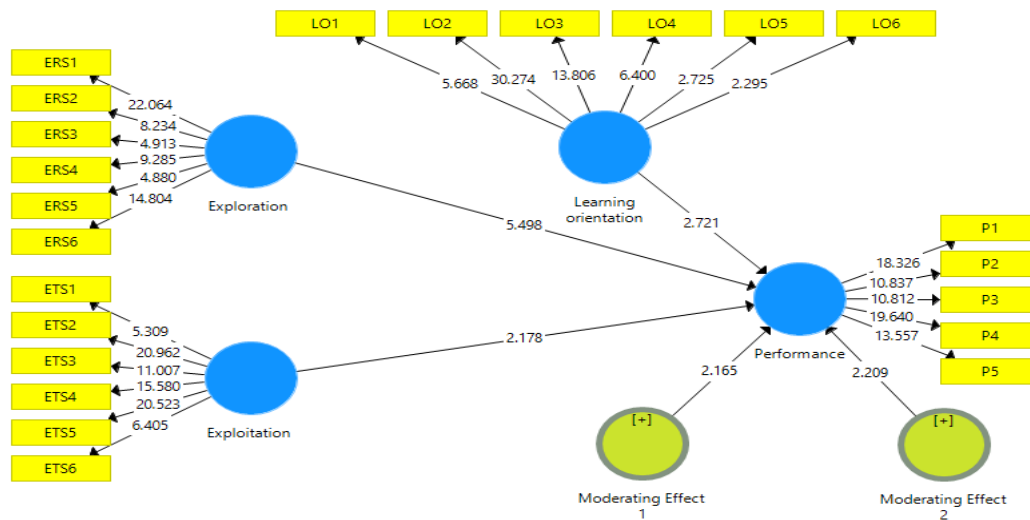


Figure 2: Structural Model shows hypotheses testing

The structural model analysis is depicted in the figure above (Figure 2). The results indicate that the items of the scale were found to be significant, as all the values had t-values greater than 1.960, which is in line with the recommendation by Ali et al. (2018) to confirm statistical significance. The predictive relevance of the model was assessed using the Q-square, and the result confirmed the predictive relevance of the model given that the Q^2 value = 0.233 for performance. As a rule of thumb, Q-square values greater than zero indicates predictive relevance (Munawar *et al.*, 2022). The adequacy of the model fit was evaluated using the standardised root mean squared residual (SRMR). The obtained SRMR value was 0.113, which is above the threshold of 0.08 as recommended by Hair et al. (2019). This indicates that the theoretical model fits well with the observed data. Table 3 below provides a summary of the hypothetical results.

Table 3

Hypotheses Summary

Hypotheses	Relationship	Beta	T-value	P-value	Decision
H ₀₁	ERS -> P	0.415	5.498	0.000	Rejected
H ₀₂	ETS -> P	0.352	2.178	0.009	Rejected
H ₀₃	ERS*LO -> P	0.291	2.165	0.005	Rejected
H ₀₄	ETS*LO -> P	0.267	2.209	0.015	Rejected

Source: Researchers Design, 2023

Result of Hypotheses

H₀₁: Exploration strategy does not affect the performance of SMEs in Nigeria.

The result as revealed from the table summary above shows that exploration strategy has significant effect on the performance of SMEs in Nigeria, as the path was significance given that ($\beta = 0.415$; t-value = 5.498, $p < 0.05$). Hence, given the t-value is greater than 1.96, it then means the path is significant. Hence, the alternate hypothesis is accepted while the null hypothesis is rejected, which implies that hypothesis one is rejected. Therefore, it means that exploration strategy affects the performance of SMEs in Nigeria.

H₀₂: Exploitation strategy does not affect the performance of SMEs in Nigeria.

The result as revealed from the table summary above shows that exploitation strategy has significant effect on the performance of SMEs in Nigeria, as the path was significance given that ($\beta = 0.352$; t-value = 2.178, $p < 0.05$). Hence, given the t-value is greater than 1.96, it then means the path is significant. Hence, the alternate hypothesis is accepted while the null hypothesis is rejected, which implies that hypothesis two is rejected. Therefore, it means that the more exploitation strategy SMEs in Nigeria operates, the higher their performance.

H₀₃: Learning orientation does not significantly moderate the relationship between exploration strategy and performance of SMEs in Nigeria.



The result as revealed from the table summary above shows that learning orientation moderates the relation between exploration strategy and the performance of SMEs in Nigeria, as the path was significance given that ($\beta = 0.291$; $t\text{-value} = 2.165$, $p < 0.05$). Hence, given the $t\text{-value}$ is greater than 1.96, it then means the path is significant. Hence, the alternate hypothesis is accepted while the null hypothesis is rejected, which implies that hypothesis three is rejected. Therefore, it means that learning orientation significantly moderate the relationship between exploration strategy and performance of SMEs in Nigeria.

H₀₄: Learning orientation does not significantly moderate the relationship between exploitation strategy and performance of SMEs in Nigeria.

The result as revealed from the table summary above shows that learning orientation moderates the relation between exploitation and the performance of SMEs in Nigeria, as the path was significance given that ($\beta = 0.267$; $t\text{-value} = 2.209$, $p < 0.05$). Hence, given the $t\text{-value}$ is greater than 1.96, it then means the path is significant. Hence, the alternate hypothesis is accepted while the null hypothesis is rejected, which implies that hypothesis four is rejected. Therefore, it means that learning orientation significantly moderate the relationship between exploitation strategy and performance of SMEs in Nigeria.

This study was conducted to assess if ambidexterity affects the performance of SMEs in Nigeria and if learning orientation increases the effect. As expected and in line with theory and previous studies, the study proved that ambidexterity is beneficial to small businesses. The results indicated that the more firms pay attention to their existing business by seeking to offer quality products and/or service at relatively lower prices, satisfying its existing customers the more they perform. Also, the more of thinking forward, seeking new customers and opportunity they engage in, the more their growth performance increases. This is particularly because, there is stiff competition amongst SMEs as most product have lookalike versions that customers can easily find. A focus on customer satisfaction will therefore garner better business performance.

The finding also supports the theory of the innovative enterprise that says that the ability to develop and utilize productive resources to generate higher quality goods and service but at lower cost is crucial for business success (Lazonick, 2015). The finding validates the notion of the innovative enterprise theory that the ability to transform technological and market constraints by developing your own distinct capabilities that competitors cannot easily imitate is what guarantees success for businesses (Lazonick, 2018). The findings also collaborates extant studies like Schnellbacher and Heidenreich (2020); Kosasih, Wibowob and Saparuddin (2020); Pertusa-Ortega and Molina-Azorin (2018).

The study also found that learning orientation moderated the effect of both exploitation and exploration on performance of SMEs in Nigeria. This is not surprising as both activities are knowledge based. The more an organization is open to learning, the more it is able to explore and exploit opportunities that will lead to growth in their business. Akeke, Akeke, and Oyebanji (2022) confirmed that SMEs in Nigeria will benefit from LO. The authors believe that an organizations that have LO as part of their organization's strategic focus, are inclined to break old patterns in order to build better ones and they thus have more understanding of their market and how best to satisfy their customers and improve performance. Learning is therefore a critical part of organizational growth.

Implication for Practice and Research

The findings of this study have practical implications from which stakeholders who are responsible for or interested in understanding the practices that leads to sustainable growth and development of SMEs and by the extension the economy, can draw from. Apart from showing the importance of learning orientation, the study specifically shows that SMEs in Nigeria can be ambidextrous especially as it was thought that SMEs do not have the ability to execute firm level ambidexterity. Literature has however demonstrated that ambidexterity does not have to be about incremental versus radical innovations. Such conceptualizations of ambidexterity where the focus is on the ability of the firm to pursue both incremental and radical innovations has led to many studies concluding that small firms lack the resources to pursue ambidexterity. Ambidexterity is however not limited to innovation.



Since organizational ambidexterity was thought to be impracticable for small businesses, firm level ambidexterity in SMEs has been under- explored. This study is expected to open up further thoughts amongst academics and scholars on how SMEs can engage ambidexterity and organizational learning for sustainable performance especially since the sector is of extreme importance to the economy. Theoretically, the study extended the use of the theory of innovative enterprise to explain ambidexterity. The theory argues that it is not enough to work towards profits maximization within given technological capabilities and market constraints. There is need for firms to create a strategy that can transform technological and markets' constraints through the development of distinctive capabilities which cannot be easily imitated by competitors (Lazonick, 2018). The first part of optimization for profits mirrors exploitation strategy while the second part of developing novel capabilities that competitors can't imitate mirrors exploration strategy. Consequently, the study collaborates the assumptions of the theory and extends its application thereby contributing to knowledge.

Limitations of the study and suggestions for future studies

This study also made use of cross-sectional survey. However, scholars recommend that longitudinal surveys are better suited for establishing causal relationships and they are able to capture the effect of changes that take place overtime. Future studies can therefore adopt a longitudinal survey design to offer more explanations of outcomes and how the dynamics of time affects the outcomes. Additionally, this study conceptualized performance specifically as business growth. Future studies may consider other aspects of business performance since Performance of is a multi-dimensional concept. Furthermore, this study conceptualized ambidexterity as exploitation and exploration strategy. Other studies can consider other dimensions like alignment and adaptability, evolutionary change and revolutionary change or global integration and local responsiveness. Future studies can compare their findings with this present study to determine if other dimensions of ambidexterity are better suited for SMEs.

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Macroeconomic Determinants and Stock Market Volatility Amidst the Period of Economic Recession in Nigeria: A Proposed Framework

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Abstract

The liberalisation of the Nigerian stock market was aimed at making the market more efficient by enhancing its performance. However, the advent of the 2016 economic recession in Nigeria seems to have distorted the extent to which exchange rate, inflation rate, interest rate and stock market liberalisation affect volatility in the Nigerian Stock Exchange. This study is aimed at conceptualising a model in assessing the macroeconomic determinants of stock market volatility in Nigeria in the period of economic recession. The study covers the period between January 2010 to December 2022. To address this issue the study proposes a conceptual framework to bridge the gap in the literature and provide a conclusive argument on the relationship between exchange rate, inflation rate, interest rate, stock market liberalisation and stock market volatility in the Nigerian stock market.

Keyword: exchange rate, inflation rate, interest rate, stock market liberalisation, stock market volatility

INTRODUCTION

The financial sector of any economy plays an important role in the development and growth of that economy. A well-developed financial system will enhance investment through identifying and funding good business opportunities, savings mobilization, enable the trading, hedging and diversification of risk and facilitate the exchange of goods and services (Alashi, 2020). The stock market is an important part of the financial sector which plays a vital role in the mobilization of funds from the surplus unit to the deficit units of the economy on long term basis. Oyesiji, Sikiru and Oladeji (2020) further added that the stock market is seen as an important segment in the financial system of any economy, it plays a pivotal role in the economy because the performance of the stock market is seen as one of the key drivers of development. the stock market is a channel for mobilizing capital especially for participating companies and firms.

Return is an important concept in the stock market because it represents what investors gain from investing in the market, however return is not certain theoretically the stock market reacts to a number of factors and the availability of information. Fama (1970) in his Efficient Market Hypotheses (EMH) postulates that prices of stock adjust rapidly with new information available in the market hence, stock prices reflect all information related to the stocks including risk. Liu, Manzoor, Wang, Zhang and Manzoor (2020) posited that the market value of stocks increases with increase in favorable news regarding the external environment and market value decreases with adverse news. In addition, Markowitz (1952) stated that the



return of the market at any given time is a function of the risk associated with that return. Therefore, the higher the risk the higher the return and vice versa. As much as investors invest because they want to reap returns, they have to also deal with the commensurate risk that comes with the returns. However, most investors when making decisions prefer less risky investments.

In finance, risk is measured using the term volatility. Volatility deals with fluctuations in stock prices. It measures how far the current price of an asset deviates from its average past prices. The greater the deviation, the greater is the volatility and greater is the risk. It is however argued that movement in stock prices depends to a large extent on the economic condition of the country. According to Sahoo (2020) the stock market reflects expectations about the economic condition because it shows the willingness of investors to buy at higher prices. A rise in stock prices indicates that investors expect the economy to grow rapidly conversely, a decrease in stock prices suggests that investors expect an economic slowdown. Hence, information about the economy can have a great impact on stock market volatility (Li et al., 2022). Therefore, changes in macroeconomic fundamentals such as inflation rate, interest rate, exchange rate, economic recession, stock market liberalisation and Gross Domestic Product (GDP) among other variables tends to affect stock market returns (Hewamana, Siriwardhane & Rathnayake, 2022).

The Nigerian stock exchange (NGX) is one of the largest emerging stock exchanges in the world. It is considered as the heartbeat of the economy through its contribution to economic development of the country (Aliyu 2014). However, despite its contribution to the economy the Nigerian stock exchange is characterized as highly volatile (Soludu, 2004). Volatility breeds uncertainty which impairs effective performance of the financial sector as well as the entire economy at large. In 1995, the NGX was liberalised, the liberalisation of the capital market was aimed at repositioning the market in line with the global standards, to meet up with other international markets and increasing the share of capital flow into the market.

Since liberalisation of the stock market the market has been witnessing stable growth. This is evident as the market indices like the All-Share index (ASI) revealed an increase in December 2005 stood at 5,092.20. This continued until 2007/2008 when the global financial crisis hit the stock market hard as shown by the substantial fluctuations and shocks. ASI dropped drastically from 57,990.20 in 2007 to 31,450.78 in 2008 and further dropped to 20,827.17 in 2009. However, the market began to regain itself as ASI increased to 24,770.52 in 2010 this was sustained until in second quarter of 2016, when the Nigerian economy officially fell into economic recession after two consecutive quarters of domestic output contractions ASI dropped to 26,874.62 this continued until 2020 there was an increase in ASI to 40,270.72 (CBN, 2020).

Volatility in the stock market appears to be sustained over the years as can be seen in the pattern of fluctuations in the market returns over the years. The Arbitrage Pricing Theory (APT) explains that several macroeconomic factors determine the risk and return of an asset. A number of empirical studies have also established the relationship between macroeconomic factors such as interest rate, exchange rate, inflation rate, stock market liberalisation and stock market volatility. Most of existing studies such as Nkoro and Uko (2013), Osagie and Emeni (2015), Oseni and Nwosa (2011), Okechukwu, Mbadike, Geoffrey and Ozurumba (2019), Odiche and Udeorah (2020), Matunrayo and Jonathan (2021), Oluseyi (2015), Udoka, Nya and Bassey (2018), Adeyeye, Aluko and Migiyo (2018), Ayopo, Isola and Olukayode (ND), Odiche and Udeorah (2020), Okereke and Amusa (2020), Oyesiji, Sikiru and Oladeji (2020), Ogunsakin, and Awe (2020), Dada, Kolapo, Mokuolu and Alabi (2021), John (2021), Okeobor (2022), have shown that macroeconomic determinants affect stock market volatility however the advent of the economic recession in Nigeria since 2016 might have challenged this existing results and it is worrisome that no recent study has paid attention to this important happening. The existing studies mainly focused on the macroeconomic determinants of stock market volatility without taking into account the likely effect economic recession could have on the relationship between these macroeconomic determinants and the Nigerian stock market.

This study aims at conceptualizing a model in assessing the macroeconomic determinants of stock market volatility in the Nigerian stock exchange amidst the period of economic recession. The study covers the period between January 2010 to November 2022. This period is considered appropriate because of the it



is within the period of the global financial crisis and also the 2016-2018 economic recession that affected the Nigerian economy. The study will assist investors in discovering how macroeconomic variables could help them to correctly forecast stock prices movements which can help them in managing their investment portfolios if it can be used reliably as indicators for the stock market volatility. The remaining sections of this paper concern with preposition and theoretical issues, methodology, implications and lastly, limitations and directions for future research, as well as conclusion.

LITERATURE REVIEW

Stock market volatility

Volatility is a widely discussed measure of risk in finance. It is a statistical measure of the tendency of a security's price to change over time. Volatility is linked to movements that is upward and downward swings in the value of an asset. Ahuru and Ola (2016) posited that volatility measures how far the current price of an asset deviates from its average past values. Volatility of stock prices is thus seen as the fluctuations in stock prices over a period of time. In the words of Osazeobaru (2014) stock market volatility measures the rate at which the price of an asset varies over a period of time. He further stated that in a highly volatile stock market the cost of capital is usually very high, because investors tend to ask for higher rate of returns to compensate them for the level of risk associated with the investment. According to Xuan (2015) volatility is used to determine the investment outlook of the market, to enable investors formulate arbitrage strategies in a declining market or identify possible reversals. Predicting the market's direction potentially enables traders or investors to formulate a good expectation of the economy. Lakshmanasamy (2021) further added that a volatility increase portends a rise in financial risk which can adversely affect investors' asset values and wealth.

Exchange Rate

Exchange rate is an important concept used to measure the economic condition of a country. Yang and Zeng (2014) described the exchange rate as the value of a currency in terms of the currency of another country. Osigwe and Uzonwanne (2015) referred to it as the amount or cost at which, foreign currency per unit can be exchanged to local or domestic currency. Obi, Oniore, and Nnadi (2016) viewed exchange rate as the ratio between a unit of one currency and the amount of another currency for which that unit can be exchanged. Abdullahi, Fakunmoju, Abubarkar, and Giwa (2017) defined the exchange rate as the price advantage of one country's currency relative to another country's currency.

Inflation rate

Sinclair (2010) defined inflation as an overall rise in the Consumer Price Index (CPI), which is a weighted average of prices for different goods and services. Comley, (2015) also stated that Inflation rate occurs when the buying power of a currency falls due to a rise in the level of prices for goods and services in the economy. Inflation refers to the situation where aggregate demand for goods and services exceed aggregate supply, thereby leading to a general rise in price levels. It is also seen as an increase in the level of prices of the goods and services that households buy within a country and at a particular period of time.

Interest Rate

According to Alam and Uddin (2009) interest rate is defined as the cost of capital put simply it means the price paid for the use of money over a period of time. In the words of Osazevbaru, (2014) it is viewed from the point of view of the borrower as the cost of borrowing while the lender sees it as the fee charged for lending money. Teriba, (2012) defined interest rate as the amount billed on the borrowed money, expressed as a percentage of the principal, from a lender to a borrower for the use of the money. It is frequently stated as a percent of the sum of money borrowed (principal) over a period of time as agreed between the lender and the borrower when taking out the loan. Specifically, the interest rate is the percentage of the principal which is paid as a fee over a given period. It may as well be described as lease payments for the use of credit by borrowers and the return to get rid of liquidity by lenders over time.

Stock market liberalisation



Henry (2000) argued that another form of capital account liberalisation referred to as Stock market liberalisation is a policy undertaken by authorities to open a domestic equity market to foreign investors. Tswamuno, Pardee, and Wunnava, (2007) refers to it as the liberalisation of the capital account and the deregulation of domestic financial markets. which involves measures aimed at removing restrictions on capital inflows and outflows, allowing foreign investors to buy and hold domestic equity and to freely repatriate capital, dividends and interests, removing directed credit allocation, denationalising banks, liberalizing interest rate, liberalising entry to the banking sector, as well as strengthening prudential regulations. They further added that liberalisation is classified into three different forms which include capital account liberalisation, stock market liberalisation and financial sector liberalisation. Capital account liberalisation generally involves a decision by central authorities to eliminate limits on capital inflows and outflows. They argue that the abolishment of restrictions on capital flows will generate an unlimited flow of capital there by reducing cost of capital, similarly risk diversification will be achieved and investment in projects yielding higher returns will be encouraged. Hence, the implementation of capital account liberalisation measures will offset low savings levels and boost the level of investment, employment as well as economic growth.

Empirical Review

The impact of macroeconomic variables on stock market volatility has been extensively studied. Several studies have attempted to establish a link between macroeconomic variables such as exchange rate, interest rate, inflation rate, stock market liberalization and economic recession (financial crisis) among other macroeconomic variables and stock market volatility in both developed and developing countries using different methodologies and at different time intervals. On the relationship between exchange rate and stock market volatility some studies have reported a significant positive effect on stock market volatility studies like Abdulkarim, Phuisea and Abdulkarim (2014), Qing and Kusairi (2019), Jude (2019), Sreenu and Naik (2020), Pole and Cavusoglu (2021), Motunrayo and Jonathan (2021) and Benson, Habanikize and Fortune (2022) to mention a few. While other studies like that of Waweru (2013), Nkoro and Uko (2016), Khan (2019), Abdullahi, Fakunmoju, Kasali and Malik-Abdulmajid (2020) and Ngure, Kanike and Mburugu (2022) reported a negative or insignificant relationship.

Another important macroeconomic variable that has been extensively studied is inflation rate. Studies like that of Aliyu (2011), Kowormu (2012), Sokpo, Lorembor and Usar (2017), Ogunsakin and Awe (2020) and Alrimawi and Kaddumi (2021) among others have reported that inflation has a negative or an insignificant relationship with stock market volatility while other studies have found a positive and significant relationship between the variables, they include Hoang (2015), Osagie and Emeni (2015), Okereke and Amusa (2020), Jayalakshmi, Gracy and Mohideen (2021) to mention a few.

On interest rate and stock market volatility, Osisanwo and Atanda (2022), Attari and Safdar (2013), Oluseyi (2015), Mureithi, Mukhonge and Datche (2019), Abu Aljarayesh, Asfour and Al-Abdullah (2018), Khalid and Khan (2017) reported a positive and significant relationship between interest rate and stock market volatility. Other studies like Waweru (2012), Almuikit (2013), Willy and Martin (2016), Evans, Willy and Martin (2016) and Balagobei found a negative and insignificant relationship.

The liberalization of the stock market is expected to enhance the performance of the market by allowing free movement of capital and investment into the stock market. Studies like that of James and Karaoglu (2010), Ahuru and Olaposi (2016), Ogbebor, Oguntodu and Olayinka (2017), Patick, Olufemi, Oladapo and Stephen (2017) and Awoleye and Dada (2018), Aremo, Olabisi and Adeboye (2020) and Oyesiji and Sikiru (2020) found a positive effect of liberalization on stock market volatility. On the other hand, Long (2007), Nwokoye, Zubair and Ayuba (2015), Al kandari and Abul (2020) found a negative relationship.

Some studies have also looked at the effect of economic recession (financial crisis) on stock market volatility. Olowe (2009) found that financial crises have no impact on volatility while Ayodeji (2009), Al Rajoub and Azzam (2012) and Adeyeye, Aluko and Magiro (2018) and Faycal and Hamoudi (2022) found a negative impact, other studies have found a positive impact of economic recession on volatility and they include Adamu (2010), Ifionu (2010), Cenk and Tussoupove (2016) among others.

It should be noted that from the review conducted these studies have some methodological setbacks from the time frame considered by these studies to the technique of data analysis employed, further more these studies have reported mixed findings but it is still not clear how the advent of economic recession in Nigeria could affect the relationship between these macroeconomic variables and volatility in the Nigerian stock exchange. Hence a gap in the literature which this study seeks to address.

Based on the above arguments, the following hypotheses have been formulated as follow:

H0₁: exchange rate has no significant effect on stock market volatility in Nigeria

H0₂: interest rate has no significant effect on stock market volatility in Nigeria

H0₃: inflation rate no significant effect on stock market volatility in Nigeria

H0₄: stock market liberalisation has no significant effect on stock market volatility in Nigeria

Theoretical Framework

There are different theories that explain the relationship between macroeconomic factors and stock market volatility. They include; the Efficient Market Hypotheses, the portfolio theory, Capital Asset Pricing model (CAMP) and the Arbitrage Pricing theory (APT). the present study adopted the Efficient Market Hypotheses because it explains how stock prices adjust to availability of new information in the market and thus information regarding change in any of the macroeconomic variable is fully reflected by asset prices in the stock market and the APT also explains how macroeconomic factors affect stock prices and hence it is found useful in explaining the relationship between economic recession, interest rate, inflation rate, exchange rate stock market liberalization and stock market volatility .

The Efficient Market Hypotheses

The Efficient Market Hypotheses was advocated by Fama (1970,1991), the theory posited that in an efficient market, making of abnormal return on the basis of arrival of new information is practically impossible. Consequently, “a market in which prices always fully reflect all available information is called efficient.” That is to say, prices adjust quickly and, on average, without bias to new information. As a result, the current prices of stocks reflect all available information at any given point in time. Thus, there is no reason to believe that prices are too high or too low. Stock prices adjust before an investor has time to trade on and profit from a new piece of information.

Portfolio Theory

The theory developed by Markowitz (1952) centers around modelling the modern portfolio theory. Markowitz (1952) proposed that the mean and the variance of the asset returns in a portfolio should be the main determinants when combining assets to create a portfolio. The underlying principle of this theory is that it assumes investors are risk-averse and prefer small variances. The advocates of this theory with different choices in value are prepared to have a combination of mean and variance, and this combination is known as an attainable set. Basically, it means that in order to achieve an efficient combination, they must get a given variance or probably less for a mean and vice-versa. This implies more return for high risk and less return for low risk.

The Capital Asset Pricing Model (CAPM)

The Capital Asset Pricing Model (CAPM) was developed by Sharpe (1964) and Lintner (1965), the theory marks the birth of asset pricing theory. The CAPM explains the tradeoff between assets' returns and their risks, measuring the risk of an asset as the covariance of its returns with returns on the overall market. The principal prediction of the model is that the expected return on any two assets is linearly related to the covariance of the return on these assets with the return on the market portfolio. According to the theory, each asset has two types of risk: diversifiable or unique risk and non-diversifiable or market risk. the CAPM is that it offers powerful, intuitively appealing predictions regarding how to measure risk and of the relationship between expected returns and risk. The model is an idealised depiction of how financial markets price securities and thereby determine expected returns on capital investments.

The Arbitrage Pricing Theory (APT)



The Arbitrage pricing theory was introduced by Ross (1976) and is a sophisticated version of Capital Asset Pricing Model. Ross (1976) emphasized that the CAPM was challenging to test, and it assumes that security rates of return will be linearly related to one factor only, which is the market return. However, APT is more flexible to the number of factors and advocates those multiple macroeconomic factors drive returns. The APT is a multifactor asset pricing model based on the idea that the returns of an asset or stock can be predicted by the linear relationship between the stock's expected return and a number of macroeconomic variables that account for systematic risk. The theory asserts that the expected return of a financial asset can be modelled as a linear relationship of various macroeconomic factors. The model derived will then be used to obtain the price or value of the security correctly. The security value should equal the expected end of period value discounted at the rate implied by the model. If the security value changes, arbitrage should bring it back to the line. Huberman and Wang (2005) formalized Ross' (1976) heuristic argument by defining arbitrage as the existence of zero-cost portfolios. Based on this, APT can be proven to hold in the limit for well-diversified portfolios. The theory in general, demonstrates how securities are priced given the associated risks.

The APT assumes the markets to be competitive and returns on securities are expected to be frictionless. The theory emphasizes a direct relationship between the returns and their covariance with other vital factors and argues that returns are a function of many factors. The theory is useful in the study since it explains the relationship between macro-economic factors and stock return on the other hand, the APT theory goes in line with this research as it assumes that stock returns are determined by risk premium and many different macroeconomic factors.

METHODOLOGY

The ex-post factor and correlational research designs will be utilized. This is because the ex post factor research is a research that is undertaken after the events have taken place and the data are already in existence and the correlation design is chosen because the study seeks to establish relationships between variables. The population of the study consists of 108 firms listed on the NGX as at 31st December 2022 (NGX, 2022). the study adopts census sampling technique since the population is the same as the sample. The time series data consist of monthly All Share index and monthly data on macroeconomic variables, all of which will be extracted from the Central Bank of Nigeria (CBN) statistical Bulletin and CBN Statistics Database for the period under study. Since the data used is time series in nature, the study will employ Augmented Dickey Fuller (ADF) unit root test (Dickey & Fuller, 1979) and Phillips-Perron (PP) test (Philips & Perron, 1988) to determine the stationarity of the variables in order to avoid spurious results. The Exponential Generalized Autoregressive Conditional Heteroskedastic Model (EGARCH) model under the assumption of Normal Errors and Generalized Error Distribution (GED).

The EGARCH model is considered best for the study because of its ability to capture logarithmic specification which allows the relaxation of the positive constraints among the parameters; it also incorporates asymmetries in stock return volatilities and successfully captures the persistence of volatility shocks (Bollerslev, 1986). Similarly, the EGARCH Model is found to be most efficient for forecasting volatilities and has the capability to show asymmetric and leverage effect. This is in conformity with Su (2010); Ibrahim (2010); Oseni and Nwosa (2011); Olweny and Omondi (2011); Terzungwe (2017); Babangida et al., (ND) and Sokpo et al., (2017). The use of the normal distribution assumption is in line with the most commonly existing literature on volatility while the use of GED assumption is in line with Mohammed (2016) who pointed out that volatility in the Nigerian stock market can be better captured when it is modeled to assume that conditional errors are not normally distributed but follow a generalized pattern. Various pre and post estimation tests will be conducted ranging from normality test, multicollinearity test, heteroscedasticity test and model stability test using ARCH LM Test.



Variables measurement

The table below provide the variables and their measurement as utilized in the study.

Table 1: variables measurement

S/N	Variable name	Variable type	Variable description	Apriori
1	Stock Market Volatility	Dependent	Monthly Compounded return on the NGX All share index	Not applicable
2	Exchange rate	independent	monthly growth rate in exchange rate in percentage	negative
3	Inflation rate	independent	Monthly growth rate in Consumer Price index (CPI)	negative
4	Interest rate	independent	Monthly growth rate in Real interest rate will be used as a proxy for Interest rate (IR)	negative
5	Stock market liberalisation	independent	monthly growth rate in Portfolio Investment Inflows (FPI) in percentage	positive
6	Economic recession	Dummy	Dummy variable which takes the value of '1' if before recession, and '0' otherwise	negative

Source: Authors compilation, 2023.

Model specification

The theoretical model for this study is thus stated below. The conditional mean equation is given as follows:

$$R_t = \beta_0 + \beta_1 ERT_t + \beta_2 INT_t + \beta_3 INF_t + \beta_4 SML_t + \beta_6 ECR_t + \mu_t \dots \dots \dots (1)$$

$$R_t = \text{Log} \left(\frac{NSE_t - NSE_{t-1}}{NSE_{t-1}} \right) \dots \dots \dots (2)$$

Where:

R_t = Return on NGX All Share Index.

NSE_t = Current values of NSE All Share Index.

NSE_{t-1} = Previous values of NSE All Share Index.

ERT_t = Exchange rate

INT_t = Real interest rate

INF_t = Inflation rate

SML_t = Stock market liberalization

ECR_t = Economic recession

μ_t = Random disturbance term

On the other hand, the conditional variance equation can be stated as follows:

$$\log(\delta_t^2) = \omega + \beta \log(\delta_{t-1}^2) + \gamma \frac{\mu_{t-1}}{\sqrt{\delta_{t-1}^2}} + \alpha \left[\frac{|\mu_{t-1}|}{\sqrt{\delta_{t-1}^2}} - \sqrt{\frac{2}{\pi}} \right] \dots \dots \dots (3)$$

Where:

$\log(\delta_t^2)$ = Log of Conditional Variance of Return on NGX All Share Index (Stock Market Returns)

ω = Constant term

$\log(\delta_{t-1}^2)$ = Log of last period forecast variance

γ = Asymmetry or leverage term

Equation (3) will be estimated using normal and generalized error distributions. The best out of the two models estimated will be selected based on the model selection approach of Akaike Information Criteria (AIC) and Schwarz Bayesian criteria. The AIC is computed based on the following model:

$$AIC = 2l / T + 2k / T \dots\dots\dots (4)$$

Where

l = Log likelihood

T = Number of observations

k = Number of right hand side regressors

The Schwarz Bayesian criteria on the other hand is based on the following model:

$$SIC = 2l / T + (k \log T) / T \dots\dots\dots (5)$$

Where

SIC = Schwarz Information Criteria

$\log$ = logarithm

l , T and k are as previously defined

The model with the lowest values for the AIC and SIC will be preferred when Equation (3) is estimated using normal and generalized error distributions. As a decision rule, the lower the values of AIC and SIC, the better is a model compared to another with relatively higher values (Agung, 2009; Gujarati, 2003). E-Views 10 econometric software would be used for the analysis.

In the context of emerging economies like Nigeria, stock markets display distinct behaviour compared to their developed counterparts. This is because stock markets in emerging markets are smaller in size, less efficient and have been regarded as riskier and more volatile. the lack of consensus among previous researchers and the significance of the issue within the field of finance, created the ground this study.

The main drawback of this study is that the study is limited by proposing and conceptualizing only a frame work using the aforementioned variables without carrying out empirical research. Thus, future study is required to empirically investigate the hypothesized relationship by utilizing a set of data from all the firms listed on the NSE. In conclusion, this conceptual paper remains an essential article to the Nigeria government, policy makers, researchers and research students. Additionally, the study suggested some vital gaps that serve as directions for future research.

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Effect of Hybrid Work Models on Employee Productivity in Selected Companies in Abuja, Nigeria.

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Abstract

The adoption of hybrid work models, incorporating remote work practices, has become increasingly prevalent in organizations seeking to enhance employee productivity and work-life balance. This study investigates the effect of hybrid work models on employee productivity in selected companies in Abuja. Data were collected from 148 employees using a five-point Likert-scale questionnaire, and analysis was performed using Partial Least Square Structural Equation Modeling (PLS-SEM). The findings reveal significant positive relationships between telecommuting and telework, third places, and work from home practices with employee productivity. Telecommuting and telework were found to have a significant influence ($\beta=0.298$, $t=4.041$, $p<0.001$) on employee productivity, as did third places ($\beta=0.395$, $t=5.889$, $p<0.001$), and work from home practices ($\beta=0.254$, $t=3.031$, $p=0.003$). These results underscore the importance of adopting hybrid work models in the public sector to boost employee productivity and therefore concludes that hybrid work models have significant effect on employee productivity in selected companies in Abuja. It is recommended that the organisation should optimize productivity by encouraging remote work practices while maintaining efficient communication channels and promoting employee well-being.

Keywords: Hybrid work models, Telecommuting and Telework, Work from Home, Third places and Employee Productivity

INTRODUCTION

The Nigerian Public Sector, exemplified by institutions like the Public Complaint Commission in Abuja, plays a pivotal role in driving national development and welfare. In response to recent economic challenges stemming from the removal of petrol subsidy by the federal government and its innovative quest to optimize productivity and efficiency, the Public Complaint Commission issued a circular to reduce work days as a measure to alleviate financial strain and mitigate the attendant hardship faced by its employees. Concurrently, the global shift towards hybrid work models, which blend remote and in-office work arrangements, has gained momentum. Although the hybrid work model presents opportunities for increased flexibility and improved work-life balance, its potential impact on employee productivity in the Nigerian Public Sector remains largely unexplored. This study seeks to investigate the effect of the hybrid work model on employee productivity within the context of the Public Complaint Commission in Abuja, considering recent changes in workdays as a contributing factor to the implementation of the hybrid work model.

Despite the increasing adoption of hybrid work arrangements across various industries, there is a paucity of research on how this model specifically affects employee productivity within the Nigerian Public Sector. Existing studies primarily focus on developed countries and private sector organizations, which may not adequately capture the unique challenges and dynamics of the public sector in Nigeria. By addressing this research gap, our study seeks to contribute valuable insights into the implications of adopting the hybrid work model in a public service setting. Understanding the relationship between hybrid work and employee productivity will aid policymakers, administrators, and organizational leaders in making informed decisions to enhance work practices and ensure optimal productivity.

There are several components of hybrid work models that can be measured against employee productivity. They include 360 Degree Feedback, Management by Objectives, Telecommuting and Telework, Planned



to Done Ratio, Time Management, Average Task Completion Time, Working from Home, Employee Development, Profit and Revenue per Employee, Third Places, Employee Well-being and Autonomy and Flexibility ((Baidhurya, 2023, Brett, 2023, Hopkins and Bardoel, 2023 & Kanwar, et al, 2021) but this study concentrated on telecommuting and telework, working from home and third places components as they are preferred in hybrid work models due to their potentials to enhance employee development, efficiency and overall productivity.

This study's findings will have significant implications for both theory and practice. The research will contribute to the existing literature on hybrid work models, particularly in the context of the Nigerian Public Sector. Moreover, the outcomes of this study will aid policymakers and organizational leaders in the Public Complaint Commission and similar institutions across Nigeria in making informed decisions about the adoption and implementation of hybrid work arrangements. By understanding the effect of hybrid work on employee productivity, the Public Complaint Commission can design more effective policies, leverage technology appropriately, and promote a conducive work environment to enhance overall service delivery and citizen satisfaction. Furthermore, this study's recommendations can serve as a guide for other public sector organizations in Nigeria seeking to optimize productivity while embracing contemporary work models. To achieve the stated objectives, the following hypotheses were posited:

Ho₁ Telecommuting and telework do not have significant effect on employee productivity in public complaint commission, Abuja.

Ho₂ Working from home does not have significant effect on employee productivity in public complaint commission, Abuja.

Ho₃ Third places do not have significant effect on employee productivity in public complaint commission, Abuja.

LITERATURE REVIEW

Hybrid Work Models

The adoption of hybrid work models has gained significant attention in recent years as organizations seek to strike a balance between remote and in-office work arrangements. The COVID-19 pandemic accelerated this trend, forcing many institutions, including those in the Nigerian public sector, to reconsider their traditional work setups. The Public Complaint Commission (PCC) in Abuja is no exception, as it aims to assess the impact of implementing a hybrid work model on employee productivity.

The hybrid work model refers to a work arrangement that combines remote and in-office work, allowing employees to split their time between working from home and coming into the office. This model is characterized by flexibility in work hours and location, offering employees the opportunity to manage their tasks effectively while also maintaining face-to-face interactions when necessary (Golden, 2020). The hybrid work model presents a blend of advantages and challenges, with one of the significant obstacles being effective teamwork and communication among team members, which can impact overall work performance and productivity (Lenka, 2021). Employee engagement might also suffer as employees may feel disconnected from their colleagues, making problem-solving a virtual challenge. This could lead to reduced communication and disengagement, potentially leading to boredom for remote workers (Lenka, 2021). Moreover, remote employees might experience feelings of isolation and social deprivation, affecting their overall well-being (Kononova et al., 2022).

Maintaining up-to-date tools and addressing connectivity or internet issues is crucial for successful hybrid work, as outdated or faulty tools can result in pending work, communication issues, and reduced efficiency (Lenka, 2021). Additionally, employee visibility may decrease in a hybrid work setup, making it challenging for management to track progress accurately, potentially impacting employee performance appraisal, career development, and promotion decisions (Lisa, 2022). The risk of creating a two-tier workforce must also be managed effectively to avoid potential disparities among in-office and remote employees (Lisa, 2022).

On the other hand, the hybrid work model presents various opportunities. Cost savings are one of the notable benefits for both employers and employees (Moglia et al., 2021). The model allows companies to save on expensive office maintenance costs, while employees can enjoy the flexibility of working from



their chosen environment, saving time on commuting and potentially increasing happiness and focus, thus enhancing overall performance (Moglia et al., 2021). Moreover, the hybrid work model opens up opportunities for companies to attract talent from different geographical locations (Magnus et al., 2022). By reducing physical barriers, companies can recruit the best talent globally, leading to improved performance and gaining a competitive edge (Magnus et al., 2022). Additionally, the hybrid work model can enhance employee safety, as individuals experiencing symptoms or health concerns can work remotely, preventing the spread of certain viruses within the workplace (Thompson, 2019). Communication will play a pivotal role in managing the transition to the hybrid work model, as uncertainty about the future of work can lead to anxiety among employees (Wigert & Agrawal, 2022). Careful implementation and effective communication are essential to realize the maximum benefits and ensure a successful adaptation to the hybrid work model.

Telecommuting and Telework

The concept of hybrid work, as we know it today, can be traced back to the 1970s, with the pioneering work of Nilles (1975), who introduced the term 'telecommuting.' This concept described an arrangement between employers and employees that allowed work to be performed regularly outside the traditional office environment, utilizing information and communication technologies (ICT) to recreate essential aspects of the centralized work environment (Wilmot, 2014). Initially referred to as 'telecommuting,' the term gradually evolved to 'telework' over time. However, while the concept was conceptualized almost 50 years ago, widespread adoption and viability of telework were only realized later with the advent of personal home computers and widespread internet connectivity in the 1990s (Mears, 2007). These technological advancements played a crucial role in making remote work a feasible and practical option for both employers and employees. Since then, the concept of telework has continued to evolve, leading to the hybrid work model that we observe today. The hybrid work model combines both remote work and on-site work, offering employees the flexibility to divide their work between the office and their chosen remote locations. The proliferation of digital tools and increased connectivity in the modern era has further facilitated the successful implementation of the hybrid work model, transforming the way organizations and employees approach work dynamics. As a result, this flexible work arrangement has gained significant attention in recent times and continues to shape the future of work.

Working from Home

Bloom et al. (2014) define working from home as “also called telecommuting or telework”, but the authors disagree with this for the reason that working from home is, by definition, limited to just the home. Telework is not limited to the home, telework can be conducted from pretty much anywhere, so working from home is a form of telework but not the exact same thing. Olsons and Primps (1984) also confine telework to the home, by saying it “refers to the substitution of telecommunications technology for physical travel to a central work location; it usually implies that the person is working in the home”. However, the ubiquitous availability of wi-fi networks and cloud computing, enabling knowledge workers to perform their roles from public libraries, cafes, beaches, and public parks was difficult to predict in 1984. Therefore, the authors reiterate that whilst the definition of teleworking has expanded over time to include a variety of non-home locations, the term working from home should only be used to describe home-based work activities.

Third Places

The concept of 'third places,' as introduced by sociologist Ray Oldenburg in 1997, refers to the locations where individuals spend time between their home and work environments. These places serve as social settings where people can exchange ideas, enjoy themselves, and build relationships outside of their primary living and professional spaces (Oldenburg, 1997). In the context of urban planning, third places are considered vital elements in community building and enhancing neighborhood stability.

In the traditional definition, third places are distinct from the two main social environments: home, referred to as the "first place," and work, known as the "second place" (Hopkins et al., 2023). Examples of these third places include cafes, libraries, bookstores, restaurants, parks, and other public spaces that foster social interaction and community engagement (Hopkins et al., 2023). In the post-COVID era, the



concept of third places is gaining significant attention and momentum. However, there is a shift in the perception of these places. Instead of being viewed solely as locations separate from work, they are increasingly recognized as alternative spaces where individuals can work. These places are seen as less formal than a traditional office setting but less isolating compared to working from home in isolation (Hopkins et al., 2023).

The COVID-19 pandemic and the rise of remote work have reshaped the way people approach work-life dynamics. With more individuals embracing flexible work arrangements, the lines between work and social spaces have blurred, and third places are now being seen as potential settings for work activities. This evolution reflects a growing need for workspaces that provide a balance between productivity and social engagement, contributing to the well-being and satisfaction of workers. As the concept of third places gains prominence, it offers new opportunities for individuals and businesses to explore innovative work settings that go beyond traditional offices. By leveraging these alternative spaces, individuals can find greater flexibility, creativity, and a sense of community, fostering a healthier and more fulfilling work experience in the post-pandemic world.

Employee Productivity

Employee productivity is the engine of the success of any organization. Productivity is defined as the volume of output produced for each unit of input and it is interchangeably used with efficiency (Hatry, 2006). At the national level, productivity is an essential contributor to economic growth, especially in the case of the public sector, which is responsible for a substantial contribution to a country's GDP (Acs et al., 2017; Afonso et al., 2005; Luke et al., 2010; OECD/Eurostat, 2005). At the individual and organisational level, which is the focus of this study, productivity is generally positively associated with employee job satisfaction, motivation, and commitment (Alonso & Lewis, 2001).

Although productivity is the most commonly used measure of performance (Hashi & Stojčić, 2013), it is challenging to measure productivity in the public sector – both at the organisational and individual level – since it is significantly different from the private sector in terms of the organisational structure of design, accountability and transparency mechanisms, and the external environment (Lau et al., 2017; Rainey et al., 2021). The public sector has also been transforming more quickly in recent years with the adoption of digital tools and new operational models. As a result, highly aggregated numbers like productivity are resistant to analysis, offering few useful clues about why productivity trends are as they are (Dunleavy, 2017, p. 23). Since it is difficult to measure employee productivity in the public sector, one way to measure it is relying on employee surveys, including self-assessed surveys. Although employees' self-assessment of productivity is not objective, when these surveys are confidential and not used for bonuses or other incentives, these can be considered valid (Brown, 2008). Additionally, there is no reason for employees to overstate or understate their productivity and assess their productivity without any influence, particularly in individualistic societies like Australia (Hofstede et al., 2010).

Empirical Review

Gibbs et al, (2023) studied the effect of hybrid work models on employee productivity in an Indian technology company. The sample comprised 10,000 skilled professionals from whom primary data were collected and analyzed using Microsoft Workplace Analytics (WPA). The result showed that working from home has a significant effect on employee productivity, but the effect is not uniform across all employees. The fact that the study was done in a different clime justified the current study.

Kanwar and Sergey (2021) investigated the relationship between hybrid work models and employee productivity and reported that generally, the future of work would likely be the hybrid workplace model, which can improve employee productivity. These scholars did not report the sample of their study as well as method of analysis since the study was purely a review of the variable involved in the exercise.

Smith et al. (2015) examined the effect of telecommuting on employee productivity in USA with a sample of 500 participants across different industries. Quantitative survey was used and data obtained were analysed using SPSS (Statistical Package for the Social Sciences). The study found that telecommuting



employees showed a significant increase in productivity, especially in tasks requiring focused attention and problem-solving. However, productivity gains varied across different job types. The study did not consider the influence of individual differences on productivity.

Johnson and Lee (2018) in Canada studied the effect of third places on employee productivity using a survey research among 20 employees. Thematic analysis was done and the findings revealed that employees who primarily worked from third places reported higher levels of job satisfaction, but the effect on productivity was inconclusive. Some participants experienced higher productivity due to reduced distractions, while others struggled with the lack of a formal workspace. The small sample size and lack of control over external factors limit the generalizability of the findings.

A study by Chen et al. (2020) in China on the effect of hybrid work models among 800 employees from different industries showed that Working from home showed a significant increase in productivity during the initial stages of the COVID-19 pandemic, but the effect diminished over time. Employees who worked in hybrid models (alternating between office and home) demonstrated sustained productivity improvements. The study used Hierarchical Linear Modeling. The study's focus on a specific period (pandemic) limits its generalizability to non-crisis situations. The absence of in-depth qualitative data may miss important nuances.

Williams and Thompson (2019) in United Kingdom did an experimental study with a control group of 300 employees from different organizations. ANOVA (Analysis of Variance) was employed to analyze the data obtained and it was revealed no any significant differences in productivity between employees working from home and those working in a traditional office setting. Employees reported similar productivity levels across both conditions. While the study had a reasonable sample size and experimental design, it did not consider long-term effects or other factors that could influence productivity, such as job satisfaction or work-life balance. Mina (2021) conducted a study on Third Places for Work: A Multidisciplinary Review of the Literature on Coworking Spaces and Maker Spaces. A multidisciplinary review of the literature on coworking spaces and maker spaces as "third places" for work suggests that these spaces can provide opportunities for collaboration, networking, and knowledge sharing, which may positively impact productivity. This study however was explorative and would require quantitative validation which the current study hinges on.

Theoretical Framework

Job Characteristics Model (JCM)

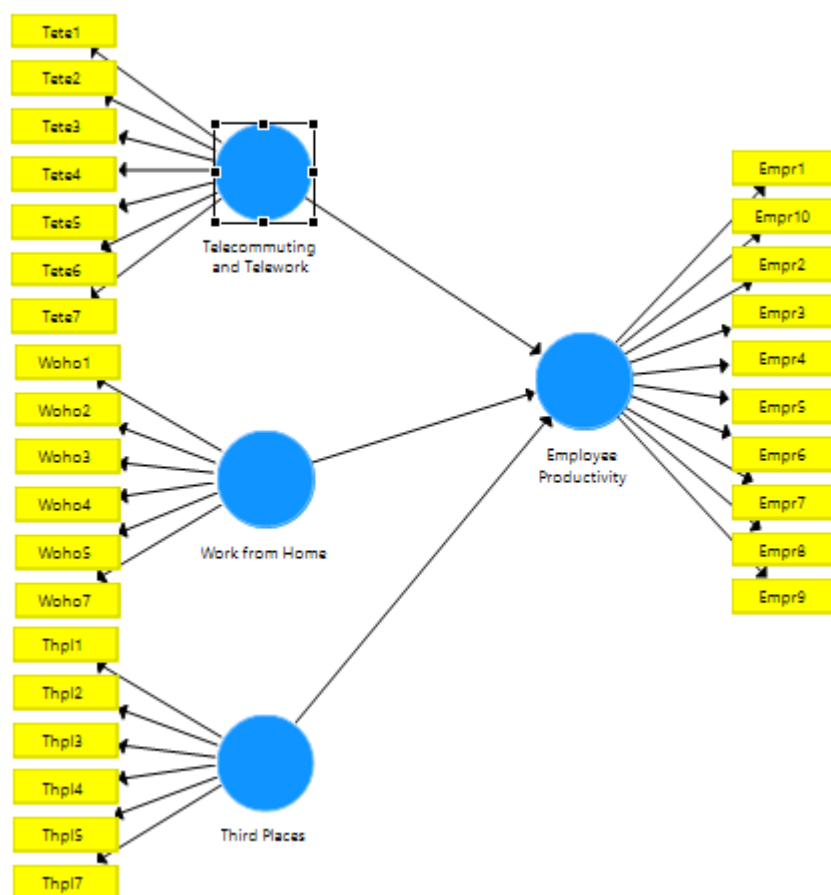
JCM was propounded by J. Richard Hackman and Greg R. Oldham in 1975. The Job Characteristics Model focuses on the interaction between job characteristics and employee motivation, satisfaction, and performance. In the context of the study, the JCM could explain why certain work environments, such as telecommuting or third places, may positively impact productivity. For example, working from home may offer employees greater autonomy, task identity, and task significance, leading to higher motivation and productivity. The JCM does not directly address the impact of remote work arrangements on employee productivity. It primarily focuses on traditional office settings and may not fully capture the complexities of hybrid work models.

Technology Acceptance Model (TAM)

Propounded by Fred D. Davis in 1989, the Technology Acceptance Model can be applied to assess employees' acceptance and use of technology in hybrid work models. For instance, the model could explain how employees' attitudes toward using virtual communication tools, project management software, or other remote work technologies can influence their productivity in such settings. While TAM provides valuable insights into technology adoption, it may not fully address the broader factors influencing productivity in hybrid work models, such as work-life balance, job satisfaction, and the impact of physical workspace on productivity. However, this study is guided by technology acceptance model.

METHODOLOGY

This is a quantitative study based on primary data. The study was conducted on employees of selected companies in Abuja, Nigeria that deploy hybrid work models in their organizations. These companies are Flutterwave, Paystack, GigaLayer, Digital Encode, InfoWARE Limited and Sidmach Technologies Nigeria Limited. Following the relative small size of the workforce of these companies, census which involves collecting data from every member of a population rather than a sample was utilized. All in all, a total of 150 copies of questionnaire designed in 5 Scale Likert format were given out to the employees of the companies on the basis of their respective workforce. (Flutterwave 33, Paystack 29, GigaLayer 22, Digital Encode 21, InfoWARE 26 and Sidmach 19). However, only 148 copies were returned in good condition and analyzed using Partial Least Square Structural Equation Modelling



Conceptual Model of the Study

Source: PLS-Sem, 2023

RESULTS AND DISCUSSION

According to Hair et al. (2017), ensuring consistency and reliability in constructs involves having Cronbach's Alpha and Composite Reliability (CR) values exceeding the threshold of 0.7. In Table 1, most latent indicators meet this criterion, indicating their reliability, except for busg4 and busg5 values. The inclusion of weak loading factors for formatively measured constructs is supported by the recommendations of Hair et al. (2011), Henseler et al. (2015), and Diamantopoulos et al. (2008). They suggest that weak loading factors may not necessarily indicate problems, and the focus should be on theoretical relevance and overall model fit.

Convergent validity, which assesses how well a construct explains the variance of its items, is evaluated using the Average Variance Extracted (AVE). It is recommended that AVE should be greater than 0.5 (Ringles et al., 2019). In Table 1, all constructs meet this requirement, with AVE values higher than 0.5, indicating that each construct explains at least 50% of the variance in its constituent items.

The study also assessed the validity of the constructs themselves using the Heterotrait-Monotrait (HTMT) ratio of correlations, following the recommendations of Hair et al. (2019). If the HTMT ratio is below the

threshold of 0.85, it indicates that the construct has sufficient discriminant validity, meaning it is more strongly correlated with itself than with other constructs in the model. This analysis examines whether each construct correlates more strongly with itself than with other constructs. Table 2 displays these relationships, with the diagonal values representing the square root of AVE. Positive and negative signs indicate the direction of the relationships between the study variables.

Table 1: Convergent Validity and Reliability of the Constructs and Indicators

Construct Indicators	Factor Loadings	Cronbach Alpha	Composite Reliability	AVE
Empr1	0.784	0.956	0.962	0.741
Empr10	0.934			
Empr2	0.825			
Empr3	0.870			
Empr4	0.830			
Empr5	0.894			
Empr7	0.868			
Empr8	0.861			
Empr9	0.870			
Tete1	0.798	0.916	0.933	0.665
Tete2	0.825			
Tete3	0.828			
Tete4	0.772			
Tete5	0.796			
Tete6	0.856			
Tete7	0.830			
Thpl1	0.846	0.912	0.934	0.739
Thpl2	0.856			
Thpl3	0.872			
Thpl4	0.882			
Thpl5	0.843			
Woho1	0.827	0.923	0.942	0.965
Woho2	0.874			
Woho3	0.905			
Woho4	0.889			
Woho5	0.878			

Table 2 Heterotrait-Monotrait Ratio (HTMT)

	Employee Productivity	Telecommuting and Telework	Third Places	Work from Home
Employee Productivity				
Telecommuting and Telework	0.763			
Third Places	0.697	0.774		
Work from Home	0.783	0.697	0.749	

Table 3 Assessment of Structural Model



Constructs	Beta	T.Stat	P.Value	T Statistics (O/STDEV)	Decisions
Telecommuting and Telework -> Employee Productivity	0.298	0.296	0.000	4.041	Rejected
Third Places -> Employee Productivity	0.395	0.398	0.000	5.889	Rejected
Work from Home -> Employee Productivity	0.254	0.254	0.003	3.031	Rejected

Ho₁ *Telecommuting and telework do not have significant effect on employee productivity in public complaint commission, Abuja.*

The relationship between "Telecommuting and Telework" and "Employee Productivity" is statistically significant, as indicated in table 3 by the low p-value (0.000), and the t-statistic (|O/STDEV|) value of 4.041, which is greater than the critical value. The positive beta value (0.298) suggests that an increase in telecommuting and telework practices is associated with higher employee productivity in the selected companies. Based on the result the null hypothesis above is rejected and alternate hypothesis accepted

Ho₂ *Working from home does not have significant effect on employee productivity in public complaint commission, Abuja.*

Table 3 shows that the relationship between "Work from Home" and "Employee Productivity" is statistically significant, as indicated by the low p-value (0.003) and the t-statistic (|O/STDEV|) value of 3.031, which exceeds the critical value. The positive beta value (0.254) suggests that work from home practices have a positive impact on employee productivity in the selected companies. Therefore, the null hypothesis is rejected and alternate hypothesis is hereby accepted.

Ho₃ *Third places do not have significant effect on employee productivity in public complaint commission, Abuja.*

The relationship between "Third Places" and "Employee Productivity" is also statistically significant, with a low p-value (0.000) and a t-statistic (|O/STDEV|) value of 5.889, indicating that it exceeds the critical value. The positive beta value (0.395) suggests that the presence and utilization of third places positively influence employee productivity in the selected companies. Based on the result the null hypothesis above is rejected and alternate hypothesis accepted.

CONCLUSION AND RECOMMENDATIONS

This study investigated the effect of hybrid work models on employee productivity in selected companies in Abuja, Nigeria. The result revealed that all the constructs measured against employee productivity have significant and positive effect on it, Therefore, the study concludes that hybrid work models have a significant effect on employee productivity in the selected organisations.

Based on the results of the study on "Hybrid Work Models and Employee Productivity in selected companies in Abuja, the following recommendations are suggested:

- (i) The companies should implement clear telecommuting and telework policies, providing necessary technology and training to support remote work arrangements and track productivity effectively. Additionally, the companies should regularly monitor telecommuting performance using key performance indicators (KPIs) and foster open communication between supervisors and telecommuting employees.
- (ii) The selected companies should continue optimize work from home policies, establishing clear guidelines on expectations and communication protocols. This can be achieved by ensuring that employees have access to the necessary equipment, software, and tools required for remote work, such as laptops, internet connectivity, and relevant software licenses.
- (iii) The organizations should designate and equip specific third places for collaboration, promoting their utilization by educating employees about their benefits. This objective can be accomplished by conducting a thorough assessment to identify suitable third places within or near the organization's premises or in easily accessible locations.



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Effect of Entrepreneurial Finance on Agribusinesses Growth in Ankpa Local Government, Kogi State

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Abstract

Agriculture has historically been the backbone of Nigeria's economy, and with the rise of entrepreneurship, there is great potential for the growth of agribusiness. Access to financial resources is essential for the success of entrepreneurial ventures but in Ankpa Local Government, Kogi State, it has been observed that lack of entrepreneurial finance has slowed down the growth agribusinesses. This survey research therefore, aims to explore the effect of entrepreneurial finance on agribusiness growth in Ankpa Local Government. The study includes 274 agribusinesses that have been operating for at least ten years out of a total of 875 registered agribusinesses in the area. Primary data was collected using a structured questionnaire distributed electronically, resulting in 247 usable responses, which were analyzed using the Partial Least Squares Structural Equation Model. The findings reveal that Equity finance, Debt finance, Venture finance, and Angel investment all have a positive impact on agribusiness growth in the region. However, it is worth noting that Equity finance showed a negative beta coefficient (-0.631), indicating that it might not be the most suitable form of entrepreneurial finance for agribusinesses in the area. This study establishes that entrepreneurial finance significantly affects agribusiness growth in Ankpa Local Government. Based on these findings, it is recommended that agribusinesses in the region should establish a system to monitor and evaluate the effect of all variables on their growth.

Keywords: Agribusiness, Angel investment, Debt finance, Entrepreneurial finance, Equity finance, Venture finance.

INTRODUCTION

Acknowledged for its crucial role in economic development, agriculture has long been recognized as a pivotal sector, particularly in low-income countries like Nigeria (World Bank, 2020). In Ankpa Local Government, Kogi State, agriculture serves as the cornerstone of the local economy, supporting the livelihoods of most of the population and contributing significantly to the region's GDP (Adekanye et al., 2021). Nevertheless, small, and medium-sized agribusinesses in the area encounter considerable difficulties in accessing finance, posing a significant hindrance to their growth and expansion (Oladimeji et al., 2022). Agribusiness encompasses a range of economic activities involved in the production, processing, distribution, and marketing of agricultural products (FAO, 2021). It plays a crucial role in feeding the world's growing population, which is expected to reach 9.7 billion by 2050, necessitating a 70% increase in food production (FAO, 2017).

Agribusiness is pivotal in meeting this demand while ensuring food security, economic growth, and environmental sustainability (World Bank, 2021). According to Van Fleet and Van Fleet (2014), agribusiness refers to the total system of business firms and activities involved in agricultural production, processing, and distribution. Davis (1969) defines it as the transformation of raw agricultural materials into food and other products, spanning activities from farm inputs to product delivery. Lipton and Eastwood (2008) describe it as "the commercial application of modern technology and management techniques to the production, processing, and marketing of agricultural products. Agribusiness is particularly relevant in developing countries, serving as the primary source of employment and income for rural communities. It contributes to poverty reduction, rural development, and economic growth by providing livelihoods for smallholder farmers and fostering local markets and value chains (Reardon et al., 2020). Moreover,



agribusiness drives innovation and technological advancement, enhancing productivity, efficiency, and sustainability in agriculture (World Bank, 2019).

William and Abhishek, (2017) posited that entrepreneurial finance is primarily composed of equity finance, debt finance, venture capital, and angel investment. Equity finance refers to the method of raising capital for a business by selling ownership shares, or equity, to investors. In this form of financing, individuals or institutions become shareholders in the company and, in return, provide funds to support its operations or growth. Debt finance involves raising funds for a business by borrowing money from lenders, such as banks or financial institutions. In this form of financing, the business agrees to repay the borrowed amount, along with interest, within a specified time period. Venture capital (VC) refers to a form of private equity funding provided to early-stage or high-potential companies with significant growth prospects. Venture capitalists are professional investors who provide capital to startups or small businesses in exchange for equity ownership. While Angel investment involves individual investors, often referred to as "angels," providing capital to startups or early-stage companies in exchange for equity ownership. These investors are typically high-net-worth individuals who invest their personal funds and often bring their expertise or industry connections to support the growth of the business.

Entrepreneurial finance plays a critical role in the acquisition and effective management of financial resources required to start, run, and expand a new business venture. It encompasses various activities such as identifying potential funding sources, securing investments, managing cash flow, and making important financial decisions that are crucial for the success of a startup. According to Paul and Josh (2001), the focus of entrepreneurial finance is on how entrepreneurs raise and allocate financial resources to promote the growth of their new ventures. In the context of agribusiness, entrepreneurial finance becomes even more vital as it assists entrepreneurs in overcoming the financial challenges that often hinder the development and expansion of new agricultural enterprises. Agribusiness ventures typically demand substantial upfront investments in areas such as land, equipment, and other essential resources, making it challenging to rely solely on traditional sources of financing. Consequently, entrepreneurial finance provides a strategic pathway for agribusiness entrepreneurs to address these financial obstacles, enabling them to seize opportunities for growth and achieve success in the sector. By effectively managing financial resources and securing appropriate funding, agribusiness entrepreneurs can pave the way for sustainable and prosperous ventures in the agricultural industry. Entrepreneurial finance and agribusiness are intertwined, with finance playing a critical role in promoting agribusiness growth, innovation, risk management, and market access. By providing capital and resources, entrepreneurial finance can drive economic growth, reduce poverty, and foster sustainable development in low-income countries and other contexts (Parker, 2020). It helps agribusiness entrepreneurs overcome financial barriers and facilitates the development and growth of agricultural enterprises (Katchova & Woods, 2018).

In a nutshell, agriculture and agribusiness are essential for economic development, particularly in low-income countries like Nigeria. Access to finance through entrepreneurial finance mechanisms is crucial for the growth and success of agribusiness ventures. By addressing financial barriers, entrepreneurial finance can unlock the potential of agribusiness, driving economic growth, poverty reduction, and sustainable development.

Limited access to finance poses a significant challenge to agricultural growth in Ankpa Local Government, Kogi State, where small and medium-sized agribusinesses struggle to secure funding for essential upgrades, expansion, and increased productivity. Scholars like William and Abhishek (2017) and Colin and Richard (2015) have recognized various forms of entrepreneurial finance, including equity finance, debt finance, venture capital, and angel investment. However, despite this understanding, it remains largely unknown which of these proxies contributes more in promoting agribusiness growth specifically in Ankpa Local Government.

This article aims to contribute to the literature on agricultural finance and rural development by conducting a study that examines the impact of different financing mechanisms on agribusiness growth in Ankpa Local Government. The research seeks to explore how entrepreneurial finance can facilitate the development of



agribusinesses in the region and identify the challenges and opportunities associated with these financing methods. To achieve this, the study has formulated specific hypotheses that were tested and analyzed to shed light on the role of entrepreneurial finance in driving agribusiness growth in Ankpa Local Government.

- Ho1:** Equity finance has no significant effect on agribusiness in Ankpa Local Government, Kogi State
Ho2: Debt finance has no significant effect on agribusiness in Ankpa Local Government, Kogi State
Ho3: Venture capital has no significant effect on agribusiness in Ankpa Local Government, Kogi State
Ho4: Angel investment has no significant effect on agribusiness in Ankpa Local Government, Kogi State

LITERATURE REVIEW

Concept of entrepreneurial Finance

Entrepreneurial finance encompasses the financial strategies and practices employed by entrepreneurs and startup ventures to acquire and manage the necessary resources for business operations, growth, and development. It involves a range of financial activities, including capital raising, financial planning, investment decision-making, risk management, and exit strategies (Zacharakis, Meyer, & DeCastro, 2014). This field of study focuses on the unique financial challenges and opportunities faced by entrepreneurs and how they navigate the dynamic landscape to secure funding and optimize financial performance.

Equity finance is a form of entrepreneurial finance where businesses raise capital by selling ownership shares or equity to investors. These investors, known as shareholders, provide funds in exchange for a proportional ownership stake in the company. Equity finance allows entrepreneurs to access external capital to support their business operations and growth while sharing the risks and rewards with investors (Brigham & Ehrhardt, 2016).

Debt finance is another crucial component of entrepreneurial finance, involving the borrowing of funds from lenders, such as banks or financial institutions. Through debt financing, entrepreneurs obtain loans or credit facilities that must be repaid with interest over a specified period. This form of financing allows entrepreneurs to leverage borrowed funds to finance their ventures while retaining ownership and control over the business (Kaplan & Stromberg, 2004).

Venture capital plays a pivotal role in entrepreneurial finance, particularly for high-potential startups. Venture capital firms invest capital in early-stage or high-growth companies in exchange for equity ownership. These investments aim to support entrepreneurs in scaling their businesses and achieving significant financial returns. Venture capitalists often provide not only financial resources but also strategic guidance, industry expertise, and valuable networks to enhance the chances of success (Gompers & Lerner, 2004).

Angel investment is an essential source of entrepreneurial finance, characterized by investments made by high-net-worth individuals, known as angel investors, into early-stage ventures. Angel investors provide capital, mentorship, and industry expertise to startups, often filling the gap between friends and family funding and larger venture capital investments. These investments can be critical for startups in their early stages, enabling them to launch their businesses, develop products or services, and attract further funding (Mason & Harrison, 2013).

Concept of Agribusiness

Agribusiness encompasses all activities related to agricultural production, processing, marketing, and distribution, integrating farming and business principles. Understanding this concept enables the development of effective strategies for sustainable agricultural growth and rural economic development. In developing economies, agribusiness plays a vital role in economic growth, generating income, employment, and government revenues. Moreover, it contributes to food security, nutrition, and the advancement of agricultural technologies for improved productivity (FAO, 2019; Reardon et al., 2009).

Agribusiness is a comprehensive system that integrates farming and business operations to encompass the production, processing, and distribution of agricultural products and services (Sharma & Sharma, 2018). Akinyemi and Adeoye (2017) define it as a complex network covering the entire agricultural value chain,



from inputs to output markets, including essential services like finance, insurance, transportation, and storage. This evolving sector requires the fusion of diverse disciplines, such as economics, marketing, management, and agriculture, to thrive (Kohansal & Karami, 2013). Thompson & Strickland (2003) highlight its globalized nature, emphasizing the need for innovation, technology, and sustainable practices to tackle challenges like food security and climate change. Agribusiness generates value along the agricultural value chain by leveraging technology, innovation, and collaboration among stakeholders like farmers, government, civil society, and the private sector (IFPRI, 2015).

Environmental sustainability is a key aspect of agribusiness, achieved through the adoption of sustainable farming practices, renewable energy use, water conservation, and greenhouse gas emissions reduction (Kohansal & Karami, 2013). The sector also contributes to rural development by fostering entrepreneurship, creating job opportunities, and improving infrastructure and services in rural areas. Additionally, agribusiness plays a significant role in poverty reduction by offering income-generating prospects for smallholder farmers and rural entrepreneurs (Spielman & Pandya-Lorch, 2009). Nevertheless, agribusiness confronts challenges in modern economies, including the impact of climate change and environmental degradation on agricultural productivity and sustainability. Concerns about soil fertility loss, water scarcity, and pest and disease spread have become major issues (FAO, 2019). Market volatility and price fluctuations pose obstacles to agribusiness planning and long-term investments, resulting in reduced productivity and profitability (Reardon et al., 2009). Access to finance and technology is another challenge, hindering the adoption of new technologies and practices by smallholder farmers and rural entrepreneurs to enhance productivity and efficiency (Spielman & Pandya-Lorch, 2009).

Empirical Review

Equity Finance and Agribusiness Growth

Agyemang and Kwarteng (2020) conducted a cross-sectional survey to examine how equity financing affects the growth of agricultural firms in Ghana. They collected data from 100 small- and medium-sized agribusiness firms and used multiple regression analysis to assess the relationship between equity finance and agribusiness growth. The study found a positive and significant correlation between equity finance and agribusiness growth. However, it's worth noting that the relatively small sample size used in the study may limit the generalizability of the results.

A study conducted by Akinleye and Ogunlowo (2018) investigated the impact of equity financing on the performance of small-scale agribusinesses in Nigeria. The survey design was utilized to collect data from 150 small-scale agribusiness firms in Nigeria, employing descriptive statistics and logistic regression analysis to assess the relationship between equity finance and agribusiness performance. The findings revealed a significant positive correlation between equity finance and agribusiness performance. However, it is noted that the study did not consider other factors that could influence agribusiness performance, such as market competition and government policies. Moreover, the study relied on self-reported data, which may introduce potential biases in the results.

Tukamuhabwa and Ojah (2018) conducted a study in Uganda, investigating the relationship between equity finance and agribusiness growth. They used a survey design to collect data from 250 agribusiness firms in Uganda and applied structural equation modeling (SEM) to analyze the mediating effect of firm age and size on this relationship. The study revealed that equity finance had a positive and significant direct impact on agribusiness growth. Additionally, firm age and size were found to mediate the relationship between equity finance and agribusiness growth. This research provides valuable insights into how firm age and size influence the relationship between equity finance and agribusiness growth in Uganda. However, the study did not delve into the specific types of equity finance used by the agribusiness firms.

On the other hand, Njeru and Ombati (2017) conducted a study in Kenya, examining the determinants of financing small and medium enterprises in the agricultural sector. They employed a survey design and collected data from 100 small and medium enterprises in the agricultural sector using purposive sampling techniques. The study utilized regression analysis to explore the relationship between equity finance and



agribusiness growth. However, the findings indicated that equity finance had an insignificant effect on agribusiness growth. It's worth noting that the sample size in this study is relatively small, which may limit the generalizability of the results. Tukamuhabwa and Ojah (2018) conducted a study in Uganda to explore the relationship between equity finance and agribusiness growth. They employed a survey design to collect data from 250 agribusiness firms using stratified random sampling techniques. Structural equation modeling (SEM) was used to examine the mediating effect of firm age and size on this relationship. The study found that equity finance had a positive and significant direct effect on agribusiness growth, and firm age and size mediated this relationship. This study however, did not examine the specific types of equity finance utilized by the agribusiness firms in Uganda.

Another study in Kenya, by Njeru and Ombati (2017) focused on financing determinants of small and medium enterprises in the agricultural sector. The study used a survey design to collect data from 100 enterprises, selected through purposive sampling. The study's regression analysis revealed that equity finance had an insignificant effect on agribusiness growth. The flaw in this study is that the sample size used was relatively small and may limit the generalizability of the findings.

Debt Finance and Agribusiness Growth

Adomako and Danso (2018) studied debt financing and the growth of agribusiness firms in Ghana. The study employed a survey design to collect data from 150 agribusiness firms in Ghana. The study used a regression analysis to examine the relationship between debt finance and agribusiness growth. The population of the study was agribusiness firms in Ghana. The sample consisted of 150 firms that were selected using purposive sampling techniques. The study found that debt finance has an insignificant effect on agribusiness growth. The study also found that firm size, access to credit, and business experience were significant determinants of agribusiness growth. The study relied on self-reported data, which may be subject to bias.

Studying on debt financing and the growth of small and medium enterprises in the agricultural sector in Tanzania, Mwankemwa and Kibua, (2019) found that debt finance has a positive and significant effect on agribusiness growth. The study also found that access to credit and business experience were significant determinants of agribusiness growth. The population of the study was small and medium enterprises in the agricultural sector in Tanzania. The sample consisted of 200 enterprises that were selected using stratified random sampling techniques. The study employed a survey design to collect data from 200 small and medium enterprises in the agricultural sector in Tanzania. The study used a regression analysis to examine the relationship between debt finance and agribusiness growth. The study did not control for other factors that may influence agribusiness growth, such as market competition and government policies.

Ogunsiji and Afolabi, (2018) conducted a study on the impact of debt finance on the growth of agribusiness firms in Nigeria and found that debt finance has an insignificant effect on agribusiness growth. The study also found that firm size, access to credit, and business experience were significant determinants of agribusiness growth. The population of the study was agribusiness firms in Nigeria. The sample consisted of 150 firms that were selected using stratified random sampling techniques. The study employed a survey design to collect data from 150 agribusiness firms in Nigeria. The study used a regression analysis to examine the relationship between debt finance and agribusiness growth.

Venture Capital and Agribusiness Growth

Alves and Araujo, (2019) studied venture capital and the growth of agribusiness firms in Brazil. The study employed a survey design to collect data from 50 agribusiness firms in Brazil that had received venture capital funding. The study used a regression analysis to examine the relationship between venture capital and agribusiness growth. The population of the study was agribusiness firms in Brazil that had received venture capital funding. The sample consisted of 50 firms that were selected using purposive sampling techniques. The study found that venture capital has a positive and significant effect on agribusiness growth. The study also found that access to credit and business experience were significant determinants of agribusiness growth. The sample size is relatively small, which may limit the generalizability of the findings.



Goyal and Gupta, (2017) in India conducted a study on venture capital and the performance of agribusiness firms. The study employed a survey design to collect data from 100 agribusiness firms in India that had received venture capital funding. The study used a regression analysis to examine the relationship between venture capital and agribusiness performance. The population of the study was agribusiness firms in India that had received venture capital funding. The sample consisted of 100 firms that were selected using purposive sampling techniques. The study found that venture capital has an insignificant effect on agribusiness performance. The study also found that access to credit and business experience were significant determinants of agribusiness performance.

Lee and Kim, (2018) studied venture capital and the growth of agribusiness firms in the United States. The population of the study was agribusiness firms in the United States that had received venture capital funding. The sample consisted of 150 firms that were selected using purposive sampling techniques. The study found that venture capital has a positive and significant effect on agribusiness growth. The study also found that access to credit and business experience were significant determinants of agribusiness growth. The study employed a survey design to collect data from 150 agribusiness firms in the United States that had received venture capital funding. The study used a regression analysis to examine the relationship between venture capital and agribusiness growth. The study provides valuable insights into the relationship between venture capital and agribusiness growth in the United States.

Angel Investment and Agribusiness Growth

Eke and Nwakoby (2020) studied the effect of angel investment on the performance of agribusiness firms in Nigeria. The study found that angel investment has an insignificant effect on agribusiness performance. The study also found that access to credit and business experience were significant determinants of agribusiness performance. The population of the study was agribusiness firms in Nigeria that had received angel investment. The sample consisted of 150 firms that were selected using purposive sampling techniques. The study employed a survey design to collect data from 150 agribusiness firms in Nigeria that had received angel investment. The study used a regression analysis to examine the relationship between angel investment and agribusiness performance. The study did not control for other factors that may influence agribusiness performance, such as market competition and government policies.

Gómez and González (2019) reported that angel investment has a positive and significant effect on agribusiness growth after studying the effect angel investment on the growth of agribusiness firms in Mexico. The study also found that access to credit and business experience were significant determinants of agribusiness growth. The population of the study was agribusiness firms in Mexico that had received angel investment. The sample consisted of 200 firms that were selected using purposive sampling techniques. The study employed a survey design to collect data from 200 agribusiness firms in Mexico that had received angel investment. The study used a regression analysis to examine the relationship between angel investment and agribusiness growth.

Similarly, Njoroge and Nzomo, (2017) in Kenya, employed a survey design to collect data from 80 agribusiness firms in Kenya that had received angel investment on the topic “effect of angel investment on the growth of agribusiness. The study used a regression analysis to examine the relationship between angel investment and agribusiness growth and found that angel investment has an insignificant effect on agribusiness growth. The study also found that access to credit and business experience were significant determinants of agribusiness growth. The study provides useful insights into the relationship between angel investment and agribusiness growth in Kenya.

Theoretical Framework

Numerous theories can be attributed to the impact of entrepreneurial finance on agribusiness growth in Anka Local Government, Kogi State. Notable among these are the Pecking theory, Agency theory, and Resource-based theory. For this study, the Pecking Order theory, originally proposed by Myers and Majluf in 1984, has been chosen as the underpinning theory. This theory was proposed by Myers and Majluf (1984) and suggests that firms prefer to finance their investments using internal funds first, followed by debt, and then equity as a last resort. The pecking order theory is relevant to the study of entrepreneurial

finance and agribusiness growth because it suggests that firms prefer to use debt finance as a means of financing their investments when internal funds are insufficient. This theory is relevant to the study of agribusiness growth because it suggests that firms may use debt finance to fund investments in agribusiness activities when internal funds are insufficient.

METHODOLOGY

The research employed a survey research design, which involved administering standardized questions to a sample of individuals or organizations. The main goal was to gain insights into a specific topic and draw broader conclusions about the larger population. The study focused on 875 registered agribusinesses in Anka, Kogi State, Nigeria, using purposive sampling technique and a sample size of 274 was selected based on the criterion of operating for at least ten years. Data were collected through a structured questionnaire using a 5-point Likert scale format and distributed electronically through platforms like WhatsApp and email. A total of 247 usable responses were received and analyzed using the Partial Least Squares Structural Equation Model.

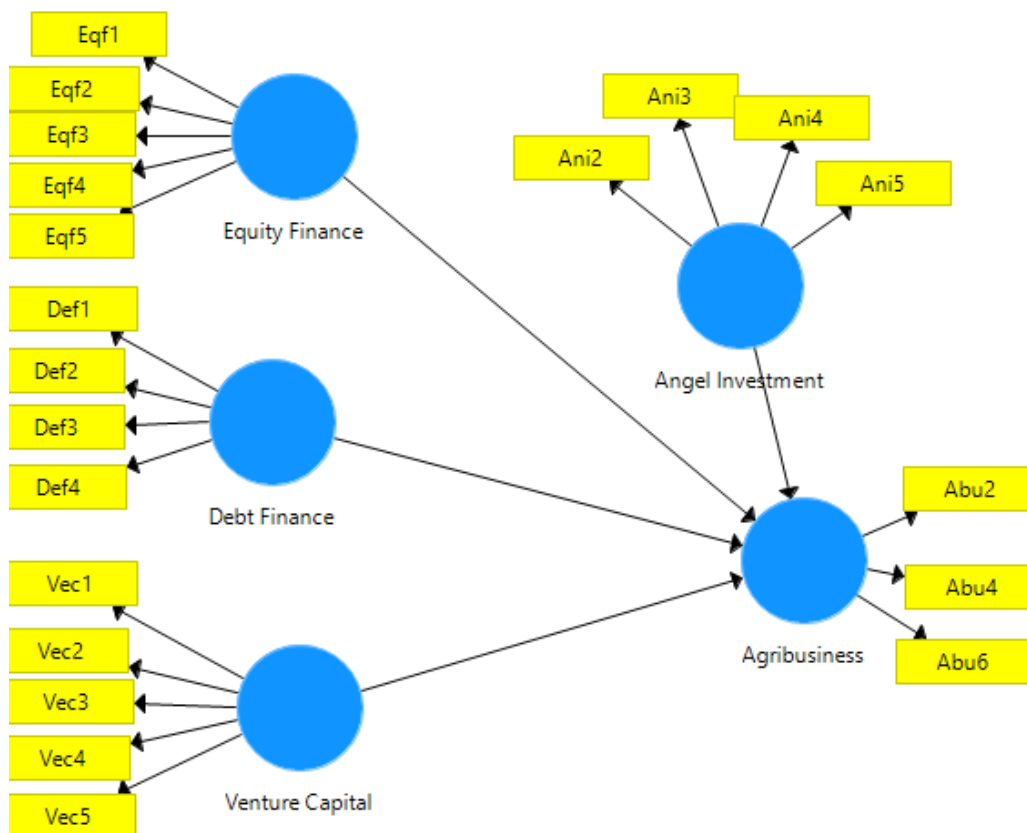


Fig 1: Conceptual Model of the Study

Source PLS-SEM 2023

RESULTS AND DISCUSSION

Out of the 276 questionnaires distributed, 247 were completed and returned, resulting in a response rate of 95%. Subsequently, all further analyses were conducted using the data from these 247 responses.

Assessment of Measurement Model

The measurement model was evaluated by examining the outer loadings of the items. It is commonly suggested that loadings of 0.708 or higher indicate acceptable item reliability, as they explain more than 50% of the indicator's variance. However, according to Hair et al. (2019), even loadings as low as 0.50 can be included if they are statistically significant. The results of this study show that all indicators have loadings above 0.50, as illustrated in table 2. Therefore, all indicators are considered to have acceptable item reliability.

Table 2: Reliability of study scale

S/N	Variable	Factor Loading	Cronbach Alpha	Composite reliability	AVE	No of items
1	Eqf1 Eqf2 Eqf3 Eqf4 Eqf5	0.809 0.823 0.590 0.57 0.729	0.788	0.847	0.629	5
2	Def1 Def2 Def3 Def4	0.914 0.834 0.939 0.936	0.927	0.948	0.822	4
3	Vec1 Vec2 Vec3 Vec4 Vec5	0.782 0.786 0.811 0.813 0.952	0.893	0.957	0.861	5
4	Ani2 Ani3 Ani4 Ani5	0.809 0.893 0.905 0.775	0.867	0.910	0.717	
5	Abu2 Abu4 Abu6	0.643 0.854 0.890	0.721	0.843	0.645	

Jöreskog's (1971) method was employed to evaluate the internal consistency of the study. The calculated composite reliability fell within the range of good consistency, as defined by Hair et al. (2019). Additionally, the Cronbach alpha values exceeded the recommended threshold of 0.60, as suggested by Sekaran (2010).

The study assessed convergent validity by calculating the average variance extracted (AVE) for each latent variable, and all of them showed values above 0.50, indicating that they explained at least 50% of the variance in their respective items. However, for testing discriminant validity, the Fornell-Larcker criterion was not used due to its limitations, especially when indicator loadings on a construct are only slightly different. Instead, the study employed the Heterotrait-Monotrait (HTMT) ratio of correlations, which involves comparing item correlations across different constructs with the average correlations for items measuring the same construct. Discriminant validity concerns were raised when HTMT values exceeded 0.90 for structural models, following the advice of Henseler et al. (2015). In conclusion, the study successfully achieved satisfactory internal consistency and convergent validity, choosing to use the HTMT ratio in place of the Fornell-Larcker criterion due to its limitations.

Heterotrait-Monotrait (HTMT) Ratio

	Eqf	Def	Vec	Ani	Abu
Eqf	1.000				
Def	0.426	1.000			
Vec	0.615	0.693	1.000		
Ani	0.454	0.493	0.546	1.000	
Abu	0.526	0.481	0.621	0.643	1.000

Source: *SmartPLS Output, 2023*

The presence of collinearity among the formative indicators was assessed using the variance inflation factor (VIF). The VIF values for all indicators were below 5, indicating that there were no significant collinearity issues among the formative indicators. These results are consistent with the recommendations provided by Hair et al. (2019).

Path Coefficients of the Regression Model

The R-square value of 85% suggests that entrepreneurial finance, represented by equity finance, debt finance, venture capital, and angel investment, accounts for 85% of the variation in agribusiness in Kogi State, Nigeria. The remaining 15% of variation may be attributed to other factors that were not included in the study. According to Hair et al. (2019), the R-square value is significant, meaning that the findings of the study is reliable. The result of the path analysis is presented in the table below:

H _{0i}	Variable	Beta	T-Statistics	p-value	Decisions
1	Equity Finance→Agribusiness	-0.631	4.749	0.000	Rejected
2	Debt Finance→Agribusiness	1.134	12.230	0.000	Rejected
3	Venture Capital→Agribusiness	0.233	3.842	0.000	Rejected
4	Angel Investment→Agribusiness	0.317	3.306	0.001	Rejected

Source: SmartPLS Output, 2023

H₀₁: Equity Finance→Agribusiness: Beta = -0.631, T-Statistic = 4.749, *p*-value = 0.000 (Rejected). The hypothesis stated that there is no significant effect of equity finance on agribusiness in Ankpa Local Government of Kogi State. However, the regression results show that equity finance has a significant negative effect on agribusiness in the region. The negative beta coefficient (-0.631) indicates that an increase in equity finance is associated with a decrease in agribusiness. This finding is contrary to the stated hypothesis and suggests that equity finance may not be the best form of entrepreneurial finance for agribusinesses in the region.

H₀₂: Debt Finance→Agribusiness: Beta=1.134, T-Statistic=12.230, *p*-value =0.000 (Rejected). The hypothesis stated that there is no significant effect of debt finance and agribusiness in Ankpa Local Government of Kogi State. However, the regression results show that debt finance has a significant positive effect on agribusiness in the region. The positive beta coefficient (1.134) indicates that an increase in debt finance is associated with an increase in agribusiness. This finding is contrary to the stated hypothesis and suggests that debt finance may be a good form of entrepreneurial finance for agribusinesses in the region.

H₀₃: Venture Capital→Agribusiness: Beta=0.233, T-Statistic=3.842, *p*-value=0.000 (Rejected). The hypothesis stated that there is no significant relationship between venture capital and agribusiness in Ankpa Local Government of Kogi State. However, the regression results show that venture capital has a significant positive effect on agribusiness in the region. The positive beta coefficient (0.233) indicates that an increase in venture capital is associated with an increase in agribusiness. This finding is contrary to the stated hypothesis and suggests that venture capital may be a good form of entrepreneurial finance for agribusinesses in the region.

H₀₄: Angel Investment -> Agribusiness: Beta = 0.317, T-Statistic = 3.306, *p*-value = 0.001 (Rejected). The hypothesis stated that there is no significant relationship between angel investment and agribusiness in Ankpa Local Government of Kogi State. However, the regression results show that angel investment has a significant positive effect on agribusiness in the region. The positive beta coefficient (0.317) indicates that an increase in angel investment is associated with an increase in agribusiness. This finding is contrary to the stated hypothesis and suggests that angel investment may be a good form of entrepreneurial finance for agribusinesses in the region.

In summary, the regression results suggest that all four forms of entrepreneurial finance examined in the study (equity finance, debt finance, venture capital, and angel investment) have significant effects on agribusiness in Ankpa Local Government of Kogi State, contrary to the stated null hypotheses. The study provides important insights into the relationship between entrepreneurial finance and agribusiness in the region and can be used to guide the development of policies and programs aimed at improving access to finance for agribusinesses in the area.



CONCLUSION AND RECOMMENDATIONS

Based on the regression results and discussions of findings, this study entitled “Effect of Entrepreneurial Finance on Agribusiness Growth in Ankpa Local Government, Kogi State concludes that entrepreneurial finance has a significant effect on agribusiness growth in Ankpa Local Government of Kogi State. Recommendations are therefore proffered as follows:

- (i) The study highlights a significant negative effect of equity finance on agribusiness in the region. Therefore, it is recommended that owners of agribusinesses in the region should exercise caution when promoting equity finance in this sector. If equity finance is considered, measures should be taken to minimize potential adverse effects, such as exploring alternative options like convertible debt or equity crowdfunding.
- (ii) Given the substantial positive influence of debt finance on agribusiness in Ankpa Local Government, the owners of agribusinesses in the region should focus on enhancing access to debt finance for agribusinesses in the area. This could involve implementing initiatives like loan guarantee schemes, offering low-interest loans, and promoting microfinance programs.
- (iii) Agribusiness owners should encourage specialized venture capital funds for agribusiness investments: To support agribusiness growth, there should be efforts to establish venture capital firms that specialize in agribusiness investments. Incentives could be provided to such firms, and partnerships could be formed between venture capital entities and agribusinesses in the region.
- (iv) Finally, agribusiness owners should establish a monitoring and evaluation system for angel investments in agribusinesses: To assess the impact of angel investments on agribusiness growth and development in Ankpa Local Government, it is crucial to conduct impact assessments. Implementing a monitoring and evaluation system will help gauge the effectiveness of angel investments and inform future decision-making.

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Sustainability Reporting and Firm Value: Evidence From Listed Oil and Gas Companies in Nigeria

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Abstract

This study examine effect of sustainability reporting on firm value of listed oil and gas companies in Nigeria. The expo-facto research design was adopted with reliance on secondary data from annual report of listed firms. The convenient sampling techniques was employed in selecting the eight (8) companies out of ten (10) listed oil and gas companies in Nigeria for 2013-2022 financial year. To achieve objective of the study, panel regression estimation was used which is random effect by Hausman test which was analyzed using E-views 10. The finding show that social sustainability reporting and economic sustainability reporting has a negative effect on Tobin Q of listed oil and gas companies in Nigeria. The study concludes that sustainability reporting has a negative significant effect on firm value of listed oil and gas companies in Nigeria. The study recommend that management of oil and gas companies should not increase the cost of sustainability reporting because of negative adverse it has on firm value of listed oil and gas companies in Nigeria.

Keywords: Sustainability Reporting, Social Sustainability Reporting, Economic Sustainability Reporting, Firm Value, Tobin Q.

INTRODUCTION

Firm value is a microeconomic concept that states that a firm exists and makes decisions to maximize profits. The stockholder wealth maximization goal states that management should seek to maximize the present market value of the expected future returns to the owners (shareholders) of the firm (Apiti *et al.*, 2017). The stock price is a relative and proportional value of a firm's worth. The stock's price only tells you a firm's current value or its market value. This is based on the perception that the higher the stock price, the more profitable it will be for shareholders. The high corporate value also does not only affect the smooth running of the current firm but also benefits the firm's prospects in the future. This is because the market, the community, and potential investors believe in the firm's value, which is reflected in its stock price. The stock price is considered a reflection of the actual value of the firm's assets. The value of a firm is very significant because, the higher the firm's value the higher the prosperity of stockholders, (Brigham & Houston, 2018). Also, the higher the market price the higher the firm value. Firm value is the existing benefits and the potential benefits that a firm can generate, expressed in the form of value that can be determined through suitable methods and pricing models (Dang *et al.*, 2020). Maximizing firm value is one of the firm's main goals. Firm value and improving firm value have always been the focus of every finance manager in today's world. Finding the factors that can positively affect firm value is significant and helping to solve the essential problem of shareholder wealth maximization is very germane to any business organization (Anh & Duong, 2020).

Sustainability reporting is a type of reporting that attempts to factor environmental costs into the financial results of operations. It has been argued by Emmanuel (2021), that gross domestic product ignores the environment and therefore decision makers need a revised model that incorporates green accounting. Environmental pollution is one of the problems facing the world today, due to its impact on society, nature and performance (Khan & Ghouri, 2011). The phenomenon of environmental pollution has received increasing attention in recent times, especially in light of the industrial progress in the contemporary world and the diversity of sources of pollution, and the attempt of industrial companies, particularly oil and gas firms to get rid of its waste is harmful to the environment and people (Chinwe, 2013). As a result of the development of interest in environmental performance as one of the foundations of development in any country, non-use of modern scientific methods that analyse environmental costs that provide detailed information on those costs and amounts that companies bear for the purpose of environmental protection will give guaranteed results on the extent of their success or failure (Nas, 2016).



Sustainability reporting covers environmental protection, protection of sea lives and lives above sea level such as aquatic and terrestrial animals, poverty eradication, tackling inequalities and building strong institutions (Onoh *et al*, 2023). Organizations are more and more concerned with a modern operation that has been recognized as development that satisfy the demands of the present generation, without compromising the needs of future generations. Oil firms can strive to achieve these objectives by implementing a triple bottom line which includes environmental, social, and economic responsibilities in their mission statement. However, sustainability reporting (environmental, social & economic reporting) does not replace traditional financial reporting. Sustainability reporting integrated relevant financial and non-financial information and communicates organizational strategies and business performances to multifarious stakeholders (Onoh *et al*, 2023).

LITERATURE REVIEW

Conceptual Framework

Sustainability Reporting

According to Cohen and Robbins (2011), sustainability reporting is defined as a type of accounting that includes the indirect costs and benefits of economic activity, such as environmental effects and health consequences of business decisions and plans. Sustainability reporting is a concept in which companies in their production processes prioritize efficiency and effectiveness in using resources in a sustainable manner, so that they are able to align company development with environmental functions and can provide benefits to society. In this case, the implementation of green accounting pays full attention to the concept of savings, namely, saving land, saving materials, and saving energy; it is based on the ecosystem concept. The aim of implementing sustainability reporting is to increase the efficiency of environmental management by assessing environmental activities from the perspective of costs (environmental costs) and benefits or effects (economic benefits), as well as producing environmental protection effects. In short, the implementation of green accounting can provide information about the extent to which an organization or company makes a positive or negative contribution to the quality of human life and the environment.

Sustainability reporting measures and recognizes environmental costs, other social costs, and presents information in the financial statements. In the last two decades, green accountants have approached one aspect of material cost accounting (Nakajima *et al*, 2015). Accordingly, environmental costs include environmental protection costs and material flow costs representing the cost of purchasing raw materials, but forming non-products. The research will focus on green accounting from an enterprise perspective. Based on the definition of green accounting above, it can be concluded that green accounting is accounting that discloses costs associated with company activities related to the environment.

Social Sustainability Reporting: Social sustainability includes improving human resource related practices for instance employees' training and development, employees' health and safety, diversity, equal opportunity and wage discrimination issues), addressing consumers' issues such as customers' health & safety, product labelling, communication practices, customers' complaints and compliance with product laws), protecting human rights such as freedom of association, removing child labour issues, nondiscrimination and other safety measures, etc.), and addressing other issues of broader stakeholders and community concerns such as involving the local community, reducing corruption, showing public policy concerns, discouraging anti-competitive behaviour, and complying with the law (GRI 3.1 2011). The concept gained prominence as a result of the ethical perspective of the organizations which recognized the value of social responsibilities in addition to their prime objective of wealth maximization.

Social sustainability can be described as a company's commitment to behave socially and environmentally responsibly while striving for its economic goals. It includes the company's relationship with all its stakeholders, from market-related stakeholders (customers, share owners, suppliers) to internal (employees, board of directors) or societal stakeholders (government, Non-Governmental Organizations). It is assumed that the variety of stakeholders and their concerns lead to corporate responsibility including economic, environmental and social aspects (Wilson *et al*, 2020).



Economic Sustainability Reporting: Economic sustainability aims to keep the capital intact. If social sustainability focuses on improving social equality, economic sustainability aims to improve the standard of living. In the context of business, it refers to the efficient use of assets to maintain company profit over time. The UK Government (Annual Report 2020, January 2021) posited that maintaining high and stable levels of economic growth is one key objective of sustainable development, hence, abandoning economic growth is not an option. Sustainable development is more than just economic growth and the quality of growth matters as well as the quantity. Critics of this model acknowledge a great gap in modern accounting practices which do not include the cost of damage to the earth in market prices (Umoren *et al*, 2018). A more recent approach to economics acknowledges the limited incorporation of ecological and social components in the model. New economics is inclusive of natural capital (ecological systems) and social capital (relationships amongst people) and challenges the mantra of capital that continual growth is good and bigger is better if it risks causing harm to the ecological and human system (Osemene *et al*, 2016).

Firm Value

A firm's value otherwise refers to as enterprise value is an economic concept that reflects the value of a business. It is the value that a business is worth at a given date. Theoretically, it is an amount that one needs to pay to buy or take over a business entity. Like an asset, the value of a firm can be determined based on either book value or market value. But generally, it refers to the market value of a company. $FV = \text{market value of equity} + \text{market value of preference share} + \text{market value of debt} + \text{non-controlling interest} - \text{cash and investments}$. Firm value is determined based on the firm's asset earning power. If a firm has higher earning powers of the company, it has a positive impact on greater profit and more efficient company assets. Therefore, the value of the company has increased. In addition to assets and profits, the company's debt policy also affects the company's value. The higher the debt, the higher the share price. The value of a firm is basically the sum of claims of its creditors and shareholders. Therefore, one of the simplest ways to measure firm value is by adding the market value of its debt, equity and non-controlling interest. Cash and cash equivalents would then be deducted to arrive at the net value. The value of a firm is very important because the higher firm's value is the higher the prosperity of shareholders, (Bringham & Houston, 2018).

Tobin's Q: This is the Q ratio that expresses the relationship between market valuation and the book value or the replacement cost. It is normally used to compare how a company (shares) market valuation changes with added products and markets. Tobin Q comprises of two variables which are market value of firm and the replacement cost of the assets of the firm (Fisher & Gowon, 1983). Tobin's Q or the Q ratio is a financial ratio that measures the market value of a company relative to its book value or total asset replacement cost. Market value is centered around a company's stock price, while book value is based on the difference between total assets and total liabilities on a company's financial position. Tobin Q is the economic theory of investment behavior which measures the performance of a business firm. 'Q' is the ratio of the market value of the existing shares (share capital) to the replacement cost of the total physical assets. Tobin's Q formula is an economic ratio used to compare a company or index's market value to its book or replacement value. One way that the formula is expressed is as $Q = \text{Market Value} / \text{Total Assets}$. It can be used to measure the relative value of a company's stock or the overall market.

Empirical Review

Onoh *et al*, (2023) examined the effect of sustainability reporting practices of environmental, social and economic on the firm value proxied by Tobin's Q of listed oil and gas firms in Nigeria. The work relied mainly on secondary source of data and comprised of published annual reports. The analytical tools consist of descriptive and correlation matrix. The hypotheses were tested using multiple regression. The research answered that; environmental sustainability reporting has a positive significant effect on the value of listed oil and gas firm in Nigeria. Also, economic sustainability reporting has a negative significant effect on the value of listed oil and gas firm in Nigeria. The result also showed that firm characteristics proxied by sales growth and leverage exerts a negative significant effect, whereas, firm size exerts a positive significant effect on sustainability reporting and firm value of oil and gas companies in Nigeria. The work concluded that adequate compliance with sustainability rules and regulation will go a long way to bring more investors to the company which will in turn ultimately increase the firm value. Based on the above findings, the work



recommended that oil and gas firms should comply 100% with the rules and regulations of sustainability reporting to increase the value of their firm in the long run.

Abdul and Wasiu (2022) examine effect of sustainability reporting on firm value of listed non-financial sector in Nigeria. Secondary data spanning between 2013 and 2020 were employed on annual reports of forty firms selected using stratified sample technique. Variance Inflation Factor and Breusch-Pagan / Cook-Weisberg test for heteroskedasticity showed that the model is free from multicollinearity and heteroskedasticity. Post estimation tests of Breusch Pagan Lagragian Multiplier test and Hausman test suggested the consistency of random effect model over pooled ordinary least square model (OLS) model and fixed effect model. The static regression estimator revealed that economic and social sustainability positively and significantly affects firm's value. This study concludes that net asset in the Nigerian non-financial services sector is driven by sustainability reporting except for environmental sustainability. This study proposed that management of quoted non-financial services firms in Nigeria should improve economic and social sustainability reporting through research and development, employee productivity, job creation, community development, and training because they contribute positively to their value.

Thomas *et al* (2022), examined the effect of environmental information on the financial performance of oil and gas firms in Nigeria. It adopted a research design as secondary data were used in the study. The study spanned seven years period from 2014 to 2020. A sample of four (4) out of nineteen (19) oil and gas companies for the study were used through random sampling technique for selection. Descriptive statistics and regression analysis. The study's findings show that community development costs have a positive and significant influence on oil and gas companies' financial performance in Nigeria. According to the findings, Community development costs have a favorable and considerable impact on the financial performance of Nigerian oil and gas companies, while employee healthcare costs and security costs have a favorable but non-significant impact on the financial performance of Nigerian oil and gas companies. Consequently, it is recommended petroleum industry executives should be conscious of spending on community development, and the government should implement policies that benefit oil and gas firms.

Lawrence (2022), examined the impact of sustainability reporting compliance on the financial performance of listed firms in Nigeria. Secondary data was collected from annual reports of a sample of fifty seven companies listed on the Nigerian Exchange Group. Simple disclosure index was used to score sustainability reporting Compliance using Economic (ECM), Environmental (EVM) Social (SOC) and Governance (GOV) disclosures in the annual reports of the sampled firms. The firms' financial performance was evaluated based on Net Profit Margin (NPM) and Return on Capital Employed (ROCE). Using least square panel data analysis, the results show that listed companies in Nigeria have significantly complied with the sustainability disclosure guideline. The aggregate average sustainability Reporting Compliance (SRC) by all the firms examined was 75%. It was also found that there is a significant association between sustainability Reporting Compliance and Net Profit Margin (NPM) as well as Return on Capital Employed (ROCE). It was recommended that companies, both local and international should adopt sustainability in their day-to-day policies to be legitimate in their daily activities on the planet and also enjoy better financial performance.

Faith and Grace (2022), examined the effect of environmental sustainability disclosure on financial performance of listed oil and gas companies in three countries within sub-Sahara Africa: Nigeria, Namibia, and Kenya. Ex-post facto research design and panel data was collected from fifteen (15) oil and gas listed firms in all three countries of interest within a nine (9) year time frame (2011 to 2019) were utilized. The study employed Robust Least Square Regression analyses technique to test the stated hypotheses. Finding showed that biodiversity and water disclosure significantly affect performance measures of return on equity (positively) and gross profit after tax margin (negatively). The study recommended that environmental sustainability disclosure compliance should be made mandatory for listed oil and gas companies and the guidelines for environmental assessment should be established to compel companies to accommodate environmental disclosure.



Ezejiolor and Emeneka (2022), examined the effect of Leverage on Social Sustainability Reporting of listed Oil and Gas firms in Nigeria. Based on the nature of the study, Ex-Post facto research design and content analysis method were adopted. Seven (7) listed Oil and Gas firms in Nigeria constituted the sample size of this study for the years 2010 and 2020. Secondary data were extracted from the annual reports and accounts of the sampled firms and extracts from the annual reports were analyzed using descriptive statistics and inferential statistics such as Pearson Correlation, Panel Least Square (PLS) regression analysis and Hausman test through E-Views 10.0 statistical software. Findings from the empirical analysis showed that Leverage had significant effect on Social Sustainability Reporting in Nigeria. The study recommended that firms should intensify efforts to understand the role of sound environmental practices and disclosures in reducing the cost of debt and enhancing financial performance.

Emmanuel (2021), examined green accounting disclosure and its effect on financial performance of listed manufacturing firms in Nigeria. Particularly, the study examined the effect of green accounting disclosure on ROA, ROE and share price of manufacturing firms in Nigeria. The ex-post facto research design was employed. Data from the annual reports of forty out of the sixty-six manufacturing companies listed in the Nigerian Stock Exchange as at 31st December 2019 for the period spanning 2010 – 2019 were used. The descriptive statistics and the panel regression methods were employed for the data analysis. The Arellano and Bond (1991) GMM estimator which controls for potential endogeneity problem was employed to ensure robustness of the parameter. The study findings revealed that green accounting disclosure had a positive significant effect each on ROA and ROE. However, a negative effect subsists between green accounting disclosure and share price of manufacturing firms in Nigeria. The study recommends that manufacturing firms are encouraged to increase the extent of their green accounting activities for ease of assessment by stakeholders for investment decision making.

Theoretical Framework

Signaling Theory

Signalling theory was developed by Williamson (1975) is employed in a variety of economic transactions to describe corporate behaviour in the presence of asymmetric information or what is calls 'information impactedness'. To be sure, asymmetric information or information failure is a derivative condition that arises mainly because of uncertainty and opportunism when two parties (individuals or organizations) to an economic transaction possess information disparity or have access to different information. In a multi-stakeholder setting, the joint presence of uncertainty, opportunism and bounded rationality is both inevitable and bound to lead to information impactedness condition in which information is asymmetrically distributed between the parties (managers of the firms as providers of corporate reports) and various stakeholder groups (as consumers and users of corporate reports).

The effects of information asymmetries have important implications for the decision makers. The main concept of the information asymmetry theory goes back to 1970 that was introduced by (Akerlof) in a paper with a title: "The Market for "Lemons": Quality Uncertainty and the Market Mechanism "that develops asymmetric information with the example case of automobile market the basic argument is that in many markets the buyer uses certain statistics to measure the value of the goods. Thus the buyer sees the average of the whole market while the seller has more intimate knowledge and information. Akerlof argues that this information asymmetry gives the seller an incentive to sell goods of less than the average market quality and so this creates the information asymmetry problem. Based on this example, Information asymmetry theory can be referred to as the disproportionate amount of information that two different parties have during the transaction, and the theory is based on the fact that the party that has more information might behave opportunistically and choose what kind information to provide to a second party and what information to hide (Kirmani & Rao; 2000).

Legitimacy Theory

Legitimacy theory was developed by Dowling and Pfeffer (1975). The theory holds that organisations always ensure that their operations are within the bounds and norms of the respective societies they operate in. In adopting a legitimacy theory perspective, an organisation would voluntarily report on the activities its management perceive as been expected by the communities in which it operates. Legitimacy theory

relies on the notion that there is a ‘social contract’ between a company and the society in which it operates (Deegan 2000; Deegan 2002; Mathew 1993; Patten 1991; 1992). Legitimacy theory suggests that whenever managers consider the supply of a particular resource as vital to their organization’s survival, they should pursue the strategies necessary to ensure the continued supply of the resource. Such strategies may include targeted disclosures, or perhaps, controlling or collaborating with other parties who in themselves are considered to be legitimate. Companies need to be fair in their environmental dealings and therefore, legitimacy theory provides disclosing approaches that organizations may apply to improve their existence in the most possible and best way.

Although all the three theories (agency, stakeholder and legitimacy) provide a logical clue regarding the effect of green accounting on environmental reporting, this paper is hinged on agency theory. This is because managers as agents are saddled with the task of running a company, putting the interest of the shareholders (principals) as a topmost priority. Legitimacy theory underpinning this study because it voluntarily report on the activities its management perceive as been expected by the communities in which it operates.

METHODOLOGY

The study adopted ex-post facto research designs to evaluate the effect of sustainability reporting on firm value of oil and gas firms in Nigeria. The design is considered appropriate for the study since it is an after the fact design that explains the relationship between the variables after their occurrence. The population of the study consists of all the ten (10) firms listed on the Nigerian Exchange Group from 2013 to 2022, while the sample size is eight (8) firms. Panel regression technique was used to establish the relationship between sustainability reporting and firm value. **Model**

$$TQ = \beta_0 + \beta_1 SSR + \beta_2 ESR + \epsilon_{it} \dots \dots \dots (i)$$

Where:

β_0 = The autonomous parameter estimate (Intercept or constant term)

$\beta_1 - \beta_2$ = Parameter coefficient of Sustainability Reporting

TQ = Tobin Q

SSR = Social Sustainability Reporting

ESR = Economic Sustainability Reporting

ϵ_{it} = Stochastic Error term

Results and Discussion

Descriptive Statistics

Descriptive statistics gives a presentation of the mean, maximum and minimum values of variables applied together with their standard deviations obtainable

Table 1: Descriptive Statistics Result

	TQ	SSR	ESR
Mean	16.73513	0.270660	0.440738
Median	16.33000	0.292500	0.416500
Maximum	26.54000	0.588000	0.916000
Minimum	10.56000	0.058000	0.166000
Std. Dev.	2.988602	0.148702	0.205021
Skewness	0.703880	0.251335	0.601888
Kurtosis	4.006191	1.924112	2.251723
Jarque-Bera	9.980699	4.700710	6.696649
Probability	0.006803	0.095335	0.035143
Sum	1338.810	21.65280	35.25900
Sum Sq. Dev.	705.6078	1.746868	3.320669
Observations	80	80	80

Source: E-View 10 Output (2023)

The table above presents the descriptive statistics of sustainability reporting and firm value: evidence from listed oil and gas companies in Nigeria during the period of 2013 to 2022. The table shows that Tobin Q

(TQ) as a measure of firm value has a mean of 16.73513, with a standard deviation of 2.98860 as well as a minimum value of 10.5600 and maximum value of 26.5400 respectively. Given that the range between the minimum and maximum is quite wide, it implies unstable firm value as the standard deviation indicated that there is no much slightly wide dispersion of the data from the mean value. For the other measure of social sustainability reporting and economic sustainability reporting as measure of sustainability reporting shows a mean of value of 0.2706 and 0.4407 with standard deviation of 0.14870 and 0.15454, a minimum and maximum value of 0.5800, 0.1660, 0.5880 and 0.9160 respectively. This implies that sustainability reporting in term of social sustainability reporting and economic sustainability reporting witnessed a marginal increase during the study period, as the standard deviation is so large compared to the mean, together with the high range between the minimum and maximum values.

Correlation Analysis

Table 4.2 presents correlation values between dependent and independent variables and the correlation among the independent variables themselves.

Table 2: Correlation Matrix

Covariance Analysis: Ordinary

Date: 07/25/23 Time: 08:48

Sample: 2013 2022

Included observations: 80

Correlation Probability	TQ	SSR	ESR
TQ	1.000000 -----		
SSR	-0.028212 0.8038	1.000000 -----	
ESR	-0.001533 0.9892	0.290351 0.0090	1.000000 -----

Source: E-View 10 Output (2023)

In correlation analysis, we estimate a sample correlation coefficient, more specifically the Pearson Product Moment correlation coefficient. The sign of the correlation coefficient indicates the direction of the association. The magnitude of the correlation coefficient indicates the strength of the association. The analysis continues in this section in determining the degree of linear association between the sustainability reporting attributes variables in pairs employing E-views 10 Statistical package. The result presented above confirms that social sustainability reporting is 0.8038, economic sustainability reporting is 0.9892 have a strong positive correlation with Tobin Q.

Hausman Test

The Hausman test is a test for model specification in panel data analysis and this test is employed to choose between fixed effects model and the random effects model. Hausman specification test was then conducted to choose the preferred model between the fixed effect and the random effect regression models. The test basically checked if the error terms were correlated with the regressors. Thus, the decision rule for the Hausman specification test is stated thus; at 5% Level of significance:

Table 4.3: Hausman Test

Correlated Random Effects - Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.



Cross-section random	3.080957	2	0.2143

Source: E-View 10 Output (2023)

The Result of Hausman test shows that chi-square statistics value is 3.0809 while the probability values of is 0.2143. This implies that there is every reason to accept the null hypothesis which states that random effect is most appropriate for the Panel Regression analysis. It thus stands that error component model (fixed effect) estimator is not the most appropriate because the random effects are well correlated with the regressors. Thus, the most consistent and efficient estimation for the study is the random effect cross-sectional model. Consequently, the result suggests that the random effect regression model is most appropriate for the sampled data because the Hausman test statistics as represented by corresponding probability value is greater than 5%.

Table 4.4: Panel Regression Result (Random Effect)

Dependent Variable: TQ

Method: Panel EGLS (Cross-section random effects)

Date: 07/25/23 Time: 08:58

Sample: 2013 2022

Periods included: 10

Cross-sections included: 8

Total panel (balanced) observations: 80

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	16.59151	0.952709	17.41507	0.0000
SSR	0.177381	2.499254	0.070974	0.9436
ESR	0.216930	1.720395	0.126093	0.9000
Effects Specification				
			S.D.	Rho
Cross-section random			0.672426	0.0498
Idiosyncratic random			2.937335	0.9502
Weighted Statistics				
R-squared	0.600361	Mean dependent var		13.55588
Adjusted R-squared	0.625603	S.D. dependent var		2.920727
S.E. of regression	2.957881	Sum squared resid		673.6777
F-statistic	0.013918	Durbin-Watson stat		1.622379
Prob(F-statistic)	0.986181			

Source: E-View 10 Output (2023)

From table 4.4 above, the coefficient of multiple determinations (R^2) is 0.60036 and in line with the panel nature of the data used in this study, the regression model shows that the range of values between adjusted R^2 and R^2 falls between 60%, and 62% respectively. This indicates that about 60% of the total variations in is explained by the variations in the independent variables (SSR and ESR), while the remaining 40% of the variation in the model is captured by the error term, which further indicates that the line of best fit is highly fitted. The result presented in the above table revealed that among the explanatory variables of the study, both SSR and ESR were found to be individually insignificant with the probability values of 0.9436 and 0.9000 respectively on Tobin Q which is greater than 5% level of significant.

This study examined effect of sustainability reporting on firm value of listed oil and gas companies in Nigeria, using panel series data and regression analysis approach. The sustainability reporting as the



independent variable was proxied by social sustainability reporting (SSR) and economic sustainability reporting (ESR) as the independent variables for eight (8) listed oil and gas companies in Nigeria, for a period of 10 years ranging from 2013 to 2022. Tobin Q used to proxy firm value was the dependent variable of the study. The effect of the independent variable on each dependent variable was analyzed in terms of strength and significant and the panel regression analysis was used to compare the relationship among the variables.

The result of the model of the study showed that when taken individually, both social sustainability reporting (SSR) and economic sustainability reporting (ESR) have a negative and significant effect on Tobin Q taken as a measure of firm value. The findings contradict the study of Onoh *et al*, (2023) and Abdul & Wasiu (2022) who found a positive significant in their study.

CONCLUSION AND RECOMMENDATIONS

The study examined effect sustainability reporting on firm value of listed oil and gas companies in Nigeria. The conclusion of the study therefore is that sustainability reporting has a negative significant effect on firm value of listed oil and gas companies in Nigeria. The study recommend that management of oil and gas companies should not increase the cost of sustainability reporting of negative adverse it has on firm value of listed oil and gas companies in Nigeria.

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Money Market and Economic Growth in Nigeria

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Abstract

Despite that in recent times the Nigeria money market has witnessed robust reforms and expansion, there are still some problems and challenges which the market is confronted with; as a result of this, this study examined the effect of money market on economic growth in Nigeria, using time series data spanned over a period of thirty five (35) years, 1988-2022. The study adopted the ex-post-facto research design. Data used in the study was sourced from CBN annual statistical bulletin for relevant years. Money markets was proxied by Treasury Bills (TB), Commercial Papers (CP), and Commercial Bills (CB), while economic growth was proxied by Real Gross Domestic Product (RGDP). Descriptive statistics, Augmented Dickey Fuller (ADF) Unit Root Test, Autoregressive Distributed Lag (ARDL) Bound Test, and multiple regression techniques and error correction mechanism were the main statistical tools used in the analysis of data with the help of E-view statistical package 13. The findings reveal that money markets indicators have negative, but significant effects on economic growth in Nigeria. The study therefore, conclude that money market which falls under secondary types of market has significant effect on economic growth in Nigeria. In conformance with the findings of this study therefore, recommends that all tiers of government should be encouraged to fund their realistic developmental programmes through the Nigerian money market. This will serve as a lee way to freeing the resources that may be used in other sphere of the economy.

Keywords: Money Market (MM), Treasury Bills (TB), Commercial Paper (CP), Banker Acceptance (BA), and Real Gross Domestic Product

INTRODUCTION

Money market is a market where instruments that mature in less than one year are traded, short term funds from the surplus sector of the economy to the deficit sector which could be public or private to bridge financial gaps by trading in short term instruments such as treasury bills, treasury certificate, call money, certificate of deposit and commercial papers (Fasanya *et al.*, 2021). The role of money market operation as a wholesale market is for low risk, highly liquid, short term debt instrument and open market operation in worth stressing. In developing economies like Nigeria money markets are still underdeveloped as such the absence of a well-developed money market in these countries poses a challenge in pooling funds large enough to fund private enterprises (Abu, 2019). Despite that in recent times the Nigeria money market has witnessed robust reforms and expansion, there are still some problems and challenges which the market is confronted with. The Nigeria money market still superficial when compared to her contemporaries in some advanced and emerging economies; it is also characterized by immature secondary market, undiversified instruments, lack of proper coordination in the issuance of debt instruments, inadequate and deficient information flow among others. Can it be concluded therefore that financial market operations contribute or hamper economic development in Nigeria? The main problem that has sorted out this work is recurrence. It is widely assumed that a continuous annual rate of money increase would adversely affect the rate of price levels that will lead directly to inflation, and can deny the anticipated impact of the monetary policy measure on economic growth (Galadima & Ngada, 2022).

Recently, these inflationary pressures have led to a devaluation of Nigeria's value as a result of Expanding money supply initiatives. Money is more closely linked to the aggregate level of investment, costs, revenue, output and employment than any other single economic variable. Excessive supply of money resulting in excess demand for goods and services, in return, leads to a rise in price and deterioration in the balance of payment situation. Usually, in a time of high inflation, the investor's horizon is very short, and resources are redirected from long-term investment to those with immediate returns and inflation hedges, including real estate and currency speculation (Omankhanlen *et al.*, 2022).

In the light of the above, all industrial economies now see monetary management as an integral part of their obligations. Also a recent review of the manufacturing sector indicated that the sector has been performing below expectation, contributing only about 4% of the Gross Domestic Product (GDP) in



Nigeria. This has resulted in a decline in industrial productivity. Financial sector growth should, conventionally, translate into economic growth, by making funds available for investment which in turn will trigger productivity in the manufacturing sector but the reverse is the case as the total loans granted by Nigeria banks to the private sector declined by N600.60 billion from N16 trillion in the first quarter of 2019 to N15.34 trillion, in the second quarter of 2021. There is a consensus among researchers and development experts that money supply input is a catalyst for economic growth and development. The combination of factor inputs to produce the desired growth is contentious. This is the question which previous studies have not fully answered. It is therefore the crux of this study to answer this question by examining the nexus between money markets and economic growth in Nigeria.

This study formulates the following null hypotheses which will be tested in the course of the study to form a basis for a decision to be made.

H₀₁: Treasury Bills has no significant on the Real Gross Domestic Product of Nigeria.

H₀₂: Commercial Papers has no significant effect on the Real Gross Domestic Product of Nigeria.

H₀₃: Banker Acceptance has no significant effect on the Real Gross Domestic Product of Nigeria.

LITERATURE REVIEW

Conceptual Framework

Concept of Money Markets

According to Mustapha *et al.* (2017), Money supply is a monetary policy instrument that is extremely important to improve a nation's economic development. All M2 components are very liquid, and the non-cash components can very easily be converted into cash. Broad money includes notes & coins, with saving accounts & deposits also included. Treasury Bills & gilts can also be included. These securities are considered to be 'near money'. The money market is the market where securities of short-term nature of not more than one year are bought and sold. It has no central location; businesses are usually transacted on telephone, fax, telex, and so on (Ikpefan & Osabuohien, 2020). Prices of securities dealt with are usually determined by the influence of the Federal Government of Nigeria's monetary policies being issued annually and monitored by the Central Bank. They are of high quality, unsecured but relatively low risks financial assets such as: savings of various forms, negotiable and non-negotiable certificate of deposits, bankers' acceptances, commercial papers, call money, treasury bills and treasury Certificate. The money market is an important institution in a modern economy (Pavtar, 2016). The market is of great help in financing industry and commerce. In developed economies, it helps industries in providing their working capital requirements through the system of finance bills, commercial paper, among others.

Treasury Bills: Treasury bills are short-term money market debt instruments with a maturity date of one year or less. They are sold at a discount. The Federal Government of Nigeria, through the Central Bank of Nigeria can issue Nigerian Treasury Bills (NTB) with the view to providing short-term funding of government budget deficit or projects (Pavtar, 2016)

Commercial Papers: The Investopedia defined Commercial paper is an unsecured, short-term debt instrument issued by a corporation, typically for the financing of accounts payable and inventories and meeting short-term liabilities. Maturities on commercial paper rarely range longer than 270 days (Pavtar, 2016)

Banker Acceptance: This is a short-term issuance bank that guarantees payment at a later time. A banker's acceptance is often used in improving and exporting. With the importer's bank guaranteeing payment to the exporter (Chuku, 2019).

Concept of Economic Growth

Balcerowicz (2012) defined economic growth as a process of quantitative, qualitative and structural changes, with a positive impact on the economy and on the population's standard of life, whose tendency follows a continuously ascendant trajectory. Fasanya *et al* (2021) also have seen economic growth as the process of increasing the sizes of national economies, the macroeconomic indicators, especially the GDP



per capita, in an ascendant but not necessarily linear direction, with positive effects on the economic-social sector.

Real Gross Domestic Product: The most widely use measure of economic growth is a percentage increase in real gross domestic product, or real GDP. Growth is usually calculated in real terms, that is, inflation adjusted terms, in order to net out the effect of inflation on the price of the goods and service produced (Mustapha *et al.*, 2017).

Empirical Review

Omankhanlen *et al.* (2022) investigated effect of money supply on economic growth in Nigeria between 1990 and 2018. The study employed annual time series data of the related variables, which are secondary data and taken from the CBN Statistical Bulletin, while the Autoregressive Distributed Lag data was adopted. Before we proceed to the estimation proper for the Autoregressive distributed lag (ARDL) regression model, it is important that we verify if they are jointly co-integrated or not. That is, if there exist a long relationship between the series in the model. In other to verify this, a bound co-integration is applied. This is followed by the Error Correction Model. The empirical results show that money supply components (treasury bills and bankers acceptance) jointly enhance economic growth while the individuality of money supply indicators depicts different consequences. Broad money supply indicates positivity, yet weak significant to determine the economic growth in Nigeria. However, credit to the private sector is inversely and statistically significant to determine the economic growth in Nigeria. Inflation rate and interest rate both have inverse effect. Several policy implications can be drawn from this study. The government, in formulating monetary policy, must be aware of the fact that the economic growth responds more favorably to an increase in the money supply. The government must also be conscious of the relationship between the interest rate and credit to private sectors and the purpose in enhancing economic growth. Therefore, the study recommends that the Central Bank of Nigeria, should try to understand the role of money supply in enhancing economic growth and come up with monetary policies that will enable money supply to drive the economy properly in order to achieve economic growth.

Okoyan and Eze (2021) examined the effect of money market instruments on capital market performance in Nigeria using time series spanned data over a period, 1981-2019. Secondary data were sourced from the central bank of Nigeria statistical bulletin 2018. Descriptive statistics, covariance Analysis, Johansen cointegration and vector error correction model were used in the study, the study is to determine how the trading of commercial paper, Bankers' acceptance and Treasury Bills affects capital market performance in Nigeria for the period under review. The result of the study indicates that treasury bills (TB) is negative at lags 1 and 2; the implication is that an increase in purchase of treasury bills in the money market would result to a fall in the annual market capitalization of the Nigerian capital market. Similarly, a negative relationship was also noticed between commercial paper (CP) trading and annual market capitalization which implies that an increase in trading on commercial paper will lead to a decrease in the trading of annual capital market. However, a positive relationship was observed between bankers' acceptance (BA) and annual market capitalization. Following the above results, the following recommendations are made. There should be adequate market information to investor in stocks to enable them transform their stock from money market to capital market depending on the market outlook. Both market (money and capital market) should ensure that they work harmoniously because investors holding one stock can cause adverse negative effect on the other.

Additional study by Orogun *et al.* (2020) analyzed the impact of selected money market instrument on economic growth in Nigeria for the period 1981- 2019. The study used econometric and statistical methods like ADF, Unit Root Test, OLS, multiple-regression, and Granger Causality Test to analyze data collected from the central Bank of Nigeria statistical Bulletin. The study observed that Bank acceptance and Commercial Paper granger cause gross domestic product. Commercial papers have a positive relationship with GDP, but its effect is insignificant in the long run. But Bank acceptance has a positive and significant effect on GDP in the long run. The research conducted by Mustapha, Luka and Rabi (2017) analyzed the impact of money market as an inducement for economic growth in Nigeria covering 1999 to 2017. The aims of the study are; appraising the contribution of the money market to the economic growth of the



country. Findings reveal that the money market contributes to the economic growth and development in Nigeria. It was however noticed that there is positive relationship between the gross domestic product and all the money market instruments considered in the analysis except for commercial papers.

Another work by Eze and Mansi (2017) researched on money market and economic growth in Nigeria for the period 1990-2014, using annual data from the Central Bank of Nigeria statistical Bulletin. The study adopted the Ordinary Least square regression technique. Study revealed that the effect of bankers' acceptances on economic growth was specifically significant amongst other variables. Thus, recommended among others, that, more instruments and innovations should be introduced into the money market to enlarge the scope of the market, and that the money market should be fragmented for expansion.

Pavtar, (2016). Investigated the nexus between money market and Nigerian economic growth: A time series analysis from 1985-2014. The study adopted the ex-post-facto research design. Data used in the study was sourced from CBN annual statistical bulletin for relevant years. Descriptive statistics and the ordinary least square (OLS) multiple regression techniques were the main statistical tools used in the analysis of data. Additionally, the T-test statistics was used to test the null hypotheses of the study at 5% level of significance for a two tailed test. The study found that Treasury bill, Treasury certificate, Commercial paper does not have any significant effect on the gross domestic product (GDP) of Nigeria while Certificate of deposits was found to significantly impact on the gross domestic product (GDP) of Nigeria. The study recommends amongst others the need for Government to create appropriate macroeconomic policies, legal framework and consolidate and improve on reforms with a holistic view to developing and deepening the market so as to promote productive activities, investments, and ultimately economic growth.

In the works of Igbinosa and Aigbovo (2015), they empirically assessed the impact of money market development on Nigerian economic development between 1986 and 2013. The findings of the study are that banker acceptances do not significantly influences economic development in both the short run and long-run. Furthermore, the value of treasury bills and commercial papers as well as the monetary policy rate have significant impact on economic development only in the long run.

The study by Agbada and Odejimi (2015) explored developments in Money market operations and Economic viability in Nigeria from 1981 to 2017. The finding of the study showed that Treasury Bills, Commercial papers and Banker Acceptances passed the test of significance at 5% significant level showing that they are relevant in formulating policies that affect GDP. The Analysis of data was carried out using Multiple Regression technique parameters. The analysis recognized that a long run relationship subsists between the Money market securities of Treasury bills and bankers' acceptance and Economic growth in Nigeria.

Theoretical Review

Neoclassical Growth Model

This is another relevant theory developed by Solow (1956). The model posits that diminishing returns would finally cause economic growth to die down. The basic proposition of growth theory is that, in order to sustain a positive growth rate of output per capita in the long run, there must be constant advances in technological knowledge in the form of new goods, new markets, or new processes. In the growth theory, three factors are put forward, namely: labour growth, capital accumulation, and technical progress. The neo-classical growth theory expressed the sources of growth as consisting of the growth of labour force $g(L)$, growth of capital stock $g(K)$, and growth of productivity or technical progress (v). Constant returns are assumed for the growth, since the growth of capital stock also depends on national income.

Monetarist theory

In 1956, Professor Milton Friedman presented a "restatement of the quantity theory" in modern terms. This resulted in a new and more sophisticated version of the quantity theory and in a manner amenable to empirical testing. Friedman's concern was to show that velocity (or demand for money) was a stable function of a limited number of other important variables, i.e. that velocity bears a stable, predictable

relationship to limited number of other important variables. His approach was to concentrate on the determinants of how much money people will hold rather than the motives for holding more. Monetarism consists of the school of thought that the demand for money is a stable function of many variables and that money supply is the most important determinant of interest rate, incomes (output), employment and prices (Woods,1980). The monetarists contend that all changes in money income can be traced to changes in the supply or demand for money (Odumusor, 2015). The major tenets of monetarism could be stated as follows: a) Money supply has a direct and significant impact on national income and expenditure. b) Interest rates have no effect on the supply and demand for money. The demand for money is the transactions demand for money, which is determined by the level of income. c) Change in the general price level is essentially a monetary phenomenon and exogenously determine by the monetary authorities. Thus, this study is anchor on monetarist theory.

METHODOLOGY

The research design employed for the purpose of this research is ex-post facto research design. The data used for this study are basically time series data covering 1988 to 2022. The data were sourced from the central bank of Nigeria statistical bulletin, and annual reports and accounts of the Nigerian stock exchange. In measuring the effect of the money markets on economic growth, the study adopted the conventional method of using their proxies.

Thus, money market was proxy by Treasury bills, commercial papers, and banker acceptance; and economic growth was proxy by Real Gross Domestic Product (RGDP). In this study, the researcher adopted the statistical method of multiple regression techniques and error correction mechanism approach in line with that applied by Okoyan and Eze (2021). Their studies infer that economic growth is significantly influenced by financial markets indices. The study has, however, made some adaptations to suit the study.

The functional relation of the model is given as:

$$RGDP = \beta_0 + \beta_1 TB + \beta_2 CP + \beta_3 BA + \beta_4 INFR + \mu \quad \text{--- (1)}$$

Where:

RGDP= Real Gross Domestic product

TB = Treasury Bills

CP = Commercial Papers

BA = Banker Acceptance

$\beta_0, \beta_1, \beta_2, \beta_3$, and β_4 = constant parameters and;

μ = the error term

Re-writing equation (1.1) in general Error Correction Model (ECM) form to capture the dynamic relationship among the variables in the short and long-run, the model becomes:

$$\begin{aligned} \Delta LR GDP = & \alpha_0 + \sum_{g=1}^l \alpha_{1i} \Delta LR GDP_{t-i} + \sum_{h=1}^m \alpha_{2i} \Delta LTB_{t-i} + \sum_{i=1}^n \alpha_{3i} \Delta LCP_{t-i} + \sum_{g=1}^l \alpha_{4i} \Delta LBA_{t-i} \\ & + \sum_{k=0}^p \alpha_{5i} \Delta LINFR_{t-i} + ECM_{t-1} + \varepsilon_t \quad \text{--- (1.2)} \end{aligned}$$

Therefore, equation (1.2) was used to estimate and analyze the short-run and long-run effects of Money Market on the Economic Growth of Nigerian. However, from equation (1.2), $\Delta LR GDP_{t-i}$ is the lag 1 of the Log of Real Gross Domestic Product which is the dependent variable. The following are the independent variables: ΔLTB_{t-i} is the lag 1 of the Log of Treasury Bill; ΔLCP_{t-i} is the lag 1 of the Log of Commercial Paper; ΔLBA_{t-i} is the lag 1 of the Log of Banker Acceptance; and $\Delta LINFR_{t-i}$ is the lag 1 of the Log of the Inflation Rate in Nigeria. The model, that is equation (1.2) above was used to adjust the estimation until the ECM turned negative. The negative sign of the coefficient of the error correction term



ECM (-1) shows the statistical significance of the equation in terms of its associated t-value and probability value.

A Prior Expectation: The a priori expectation is that $\beta_{11}, \beta_{12}, \beta_{13}$, and $\beta_{14} > < 0$ indicating a positive or negative relationship between the Treasury Bill, Commercial Paper, Banker Acceptance, Inflation Rate in Nigeria, and the Real Gross Domestic Product of Nigeria, that is increase/decrease.

RESULT AND DISCUSSION

Presentation of Data

To assess the effect of money markets on economic growth in Nigeria, using time series data spanned over a period of thirty-five (35) years, 1988-2022. Money market is the independent variable which was proxy by Treasury Bills (TB), Commercial Papers (CP), and Banker Acceptance (BA) as the main (focus) variables; and Inflation Rate (INFR) as Control Variable. Also, Economic Growth was proxy by Real Gross Domestic Product RGDP). The series are attached as Appendix I.

Descriptive Statistics

In order to have glimpse of the data used in the study, a first pass at the data in form of descriptive statistics was carried out. This gives us a good idea of the patterns in the data used for the analysis.

Table 4.1: Descriptive Statistics

	RGDP	TB	CP	BA	INFR
Mean	49040.00	1262.088	82.08419	24.39276	20.12184
Median	23121.88	733.7635	10.03490	17.47390	13.00700
Maximum	178056.3	3786.137	822.7009	81.83400	72.83550
Minimum	315.6153	24.12600	0.490471	0.123200	5.388000
Std. Dev.	56122.63	1271.646	171.3938	23.56422	17.60942
Skewness	0.996792	0.746871	2.975111	1.127408	1.678825
Kurtosis	2.724535	2.041518	11.99209	3.316842	4.519795
Jarque-Bera	5.906623	4.593677	169.5500	7.560846	19.80939
Probability	0.052167	0.100576	0.000000	0.022813	0.000050
Sum	1716400.	44173.10	2872.947	853.7468	704.2645
Sum Sq. Dev.	1.07E+11	54980817	998777.9	18879.26	10543.11
Observations	35	35	35	35	35

Source: Output from E-views 10 (2023)

The summary of descriptive statistics of relevant variables of study is as reported in table 4.1 above. As may be observed from the table, the mean, median, standard deviation, as well as the skewness and kurtosis measures of our variables of interest, are given. The mean values of Real Gross Domestic Product (RGDP), Treasury Bills (TB), Commercial Paper (CP), Banker Acceptance (BA), and Inflation Rate (INFR) are 49040.00, 1262.088, 82.08419, 24.39276, and 20.12184 respectively. Their respective standard deviations are 56122.63, 1271.646, 171.3938, 23.56422, and 17.60942. Besides, Skewness tells us about the distribution of the variables. For normal Skewness, the value must be less than zero. If the value of a variable is more than zero, then the variable is said to be an abnormal distribution. Based on this, all the five (5) variables of interest have Abnormal Skew Distribution Curves. The Flatness and the Peakness of the distribution are measured using the Kurtosis. If Kurtosis value is less than 3, it means the variable distribution is normal, but when it is more than 3, the distribution of the variable is said to be abnormal. Based on this, Real Gross Domestic Product (RGDP), Treasury Bills (TB), Commercial Paper (CP) indicated normal distribution curves; while values of Banker Acceptance (BA) and Inflation Rate (INFR) indicated an abnormal distribution curves.

Correlation Analysis

This section measured the correlation between pension contributory scheme and capital market development. The Pearson's coefficient correlation is one of the analytical tools employed in this investigation. Pearson's coefficient correlation was used to test the strength of the relationship that exist among the variables of interest. The results from the correlation analysis were examined and interpreted in-line with the model specified and was thus discussed accordingly. The value the correlation coefficient



may assume varies from -1 to +1. The closer the correlation coefficient value is to one, the stronger the correlation and the closer the correlation coefficient is to zero, the weaker the correlation. The correlation result is presented in Table 4.2.

Table 4.2: Correlation Analysis

Covariance Analysis: Ordinary

Date: 08/31/23 Time: 19:23

Sample: 1988 2022

Included observations: 35

Correlation Probability	LRGDP	LTB	LCP	LBA	INFR
LRGDP	1.000000 -----				
LTB	0.972241 0.0000	1.000000 -----			
LCP	0.396317 0.0184	0.313604 0.0666	1.000000 -----		
LBA	0.728179 0.0000	0.697090 0.0000	0.724538 0.0000	1.000000 -----	
INFR	-0.164514 0.666404	-0.565876 0.0004	-0.362334 0.0324	-0.499359 0.0023	1.000000 -----

Source: *Output from E-views 13 (2023)*

From table 4.2, there is a strong and a significant positive relationship between Real Gross Domestic (RGDP) and Treasury Bill (TB), and between Real Gross Domestic (RGDP) and Banker Acceptance (BA). This is indicated by their high Pearson Correlation coefficient of 0.97 and 0.73 respectively and they are all significant at a 5 percent level of significance since their p-values are less than 0.05. This implies that an increase in Treasury Bill (TB) and Banker Acceptance (BA) will bring about an increase in Real Gross Domestic (RGDP). Also, the table shows that, there is weak but significant positive relationship between Real Gross Domestic (RGDP) and Commercial Paper (CP). This is indicated by the low Pearson Correlation coefficient of 0.40, and it is significant at a 5 percent level of significance since its p-value is less than 0.05. This implies that an increase in Commercial Paper (CP) will not bring about any change in Real Gross Domestic (RGDP). Similarly, table 4.2 also shows that, there is a negative and an insignificant relationship between Real Gross Domestic (RGDP) and Inflation Rate (INFR). This is indicated by the negative and the low Pearson Correlation coefficient of 0.67, and it is insignificant at a 5 percent level of significance since its p-value is greater than 0.05. This implies that an increase in Inflation Rate (INFR) will bring about a decrease in Real Gross Domestic (RGDP).

Pre-diagnostic Tests

The data collected for this study were analyzed using the following; the Unit Root Test by Augmented Dickey Fuller (ADF) Test, the Ultimate Lag Selection, and the Co-integration ARDL Bounds Test.

Unit Root Test: The data analysis started by examining the sationarity of the data used for this study (the existence of unit roots) in the econometric. The stationarity test for variables used in regression analysis is usually used in the unit root test. If the variable's mean and variance are constant, the data is said to be stationary (no existence of unit roots). If one of them varies, though, it suggests that the data has a unit root. The value of the stationarity of time series used in regression, as Gordon (2017) puts it, disturbs the fact that a non-stationary time series cannot be extended to other time intervals other than the current. This makes it of no practical benefit to predict dependent on these time series. Furthermore, regression



investigation conducted without subjecting the data to unit root test may be hazardous or spurious because the estimated parameters would be bias and inconsistent. To avoid this, a unit root test was conducted using the Augmented Dickey-Fuller (ADF) statistic to investigate Unit root presence

Table 4.3: Summary of Augmented Dickey-Fuller Unit Root Test

Variables	ADF P-value @ 5% Level	ADF P-value @ 5% 1 st Difference	Order of Integration
LRGDP	0.0010	-	I(0)
LTB	0.5861	0.0006	I(1)
LCP	0.2192	0.0000	I(1)
LBA	0.1592	0.0000	I(1)
LINFR	0.0094	-	I(0)

Source: Output from E-views 13 (2023)

Table 4.3 shows the Augmented Dickey-Fuller stationarity test results of the five economic variables used in this study. From the results, Log of Real Gross Domestic (RGDP) and Log of Log Inflation Rate are stationary at level, while Log of Treasury Bill (LTB), Log of Commercial Paper (LCP), and Log of Banker Acceptance (LBA) are stationary at first difference. This implies that the economic variables are fit and suitable to be used for the analysis. However, the analysis of the unit root test results is shown in appendix II. Based on table 4.3 above, the outcome of our results revealed that the series are integrated at different orders. Therefore, in this case we cannot use Johansen Co-integration Test; we can only use the Bound Test of Co-integration proposed by Pesaran, *et al.* (2001).

Lag Selection: The next step after the test of stationary is to determine the lag length that is appropriate to be used for the model. Basically, there four criteria for lag selection that can be adopted in this study, they include; Final Prediction Error (FPE), Akaike Information Criterion (AIC), Schwarz Information Criterion (SIC), and Hannan-Quinn information criterion (HQC).

Table 4.4: Lag Selection

VAR Lag Order Selection Criteria

Endogenous variables: LRGDP LTB LCP LBA LINFR

Exogenous variables: C

Date: 08/31/23 Time: 19:27

Sample: 1988 2022

Included observations: 33

Lag	LogL	LR	FPE	AIC	SC	HQ
0	-217.3227	NA	0.489099	13.47410	13.70085	13.55040
1	-55.34453	265.0552*	0.000124*	5.172396*	6.532857*	5.630150*
2	-35.77310	26.09524	0.000192	5.501400	7.995579	6.340615

* indicates lag order selected by the criterion

LR: sequential modified LR test statistic (each test at 5% level)

FPE: Final prediction error

AIC: Akaike information criterion

SC: Schwarz information criterion

HQ: Hannan-Quinn information criterion

Source: Output from E-views 10 (2023)

From the VAR Lag Order Selection Criteria result in table 4.4, all the four Order Selection Criteria advised us to use the Optimal Lag of 1. This is because they all have * at the values which indicates lag order selected by the criterion. Thus, Lag One (1) is selected as the best lag for model one.



Co-integration ARDL Bound Test: The next step after the lag selection is to determine the ARDL Bound Test to check for long run relationship among the variables. ARDL bounds testing approach is a cointegration method developed by Pesaran *et al.* (2001) to test presence of the long run relationship between/among the variables. This procedure, relatively new method, has many advantages over the classical cointegration tests. Firstly, the approach is used irrespective of whether the series are $I(0)$ or $I(1)$. Secondly, unrestricted error correction model (UECM) can be derived from the ARDL bounds testing through a simple linear transformation. This model has both short and long run dynamics. Thirdly, the empirical results show that the approach is superior and provides consistent results for small sample. However, having established that the variables are an admixture of $I(0)$ and $I(1)$ orders of integration. The ARDL bounds test for co-integration was carried out.

Co-integrating Hypothesis:

H_0 : There is no long-run relationship

H_1 : There is long-run relationship

Decision Criteria: Null Hypothesis is rejected, if the F-value of the F-bound test is greater than 5% Critical Value for the upper bound series; otherwise, we fail to reject the Null, if the F-value of the F-bound test is less than 5% Critical Value for the upper bound series. Similarly, Null Hypothesis is rejected, if the T-value of the F-bound test is greater than 5% Critical Value for the upper bound series; otherwise, we fail to reject the Null, if the T-value of the F-bound test is less than 5% Critical Value for the upper bound series.

Table 4.5: Co-integration ARDL Bound Test

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
Asymptotic: n=1000				
F-statistic	11.04636	10%	2.45	3.52
K	4	5%	2.86	4.01
		2.5%	3.25	4.49
		1%	3.74	5.06
Finite Sample: n=35				
Actual Sample Size	34	10%	2.696	3.898
		5%	3.276	4.63
		1%	4.59	6.368
Finite Sample: n=30				
		10%	2.752	3.994
		5%	3.354	4.774
		1%	4.768	6.67
t-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)



t-statistic	-7.597796	10%	-2.57	-3.66
		5%	-2.86	-3.99
		2.5%	-3.13	-4.26
		1%	-3.43	-4.6

Source: *Output from E-views 10 (2023)*

Table 4.6 results showed the Co-integration ARDL Bound Test for Model One. The table revealed that F-Value of 11.04636 is greater than the I(1) bound (Critical Value for the upper bound) of 4.01 at 5% level of significance. Similarly, the absolute T- statistics value of 7.597796 is greater than the I(1) bound (absolute Critical Value for the upper bound) of 3.99 at 5% level of significance. Therefore, it indicates that the null hypothesis of no long relationship is rejected and accepted the alternate hypothesis of there is long run relationship among the variables. Thus, we estimate the long-run model and extract the residual via the use of Ordinary Least Square and Error Correction Model.

Test of Research Hypotheses

In time series regression analysis, the ultimate goal is estimation of the relationship between dependent and independent variables. This goal can be achieved through the estimation of the coefficients of each independent variable in the model.

Decision Rule: With the ARDL Model (OLS and ECM Approach), the hypotheses are tested. By measuring the probability value to the degree of significance (0.05), the importance of the variables evaluated in the model is measured. If the probability value is less than the significance level, the H_0 is dismissed and we thus infer that the variable under consideration is significant. Otherwise, the null hypothesis is accepted and we assume that the independent variable under consideration has no important influence on the dependent variable.

Table 4.6: Ordinary Least Square Test and Error Correction Model

Dependent Variable: D(LRGDP)

Method: Least Squares

Date: 08/31/23 Time: 19:40

Sample (adjusted): 1990 2022

Included observations: 33 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.092387	0.036993	2.497455	0.0192
D(LRGDP(-1))	0.419171	0.156030	2.686487	0.0124
D(LTB(-1))	0.057188	0.072807	0.785472	0.0093
D(LCP(-1))	0.008627	0.014559	0.592532	0.0386
D(LBA(-1))	0.023239	0.023280	0.998233	0.3274
D(LINFR(-1))	0.034708	0.031020	1.118896	0.2734
ECM(-1)	-0.064970	0.049582	-1.310352	0.0215
R-squared	0.749986	Mean dependent var	0.183694	
Adjusted R-squared	0.733059	S.D. dependent var	0.119477	
S.E. of regression	0.098302	Akaike info criterion	-1.615723	
Sum squared resid	0.251243	Schwarz criterion	-1.298282	
Log likelihood	33.65943	Hannan-Quinn criter.	-1.508914	
F-statistic	3.545248	Durbin-Watson stat	2.161855	
Prob(F-statistic)	0.000655			

Source: *Output from E-views 10 (2023)*

From the short-run and long-run regression results shown in table 4.6, the ARDL test automatically choose 1 lag length for all the variables for sufficient degree of freedom. Besides, the following interpretation can



be inferred; a unit increase in Treasury Bill (TB), Commercial Paper (CP), Banker Acceptance (BA), and Inflation Rate (INFR), holding other independent variables constant will lead to a 0.057188, 0.008627, 0.023239, and 0.034708 -units increase in Real Gross Domestic Product (RGDP) in Nigeria respectively. However, based on the probability value, Treasury Bill (TB) and Commercial Paper (CP) were statistically significant in explaining the variation in the Nigerian RGDP, while Banker Acceptance (BA) and Inflation Rate (INFR) were statistically insignificant in explaining the variation in Nigerian Real Gross Domestic Product (RGDP).

Furthermore, in a long run, the Error Correction Model (ECM) is used to determine the short-run disequilibrium adjustment to long-run equilibrium among the variables of the ARDL since the variables are found to be co-integrated and the ARDL model residual is stable and not serially correlated. The Error Correction Term (ECT) is the residuals derived from the Ordinary Least Square (OLS) estimate of the variables at level. Table 4.6 above shows the estimates of the Error Correction Model (ECM) with the residual of the OLS estimates of the variables at level being the Error Correction Term (ECT) which measures the speed of adjustment from short-run disequilibrium to long-run equilibrium. Consequently, the ECT lag 1 estimate is correctly signed negatively and statistically significant at 5%, that is, the ECM parameter is negative (-) and significant which is -0.064970 and the p-value is 0.0215, which is the expected outcome of the result. This indicates that the speed of adjustment from short-run disequilibrium towards long-run equilibrium is 6%. In other words, the system, i.e. Real Gross Domestic Product (RGDP), Treasury Bill (TB), Commercial Paper (CP), Banker Acceptance (BA), and Inflation Rate (INFR) are adjusted towards long-run equilibrium at the speed of 6%. Thus, the p-value of 0.0215 shows that Money Market has a long run significant effect on the Economic Growth of Nigeria.

Table 4.6 also shows the short-run relationship between Money Market and the Economic Growth in Nigeria. The R^2 value is 0.749986; it indicates the prediction capability of the independent variables. This indicates that 75% changes in the Nigerian Economy are explained by the changes in the Money Market operations. Also, that only about 25% other factors that could bring about changes in the model were not included. Besides, the value of 0.73% of the Adjusted R^2 shows a strong relationship between the Money Market and the Economic Growth of Nigeria.

Furthermore, it has been established that the **Ho₁** which stated that, Treasury bill has no significant effect on the Economic Growth of Nigeria is **rejected**; this is because the p-value of 0.0093 is less than 0.05. Thus, this implies that Treasury bill has significant effect on the Real Gross Domestic Product of Nigeria. Similarly, the **Ho₂** which stated that Commercial Paper has significant effect on the Real Gross Domestic Product of Nigeria is **rejected**; this is because the p-value of 0.0386 is less than 0.05. However, this implies that Commercial Paper has significant effect on the Real Gross Domestic Product of Nigeria. Besides, it has been established that the **Ho₃** which stated that, Banker Acceptance has significant effect on the Real Gross Domestic Product of Nigeria is not **rejected**; this is because the p-value of 0.3274 is greater than 0.05. Hence, this can be inferred that Banker Acceptance has no significant effect on the Real Gross Domestic Product of Nigeria.

Finally, when Treasury Bill (TB), Commercial Paper (CP), Banker Acceptance (BA), and Inflation Rate (INFR) are joined together, they can influence Real Gross Domestic Product of Nigeria. This is because, the Prob. (F-statistic) is 0.000655, less than 0.05. Therefore, it can be concluded that Money Market has a significant effect on the Economic Growth of Nigeria. The Durbin Watson Statistic of 2.161855 shows that there is no problem of serial correlation in the model.

Post Diagnostic Test

To validate and make the regression results on table 4.6 more reliable, and to ensure that the regression results provide the best linear unbiased estimator (BLUE), we conducted the Serial Correlation Test.

Serial Correlation LM Test: Serial correlation occurs in a time series when a variable and a lagged version of itself (for instance a variable at times T and at T-1) are observed to be correlated with one



another over periods of time. Repeating patterns often show serial correlation when the level of a variable affects its future level. In finance, this **correlation** is used by technical analysts to determine how well the past price of a security predicts the future price. The following is the Serial correlation hypothesis:

H_0 : There is no serial correlation

H_1 : There is serial correlation hypothesis:

Decision Rule: Accept H_0 if the Obs*R-squared Prob. Chi-Square value is greater than 0.05 (5% level of significant). Otherwise, do not accept H_0 .

Table 4.7: Breusch-Godfrey Serial Correlation LM Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.742200	Prob. F(1,25)	0.1988
Obs*R-squared	2.149883	Prob. Chi-Square(1)	0.1426

Source: *Output from E-views 10 (2023)*

Based on the above rule of thumb, the Breusch-Godfrey Serial Correlation LM Test result in table 4.9 shows that the Obs*R-squared Prob. Chi-Square value is 0.1426, greater than 0.05; thus, we conclude that the regression model is free from Serial Correlation problem.

The study empirically examines the effect of money market on the Nigerian economic growth. The study runs through the period of 35 years (1988-2022). The study revealed that money market has significant on the Nigerian economic growth. Besides, based on hypothesis one, the study revealed that Treasury bill has a positive and significant effect on the Nigerian economic growth. This study is consistent with the study of Omankhanlen et al (2022) who investigated effect of money supply on economic growth in Nigeria between 1990 and 2018. The study is inconsistent with study of Okoyan and Eze (2021) who examined the effect of money market instruments on capital market performance in Nigeria using time series spanned data over a period, 1981-2018.

Furthermore, based on hypothesis two, the study revealed that commercial paper has a positive and significant effect on the Nigerian economic growth. This findings are in agreement with the study of Agbada and Odejimi (2015) who explored developments in Money market operations and Economic viability in Nigeria from 1981 to 2017, but not in agreement with the findings of Pavtar, (2016) who investigated the nexus between money market and Nigerian economic growth. Finally, based on hypothesis three, the study established that banker acceptance has a positive but insignificant effect on the Nigerian economic growth. This finding collaborates the findings of Omankhanlen et al (2022), Orogun, Salu & Ajayi (2020), Eze and Mansi (2017), and Agbada and Odejimi (2015), but not does not collaborate with the findings of Igbinosa and Aigbovo (2015).

CONCLUSION AND RECOMMENDATIONS

The study empirically examined the effect of money market on economic growth in Nigeria. A growth model was constructed using the indicators of the money market as the explanatory variables and real gross domestic product as a proxy for economic growth. The money market indicators used as explanatory variables in the study include; Treasury bills, Commercial Papers, and Banker acceptance. The study discovered that the present state of the Nigerian money market otherwise called (financial market) has significant effect on economic growth. However, Banker acceptance variable used failed to show positive evidence and significant impact on economic growth. This shows that the Nigeria financial market is not yet developed enough to produce the needed growth that will propel the economy. The link between the money market the economy remains very weak and, thus cannot propel the needed growth in the economy.

In conformance with the findings of this study, the following recommendations become imperative.

- i. The issuance of treasury bills should not just be to address inflationary and deflationary shocks. But, should also be tailored towards enhancing investment potentials in the economy. This can be done by supervising the subscription procedure or by assigning certain quota to individuals and



corporate investors that are not commercial banks. Besides, caution should be taken by the Central Bank of Nigeria in the use of Treasury bill as a means of managing liquidity in the short-run, as its prolonged use would amount to no significant effect in the economy.

- ii. Commercial Paper should be used on short term basis, if otherwise; their impact on the economy would be negative.
- iii. To ensure that the negative effect of banker acceptance is reversed. Policies that will help to reduce the cost of acquiring credit in Nigeria should be designed. However, in conformance with the findings of this study therefore, recommends that all tiers of government should be encouraged to fund their realistic developmental programmes through the Nigerian money market. This will serve as a lee way to freeing the resources that may be used in other sphere of the economy.

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Effect of Compensation and Work Environment on Academic Staff Turnover Intention in Nuhu Bamalli Polytechnic, Zaria, Kaduna State

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Abstract

This study investigates the effect of compensation and work environment on academic staff turnover intention in Bamalli Polytechnic Zaria. The study highlights that, in spite of the efforts of successive administrations in Kaduna State as well as the various interventions by the Tertiary Education Trust Fund (TETFUND) to provide the institution with the necessary infrastructure, the institution has continued to witness academic staff turnover over the years. The study adopts survey design and uses a structured questionnaire for data collection. The research population comprises of 525 academic staff of the polytechnic, and a sample size of 264. It uses multiple regression method and Smart PLS-SEM for data analysis. The findings of the study indicate that work environment has negative and no significant effect on employee turnover intention; while compensation has significant effect on academic staff turnover intention in Nuhu Bamalli Polytechnic, Zaria. The study recommends among others that Kaduna state government should consider the need to review the salary of academic staff of the institution to avoid further exit.

Keywords: Work environment, Compensation, Turnover intention, Academic Staff.

INTRODUCTION

The increasing rate of academic staff turnover is a global phenomenon, which is being experienced in both developing and industrialized countries and has attracted a lot of attention in academia. For instance, in the United States, 7.7 percent of all full time academic staff left their institutions for other places within one academic year, while 29 percent were going on retirement, 71 percent left for a number of reasons (Armstrong, 2014). The situation is not quite different in Africa, particularly in Nigeria where documented evidence reveals that the rate of academic staff turnover is alarming (Gbenu, Kolawole, and Lawal 2014). According to Gadi and Kee (2020), the turnover rates in tertiary institutions ranges from 11% to 18.3%. As a result, the past few decades have been the most threatening period for universities in Nigeria in terms of the retention of academics.

Despite the importance of academic staff retention, there is little understanding about how monetary compensation practices and work environment interact to explain academic staff intentions to leave for greener pastures. The rate at which employees' turnover is increasing in Kaduna state institutions of higher learning; particularly Nuhu Bamalli Polytechnic Zaria has become a matter of concern. Individual employees join organizations with their varying aspirations and motives (Basu, 2023). When they attain a level of accomplishment, they tend to be happy, productive and willing to remain on the job. But when the outcome turns out to be contrary to their expectations, they tend to leave in search for greener pastures. In order to retain valuable employees, employers have the obligation to adequately compensate them. Compensation refers to any payment given by an employer to employees during their period of employment. In return, the employee will provide their time, labour, and skills. This compensation can be in the form of a salary, wage, benefits, bonuses, paid leave, pension funds, stock options and more (Jay, 2023).

There is also a growing awareness that work environment influences employee morale, productivity and engagement both positively and negatively. Thus, Tende and Andah (2019) argue that the workplace environment in a majority of industries is unsafe and unhealthy. These include poorly designed



workstations, unsuitable furniture, lack of ventilation, inappropriate lighting, excessive noise, insufficient safety measures in fire emergencies and lack of personal protective equipment. It is on this backdrop that the current study is being carried out to investigate the effect of compensation and work environment on academic staff turnover intention in Nuhu Bamalli Polytechnic, Zaria.

Nuhu Bamalli Polytechnic, Zaria is Kaduna State owned institution, established in 1989 with a mission to provide high skilled training in the field of Applied Science, Engineering and Commerce as well as other spheres of learning (FGN, 2004; Abdulkarim, 2022). Since its establishment, successive administrations in the State have continued to support the institution to achieve growth especially in terms of physical infrastructure, students' enrolment, and favourable policies resulting in opening of more grounds such as the Annex and Samru Kataf campuses. Yet, the institution may not be able to optimally realize its mission because of high turnover of academic staff that is currently being experienced.

To create a favourable academic environment as well as motivate the academic staff for increased productivity, the Polytechnic management in collaboration with the officials of Tertiary Education Trust Fund (TETFUND) has used the various intervention funds provided by the latter to achieve significant infrastructural development as well as execute academic projects on the various campuses. For example, each of the three campuses has experienced the construction of several buildings and few roads; procurement of vehicles, books, computers, office furniture; sponsoring of academic staff training and development within and outside Nigeria; sponsoring of academic researches, national conferences, book publications, and so on.

In spite of these efforts, Plustvafrica (2019) reports that over 100 academic staff of Nuhu Bamalli Polytechnic, Zaria left the institution for greener pastures between 2016 and 2019. Unfortunately, no previous study has empirically investigated the reasons for the sordid phenomenon. It is on this backdrop that this study aims to examine the effect of compensation and work environment on academic staff turnover intention in Nuhu Bamalli Polytechnic, Zaria, Kaduna State. The following hypotheses were tested:

- H₀₁:** Compensation has no significant effect on academic staff turnover intention in Nuhu Bamalli Polytechnic, Zaria, Kaduna State.
- H₀₂:** Work environment has no significant effect on academic staff turnover intention in Nuhu Bamalli Polytechnic, Zaria, Kaduna State.

LITERATURE REVIEW

Concept of Compensation

Compensation is the reward that the employees receive in return for the work performed and services rendered by them to the organization (Abanikantan, 2023). It includes monetary payments like bonuses, profit sharing, overtime pay, recognition rewards and sales commission, etc. as well as nonmonetary perks like a company-paid car, company-paid housing and stock opportunities and so on. According to Pearce (2010), compensation implies having a compensation structure in which the employees who perform better are rewarded much more than the average performing employees.

Compensation administration in the academic sector, especially in Nigerian Universities, Polytechnics, Monotechnics and Colleges of Education and some health-related organizations is consolidated. In other words, the basic salary and other incentives are paid lump sum. This was introduced in the early 1980s, following the Cookey Report on the study of the problem of remuneration in the university system (Federal Civil Service Commission [FCSC], 2020). For example, the Consolidated Tertiary Institutions Salary Structure (CONTISS) which originated from the University Salary Structure (USS), is now applicable to the non-academic staff of Universities; all academic and non-academic staff of Polytechnics, Colleges of Education, Research and Allied Institutions; and medical/dental/veterinary doctors/optometrists and OD Degrees in Federal Health Institutions such as Teaching Hospitals, Medical Centers, Specialist Hospitals, etc. (FCSC, 2020).



As the name of the structure suggests, the consolidated salary structure (CONTISS) has many items consolidated. According to FCSC (2020), the items consolidated with the basic salary are transport allowance, meal subsidy, utility allowance, leave grant, journal allowance, research allowance, learned society allowance, examination administration allowance, field trip allowance, industrial supervision allowance, responsibility allowance, inducement allowance, administrative officer allowance, rural posting allowance, clinical duty allowance, teaching allowance, domestic servant allowance and driver's allowance (for entitled officers). Due to minimum wage review for employees in other sectors, Consolidated Polytechnics and Colleges of Education Academic Staff Structure (CONPCASS) and Consolidated Tertiary Educational Salary Structure (CONTEDISS) were approved to replace CONTISS in 2010 and implemented in 2011 (Wadu, 2020). Unfortunately, Nuhu Bamalli Polytechnic is one of the institutions in Nigeria.

From the ongoing, compensation for the academic staff can be conceptualized as a standardized pay package that comprises the basic salary and all other allowances. Therefore, the problem of poor compensation will only emerge when an employer fails to fully implement the approved salary structure as well as provide other perks not included, like providing accommodation for the employees in the staff quarters, allocation of vehicles, office accommodation, free browsing in office during working hours, etc.

Concept of Work Environment

Work environment is a place and the surrounding conditions where employees perform routine work (Mardiana, 2005). However, Denby (2023) posits that a work environment is defined by many different factors. Some are quantifiable, such as the physical location and layout of the workplace. Others are not so easy to identify, such as the hours of work, employee engagement, and job satisfaction. Sutrisno (2010) explains that the work environment is an overall supporting aspect of both company facilities and infrastructure whose conditions affect employees in carrying out their work.

According to Perry (2023) A work environment is a space – physical and emotional – in which employees perform their daily tasks. It is a combination of three vital components: 1) *Physical environment*: This covers the layout and amenities of an in-person office, including items like desk space, lighting and location. For remote workers, physical environment refers to software, tools, and equipment. 2) *Working Conditions*: These are terms under which an employee agrees to do their job like compensation and benefits; reporting structure, and safety regulations. 3) *Company Culture*: Culture describes how an organization functions on a social level, some aspects are more formal, like a company's mission statement or an open communication policy. Others, such as office politics are unsanctioned but still influential.

Combined, these components create a workplace environment, which affects every employee's workflow and mood. Thus, Riyanto, Sutrisno and Ali (2017) explain that the work environment is one of the factors that influences the process of employees' performance development, which is divided into physical and non-physical work environments. Employee performance will develop optimally if the employee feels comfortable with the conditions of the environment in which he works and is supported by adequate office facilities.

From some of the above understanding, it can be concluded that workplace environment refers to both the physical infrastructure available in Nuhu Bamalli Polytechnic, such as office accommodation, housing accommodation, libraries, availability of different physical games facilities, means of inter-campus transportation, official vehicles, etc.; the nature of relationships among the employees, relationship between the academic staff and management; and finally between the academic staff and the immediate community members; the general security situation, religious tolerance; and organizational culture, such as fair treatment in appointments, promotions, opportunities to further education, etc.

Concept of Employee Turnover Intention

Employee turnover refers to the total number of workers who leave a company over a certain time period. It includes those who voluntarily leave as well as employees who are fired or laid off; that is, involuntary turnover (Holiday, 2021). Employee turnovers are classified into three types, namely: a) involuntary



turnover and voluntary turnover; b) functional turnover and dysfunctional turnover; and c) uncontrollable turnover and controllable turnover (Mathis & Jackson, 2011).

Researchers have identified some factors that influence the occurrence of turnover in organizations to include: 1) environmental factors, which consist of kinship responsibilities towards the environment and employment opportunities, 2) individual factors, consisting of job satisfaction, commitment to the institution, job seeking behavior, intention to stay, general training/competency enhancement, willingness to work hard, negative or positive feelings towards work, and 3) structural factors which consist of autonomy, fairness, work pressure, remuneration, possible promotion, work routine, and social support (Price, 2001; Kurniawaty, Ramly and Ramlawati, 2019).

Mobley (2011) considers that turnover intention is the result of the thinking of an individual employee who considers the continuation of his relationship with the place he works. But in this condition, the employee has not yet decided on the steps or actions taken. On the other hand, Georgina, Dominic, Carina, Sigridur, and Kaori (2009) stated that in the process of recruitment, training, and promotion of employees, which are investment activities carried out by the organization would be in vain if workers who have the potential to benefit the organization decide to leave. Mobley (1978) posits that some things that can be a benchmark of turnover intention are employees thinking of leaving the organization, the desire to find work in a better place than the company he is now, the desire to leave the company he is in.

From the ongoing literature review, employee turnover can be conceptualized as the overall number of academic staff of Nuhu Bamalli Polytechnic that have left the service of the institution voluntarily in search for greener pastures and those that were retrenched or forcefully retired either as a result of internal problems or the implementation of government policies over the years. Employee turnover intention on the other hand, describes the situation of academic staff that are currently considering whether or not to resign from Nuhu Bamalli Polytechnic for other jobs outside the institution.

Empirical Review

Compensation and Employee Turnover Intention

Harris and Brannick (1999) investigated how to find and keep great employees in New York and the study highlighted that compensation is the main factor in keeping employees retained for longer period of time. According them, pay is the key feature of compensation that affects employees' retention and attraction. Similarly, it has been posited by March and Simon (1958) that when organizations do not provide sufficient compensation, the employees leave the organization. Other studies have examined the effect of compensation on employees' retention (Choi & Dickson, 2009, Hinkin & Tracey, 2010).

It implies that previous rather focused on employee retention without first seeking to identify the factors that trigger turnover intention in them. This study seeks to examine whether compensation has significant effect on employee turnover in an academic institution.

Work Environment and Employee Turnover Intention

Kurniawaty, Ramly and Ramlawati (2019) investigated the effect of work environment, stress, and job satisfaction on employee turnover intention in a banking sector, and it was found that work environment has a direct negative effect on turnover intention. This means that turnover intention can be reduced through efforts to improve work environment both physically and non-physically in the form of the availability of adequate supporting facilities, good physical environment, good management practices. Similarly, Applebaum, et al, (2010) investigated the impact of environmental factors on nursing stress, job satisfaction, and turnover intention. The findings revealed that physical environment (noise, air quality, light, toxic exposure, temperature, humidity, aesthetics), and stress can affect the level of job satisfaction and will ultimately trigger turnover intention. It therefore concluded that there is a strong evidence that physical work environment not only affects job satisfaction, but also employee performance, employee injury, behavior, communication patterns, fatigue, error rates, and physical and psychological stress.

From the literature review it could be deduced that work environment has significant relationship with turnover intention. These studies were carried out outside Nigeria and none was focused on academic

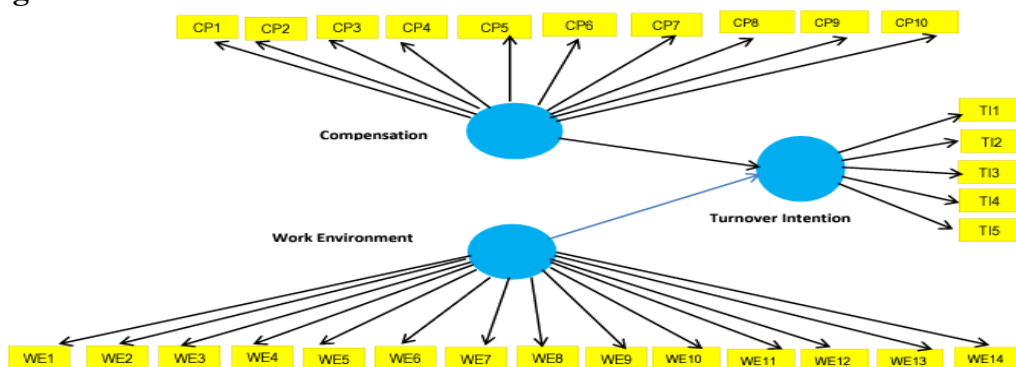
institutions. Therefore, the conclusions thereof may not be used for generalization; Rather, it calls for a similar study to be conducted in Nigeria to find out whether the outcome may be consistent or differ from the previous studies.

Theoretical Framework

Expectancy Theory

This study is underpinned by the Vroom's expectancy theory of motivation, which states that performance or productivity can be thought of as a multiplicative function of motivation and ability. Motivation in turn varies with the valence (V) or attractiveness of outcomes upon the performance for that task, and the instrumentality (I) of performance for attaining the outcome. Vroom is simply saying in precise mathematical language that motivation depends not just on the outcome desired by the worker, but also on the instrumentality of effort, that is the relationship perceived by the worker between his and others' previous efforts and the desired outcome. According to Idemobi (2010), the Expectancy Theory is a process theory developed which basically concentrates on the outcomes. What Vroom explained in his theory is that in order to motivate employees or people, the effort put in by the employees, the performance generated and motivation must be linked to one another. Therefore, if the compensation received as well as the workplace environment is below the expectation of employees, it may trigger turnover intention. Therefore, the expectancy theory is adopted because it helps to explain the phenomenon being investigated.

Figure1: The Framework Model



Methodology

The research design adopted for this study is descriptive survey, which facilitated collection of quantitative data through a self-administered questionnaire and later analyzed quantitatively by the use of descriptive statistics. Research population refers to a well-defined collection of individuals or objects known to have similar characteristics (Kothari, 2010). Consequently, the population of this study comprises the entire academic staff of Nuhu Bamalli Polytechnic, Zaria. As earlier stated, the polytechnic has three campuses, with seven schools and thirty one departments. Thus, there are five schools in the main campus Zaria with academic staff numbering 379. There is only the School of Management Studies in the Annex Campus Zaria with a total of 101 academic staff; and lastly, the School of Agricultural Engineering at Samaru Katsina Campus with a total of 45 academic staff. It means 525 academic staff from these campuses constitutes the population of the study. To arrive at a reasonable sample size, the study employs the Yamane (1967) sample formula, which states that:

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

Where: n = Sample Size

N = Population

e = Margin of error (0.05)

Source: Yamane (1967).

Therefore, the sample size for the study was determined thus:

$$n = \frac{525}{1 + 525(0.05)^2}$$

$n = \frac{525}{2.3125}$
 $n = 227.027$
 Therefore, $n = 227$ approximately.

It is paramount for a researcher to take all necessary measures toward mitigating non-response rate as much as possible, in order to deal with the possibility of non-response error that often renders research invalid (Groves, 2006). In line with the suggestion by Israel (2013), 30% of the minimum sample provided in the formula has been added to address possible problems of non-response, incorrect filling or failure of some respondents to return the questionnaire. Therefore, 30% of 227 = 68 respondents, which were added to the computed sample size of 227 to produce a sample size of 295.

Having determined the research sample size to be 295, proportionate stratified sampling was used to further determine the actual number of academic staff to be selected from each of the three campuses. The calculation of the proportionate stratified sampling is shown in Table 1 below.

Table 1: Proportionate stratified Sampling and the Apportioned Questionnaires

Campuses	Number of Academic Staff	Percentage (%)	Sample Proportion	Apportioned Questionnaires
Main Campus - Zaria	379	72.19	$295/100 \times 72.19 = 213$	213
Annex Campus - Zaria	109	19.24	$295/100 \times 19.24 = 57$	57
Samaru Kataf Campus	45	8.57	$295/100 \times 8.57 = 25$	25
Total	525	100	295	295

Source: Survey, 2023

Having apportioned the sample to be drawn from each campus, the researcher adopted purposive sampling technique to select the respondents from the departments. This is a form of non-probability sampling in which researchers rely on their own judgment when choosing members of the population to participate in their surveys (Nikolopoulous, 2023). A well-structured questionnaire, with close-ended questions, which rated the items therein using a 5-point Likert scale of strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1) was administered to the chosen respondents. The items used for measuring compensation are fourteen (14) in number (see Appendix I) out of which eight (8) were adopted from Heneman and Schwab, (1985). The items cover financial compensation only. Work environment on the other hand, is measured using fourteen (14) items, as can be seen in Appendix I. the items were adopted from Carlopio (1996) and they cover both the physical and non-physical environment.

RESULTS AND DISCUSSION

A total of 295 questionnaires were administered, out of which 264 were retrieved, representing 89 percent of this total. This study considers this response rate to be sufficient for statistical reliability and generalization based on the position of Aminu (2015) where it was suggested that in social science research, a 50 percent response rate is considered adequate for data analysis and reporting, whereas 60 percent is good, and 70 percent is very good considerably. Descriptive statistics is used to describe the characteristics of all respondents involved in this study as can be seen in Table 2 below:

Table 2: Demographic Data of the Respondents

Type	Number	Percentage
Gender of the Respondents		
Male	176	67
Female	88	33
Total	264	100
Educational Background of Respondents		
B.Sc/HND	111	42
M.Sc./M.Phil./MBA/MPA	130	49
Ph.D.	23	9

Total	264	100
Age Group of the Respondents		
21 – 30 Years	77	29
31 – 40 Years	101	38
41 – 50 Years	41	16
51 Years and above	45	17
Total	264	100
Respondents' Length of Work Experience		
0 – 5 Years	48	18
6 – 10 Years	57	22
11 – 15 Years	86	33
16 – 20 years	44	17
21 Years and above	29	10
Total	264	100
Respondents' Present Rank		
Lecturer I – III	101	38
Senior Lecturer	60	23
Principal Lecturer I	44	17
Asst. Chief Lecturer	28	11
Chief Lecturer	31	12
Total	264	100

Source: Survey, 2023

From Table 2 above, it can be seen that majority 176 (67%) of the respondents are male while the remaining 88 (33%) are female. Also, majority 153 (58%) of the respondents are holders of Post Graduate Degrees while 111 (42%) of the respondents are holders of first degree from universities and polytechnics. A good number 178 (67%) of the respondents are between 21 and 40 years old. Only 86 (33%) of the respondents are above the age of 40 years. Importantly also, 143 (55%) of the respondents have served the institution between 6 and 15 years while 73 (27%) of the respondents have served for 16 years and above. Finally, majority 101 (38%) of the respondents are between Lecturer I and III. Next large group 60 (23%) of the respondents are Senior Lectures, Assist Chief and Chief Lecturers constitute a reasonable size 59 (23%) of the respondents. It implies, the respondents were well spread across different age groups, ranks, and so on.

Construct Reliability

The reliability of the constructs was measured by examining both the Cronbach's alpha and composite reliability scores. Table 3 below shows that all the constructs are adequately reliable as the factor loadings for each construct are above the recommended threshold of 0.70 (Nunnally, 1978; Fornell and Larcker, 1981; Hair et al. (2019).

Convergent Validity

Convergent validity measures the degree to which the various indicators of a construct correlate with one another and was assessed by the average variance extracted (AVE). Thus, an AVE score of at least 0.5 is recommended, which implies that a construct should be able to explain more than half of the variance of its indicators (Hair et al., 2013). Consequently, Table 3 demonstrates that all the constructs satisfied the recommended minimum threshold since all the scores are above 0.5 and as such are valid for the study

Table 3: Construct Reliability and Validity of the Indicators

Variable	Cronbach's Alpha	rho_ A	Composite Reliability	Average Variance Extracted (AVE)
<i>Turnover Intention</i>	0.846	0.857	0.898	0.688
<i>Compensation</i>	0.845	0.926	0.903	0.573
<i>Work Environment</i>	0.915	0.924	0.911	0.520

Sources: Survey data analyzed using SMART PLS, 2023

Discriminant Validity of the Model

Discriminant validity refers to the extent to which a construct actually differs empirically from one another. The discriminant validity can be evaluated by using Fornell & Larcker criterion ratio of correlation, cross-loading of indicators or Heterotrait-Monotrait Ratio (HTMT) Criterion as recommended by Henseler et al. (2015) and Henseler et al (2016). This study uses Fornell and Larcker Criterion, which states that the square roots of AVE must be greater than the correlation between the constructs. It is clear that each of the bolded square roots in Table 4 below is greater than the values of the off diagonal elements, hitherto referred to as the correlations among constructs. This implies there are no discriminant validity problems.

Table 4: Discriminants Validity Using Fornell and Larcker Criterion

	Work Environ.	Turnover Intention	Compensation
Work Environment	0.721		
Turnover Intention	0.334	0.829	
Compensation	0.542	0.453	0.887

Sources: Survey data analyzed using SMART PLS, 2023

Assessment of Structural Model

In line with the objectives of this study to empirically examine the direct relationships between independent variables (IVs) and the dependent variable (DV) under the structural model, bootstrapping procedure was employed using a number of 5000 bootstrap samples for 264 cases to assess the significance of the path coefficients of direct relationships (Hair *et al.*, 2014; 2017). In this section, the study tests the hypothesis of the study, determines the coefficient of determination, effect size and the predictive relevance of the model.

Test of Hypotheses

As can be seen in Figure 1, the model specifically analyzed direct relationships represented by the hypotheses earlier developed:

H₀₁: Compensation has no significant effect on academic staff turnover in Nuhu Bamalli Polytechnic, Zaria, Kaduna State.

H₀₂: Workplace environment has no significant effect on academic staff turnover in Nuhu Bamalli Polytechnic, Zaria, Kaduna State.

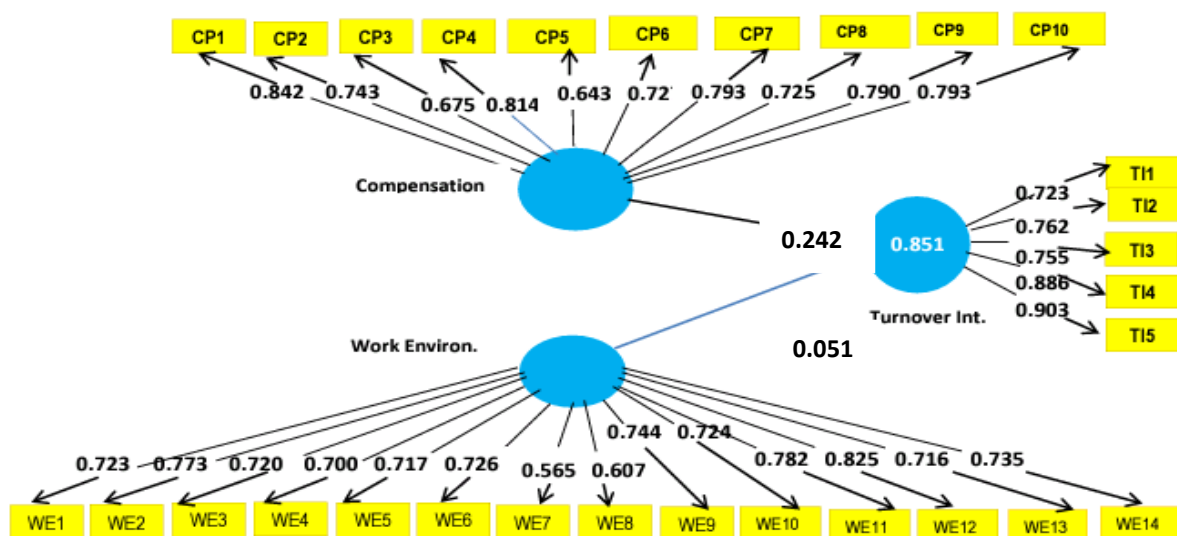


Figure 1: PLS Algorithm

The Table 5 below shows the path coefficients, t-values and p-values being used to test the two null hypotheses of the study:

Table 5: Path Coefficient of the Model

Hypotheses	(β) Beta	T Statistics	S Deviation	Sample Mean	P Values	Decision
<i>H₁: Compensation --> Turnover Intention</i>	0.242	2.211	0.11	0.225	0.027	Rejected
<i>H₂: Work Environment --> Turnover Intention</i>	0.051	0.452	0.113	0.053	0.651	Accepted

Notes: ***($P < 0.01$), **($P < 0.05$), *($P < 0.1$)

Source: Smart PLS Output, 2021

H₀₁: Compensation

The results from Table 5 above shows that compensation has positive and significant effect on the turnover intention of academic staff of Nuhu Bamalli Polytechnic Zaria, Kaduna State, with $\beta = 0.242$ and $p = 0.027$. Thus, hypothesis one was not supported and therefore rejected at 5% level of significance. Since there is enough statistical evidence to accept the null hypothesis, the study concludes that compensation has positive and significant effect on turnover intention of academic staff of Nuhu Bamalli Polytechnic Zaria, Kaduna State.

H₀₂: Work Environment:

The result of the test in Table 5 above, shows that Work environment do not have significant effect on turnover intention of the academic staff of Nuhu Bamalli Polytechnic, Zaria, Kaduna State with $\beta = 0.051$ and $p = 0.651$. The study does not have sufficient ground to reject the null hypothesis since the p-value is greater than the 0.05 level of significance. Therefore the study concludes that work environment has no significant effect on the performance of turnover intention of the academic staff of Nuhu Bamalli Polytechnic, Zaria, Kaduna State.

This study examines the relationship of two variables, namely: compensation and work environment and how they influence academic staff turnover intention in Nuhu Bamalli Polytechnic, Zaria, Kaduna State. The outcome of the current study is consistent with the previous works done by Susana (2011), Minja (2011), Bula (2012). Twalib and Magutu (2017), Abdulkarim (2022). Similarly, Bibi, Pangil, Johari and Ahmad (2017) found out that organizations that provide proper compensation to their employees will get high loyalty from their employees so that the possibility of employees' desire to leave their jobs is getting smaller. It implies that, if the employer improves the compensation administration, the academic staff may not think about quitting or looking for another job elsewhere. Rather, if the expectations of the academic staff are fulfilled, they may have high commitment and loyalty to the institution.

Findings of this study regarding the effect of work environment on academic staff turnover intention in Nuhu Bamalli Polytechnic shows that work environment has no significant effect on academic staff turnover. This is not consistent with the results of the work done by Kurniawaty, Ramly and Ramlawati (2019) where it was found that work environment has a direct positive effect on employee turnover. Similarly, Plebaum et al. (2010) argue that physical environment (noise, air quality, light, toxic exposure, temperature, humidity, aesthetics), and stress can affect the level of job satisfaction and will ultimately trigger turnover intention.

CONCLUSION AND RECOMMENDATIONS

Based on the specific research objectives, the results of the study indicate that the first variable - compensation has positive and significant effect on the academic staff turnover intention in Nuhu Bamalli Polytechnic, Zaria, Kaduna State. This implies that the higher the value of compensation, the less effective the triggering power of turnover institution among the academic staff. On the other hand, if government can provide or improve on the current infrastructure and ensure proper security, then, work place environment may not be a challenge eve in future.



Having arrived at the above conclusions, management of the institution should discuss with Kaduna State government about the consequences of poor compensation practices. For the fact that it brings negative attitudes to the employees, which is accompanied with bitterness, anger, frustration and subsequently triggers employee turnover intention, government should consider the need for implementing COMPCASS as the standard salary structure, which most federal, state and private polytechnics in the country implemented for over a decade now. Continuous implementation of eighty percent (80%) of CONSTISS, as the polytechnic's salary structure particularly in difficult times will only promote brain drain.

Although the outcome of this study shows that work environment do not have significant effect on academic staff turnover intention in Nuhu Bamalli, it is important for government to consider the need to create a better working environment that will build confidence among the employees particularly about security and hygienic environment. Support in form of physical and non-physical facilities such as computer, equipment, and the use of more up to date technology can improve academic staff motivation and performance to be optimal.

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Role of Employee Relationship and Employee Incentives on Employee Productivity in Plateau State University

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Abstract

The basic objectives of this study are to analyse the impact of employee relationship on employee productivity of academic staff of Plateau State University. We draw from human relations theory to justify the hypothesized relationship. 278 Copies of questionnaires were retrieved were analysed using SMARTPLS 4.4.9. the findings established that the dimensions of Employee relationship significantly influence Employee productivity This study results have some practical implications for managers and policy makers that are interested in getting the best out of the employees' which will boost the employee motivation, commitment and productivity of their organisations.

Keywords: *Employee Relationship, Communication, Mutual Trust, Conflict Resolution & Employee Productivity*

INTRODUCTION

In the increasingly competitive global business environment, organizations are compelled to invest in capacity building and development in order to be more cost effective, innovative, and generally more competitive than other industry players (Awan & Tahir, 2015). One of the key issues that most organizations face nowadays is the need to improve employee productivity. Employee productivity is one of the leading factors for organizational competitiveness and this has partly led to an increase in research on how it can be improved (Bankert, Coberley, Pope & Wells, 2015). Improving employee productivity has been the core and the most important objective of several organizations. This is because higher levels of employee productivity provide an organization and its employee with various advantages. For instance, higher productivity leads to favorable economic growth, large profitability and better social progress (Sharma & Sharma, 2014). Additionally, employee who is more productive can obtain better wages/salaries, better working conditions and favorable employment opportunities. Moreover, higher productivity tends to maximize organizational competitive advantage through cost reductions and improvement in high quality of output (Baily, Farrell, Greenberg, Henrich, Jinjo, Jolles & Remes, 2005; Hill, Jones & Schilling, 2014; Wright, 2004). All of these benefits have made employee productivity worthy of attention.

Looking at its antecedents it is very important to ensure good employee relationship within the organization. According to Stallard (2009), employees in an organization with strong positive employee relationship are more engaged, efficient in the performance of their duties, and less likely to leave the organization for another. He outlined the constructs of employee relations in an organization to include communication, mutual trust, conflict resolution and cooperation among others between the employee which will enhance skills and abilities of the employee in the achievement of the organizational goals and objectives. This study adopts three of the constructs outlined by Stallard, (2009) which is communication, mutual trust and conflict resolution among other factors. Communication in an organization deals with the extent of exchanging information among employee to be aware about the important aspects of the organization which include institutional policy, strategy, procedures and manuals that help them to understand what is expected of them and how they are going to accomplish their duties (Chinomona & sandata, 2013). effective communication builds mutual trust in employer/employee relationship. Trust is a critical variable which influences the performance, effectiveness and efficiency of the organization (Driks & Ferrin, 2002). Trust may grow, decline or remerge over the cause of relationship. As the relationship increases, people have more opportunities to observe and learn about each other and the judgment over the given action can be concluded as either trustworthy or untrustworthy (Huang & Guo, 2009). Trust promotes cooperative behavior, minimize conflict and develop employee positive perceptions to their managers which in turn enhance employees' productivity in the organization (Gills, 2008). When employee work together, conflict is inevitable or natural but the existence of conflict is not a matter, rather how to resolve it in using a win- win approach. It has been evidenced that the most separations are because of



conflict over communication style and personalities and moreover these separations take place in case of conflicts managed effectively (Chaudhry *et al.*, 2013).

With an array of consistency in the past literature as given by Abduwarda (2010), Sequeira & Shriti, (2015), Hasen & Salman (2016), Abushawish (2013) and Olu (2008) revealing that employee relationship has significant influence on employee productivity, the study seeks to impact of the dimensions of employee relationship on employee productivity.

Statement of the problem

Poor employer-employee relationships over the years have aggravated due to poor management of relationship at work places resulting to constant friction, lack of motivation, employee silence and poor organizational climate which have reduced productivity level of employees of many tertiary institutions. Many employees are performing below expectation and others are leaving the institutions to other places for better work environment and good working relationship at workplace, thereby contributing to the much touted brain drain currently affecting institutions of learning in Nigeria. This therefore has deprived many institutions of the much needed academic strength. To meet the growing demand for higher education, there is need to build the capacity of the remaining employees and, given the reality of the brain drain, the greater challenge is to attract and retain talented staff through employee relations strategies and motivation. Traditional sources of competitive advantage are changing and it is imperative to deploy new strategies to successfully compete under changing external conditions. For example, employee relations and incentive are emerging as competitive weapons that allow organizations to counteract current market evolution and competitive levels because they can boost employee productivity. In the situation where good employee relationships are lacking in an organization, poor employee productivity is bound to occur. This study therefore, hopes to explore the relationship between employee relationship and productivity among management and staff of Plateau State University.

Objectives of the study

The general objective of the study is to investigate the influence of employee relationship on employee productivity with the mediating role of incentives. However, the specific objectives are to:

- i. To examine the relationship between communication and employee productivity of the staff of Plateau State University.
- ii. To examine the relationship between mutual trust and employee productivity of the staff of Plateau State University.
- iii. To ascertain the influence of conflict resolution on employee productivity the staff of Plateau State University.

LITERATURE REVIEW

Employee Productivity

Carol (2016) defines employee productivity as a performance measure of both efficiency and effectiveness of an employee or a group of employee. He explains that productivity can be evaluated in terms of output of an employee within a specific period of time. Productivity of a given employee is assessed relative to an average for employees doing a similar task (Woods, 2016). According to Mariam & Rami (2016), employee productivity is one of the paramount concerns in the overall management of any organization and without staff productivity the performance of the entire organization would fail to meet its desired aims. Employee productivity however is the measure of output per unit of input economically. It is the log of net sales over total employee (Rohan & Madhumita 2012). Thus, employee productivity of an economy as a whole or industry could be determined.

Employee productivity is one of the leading factors for organizational competitiveness and this has partly led to an increase in research on how it can be improved (Bankert, Coberley, Pope & Wells, 2015). Improving employee productivity has been one of the most important objectives for several organizations. This is because higher levels of employee productivity provide an organization and its employees with various advantages. For instance, higher productivity leads to favorable economic growth, large profitability and better social progress (Sharma & Sharma, 2014). Additionally, employee who are more productive can obtain better wages/salaries, better working conditions, and favorable employment



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Employee Relationship

Employee relation is defined as the relationship between employees and managers to enhance moral, commitment and trust of employees and to create suitable working environment which enables them to exert their energy at most effort for the achievement of organizational goals (Bajaj et al., 2013). Furthermore, Michael (2005) quoted in Som (2015) defined that Employee Relationship is defined as the process managing relationship between employer and employees with ultimate objectivity of achieving optimum level of productivity in terms of goods and services, employee motivation taking preventive measures to resolve problems that affect adversely the working environment. In building and maintaining employee relationship, communication, mutual trust and conflict resolution comes to play and the adequate management of these will lead to a satisfying relationship employer and employee.

Communication

Communication in an organization deals with the extent of exchanging information among employees to be aware about the important aspects of the organization which includes institutional policy, strategy, procedures and manuals that help them to understand what is expected of them and how they are going to accomplish their duties. It plays a pivotal role in strengthening employee relationship since it service as a key to open the door of interaction in the organization. In an organization communication helps to foster the relationship and create harmony as it builds trust among employees of different departments in the organization (Chinomon & sandata, 2013). A study carried out by Kumar & Manjula, (2017) shows that transparency in communication is crucial for healthy employee- employer relationship as it initiates group activities in the work place, it helps employee to develop friendly approach with his or her colleagues. In line with this, the study carried out by Sequeira & Shriti, (2015) confirm that well informed employees are much higher in performance than those of ill-informed employees.

Trust

Trust has been regarded as the heart of positive employee relations and engagement.

According to Sanders (2020) “trust is one of the most precious commodities a community or an organization can have” She added that “it lubricates relationships and the exchange of knowledge and is crucial to cooperation. Trust brings us together and helps us work together. To further support the importance of trust in an organization, Asamani (2015) asserts that trust plays an integral role in ensuring effective employee-employer relationship. Invariably, the lack of trust in an organization will produce negative impact on employees’ attitude and behavior.

There is evidence to suggest that an organization will experience a lower level of trust when an environment where employees would elicit their feelings, opinions and views is not provided. Reece & Reece (2017) revealed that when employees communicate less information to their managers, express opinions reluctantly, and avoid discussions, there will be less cooperation. However, when a climate of trust is present, frank discussions and information are more likely to take place in the organization. It is in this light, that low levels of trust in a workforce can lead to poor employee relationship, leading to low productivity, stifled innovation, high stress, and slow decision making and a decline in the flow of information almost always results.

Conflict Resolution

Conflict is a dispute that occurs when interests, goals or values of different individuals or groups are incompatible with each other (Agwu, 2013). The incompatibility or difference may exist in reality or may only be perceived by the parties involved. Nonetheless, the opposing actions and the hostile emotions are very real hallmarks of human conflict. Conflict occurs between people in all kinds of human relationships and in all social settings. Because of the wide range of potential differences among people, the absence of conflict usually signals the absence of meaningful interaction. Conflict by itself is neither good nor bad.



However, the manner in which conflict is handled determines whether it is constructive or destructive (Deutsch & Coleman, 2000).

A study conducted by Olu (2008) revealed that effective conflict management enhances employee performance in an organization and that organization's conflict management system influences employee performance in the organization. Also, Research conducted by scholars on management has revealed that there is a relationship between organizational trust and conflict. This connection has been described as consequential. Negative behaviors manifested by managers towards employees can breed low trust, which may result in organizational conflict. According to Thompson (2015) conflict is inevitable among humans when two or more social entities (that is, individuals, groups, organizations, and nations) come in contact with one another in attaining their objectives, their relationships may become incompatible or inconsistent. Relationship among such entities may become inconsistent when two or more of them desire a similar resource that is short in supply, when they have partially exclusive behavioral preferences regarding their joint action; or when they have different attitudes, values, beliefs and skills.

Employee Relationship and Employee Productivity

Good employee relation creates pleasant atmosphere for employees which can increase their motivation. Increased employees moral can lead to increase workers performance as well. Organizations investing in employee relation programs may experience an increase in performance which leads to increase in profit for the business (Kelchner, 2017). In the research conducted by (Sequeira and Dhriti, 2015) it was identified that employee relations practices followed in the organization had a direct effect on the performance of workers in the organization.

Communication and Employee Productivity

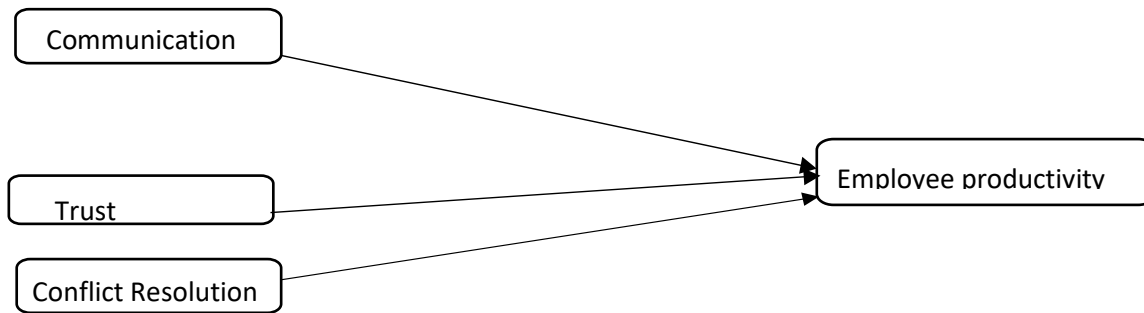
Abduwarda (2010) conducted a study on Communication and its impact on Work Performance. The research revealed that there is significant relationship between communication and employee performance. The same result was suggested by Kumar & Manjula (2017) when they discovered that transparency in communication is crucial for healthy employee- employer relationship as it initiates group activities in the work place. In line with this, the study carried out by Sequeira & Shriti (2015) confirmed that well informed employees are much higher in performance than illinformed employees. Furthermore, research undertaken by Hasen & Salman (2016) asserted that effective communication positively and significantly influences employee performance.

Mutual trust and Employee Productivity

Trust is a critical variable which influence the performance, effectiveness and efficiency of the organization (Driks & Ferrin, 2002). A study conducted by Abushawish (2013) cited by Alemayehu, Y. (2019) the study examined the trust between employers and employees. The research revealed that there is significant relationship between trust and employee productivity. Furthermore, a study by Brown, Gray, McHardy & Taylor (2015) indicated positive relationship between average employee trust and workplace performance. Also, a study conducted by Hasen & Salman (2016) shows that level of trust has positive and significant relationship with employee performance because building trust is building the confidence in each other's competencies and reliabilities.

Conflict Resolution and Employee Productivity

Steve, Dean, & Kenneth (2000) stated that co-operative approach to resolve conflict leads to conflict efficacy that in turn results in effective employee performance. George & Jones (2005) viewed conflict as an opportunity that leads to organizational performance if it is carefully managed and negotiated. According to the research result of Okechukwu (2013), significant relationship exists between conflict management strategies and employees' performance. Ifeyinwa & Chinonso (2016) confirmed identical finding with above studies. Other studies revealed positive relationship between conflict management and employee's performance includes: (Mwangi & Ragui, 2013).



Human Relations Theory

Human Relations Theory introduced in 1933 by Elton Mayo. He studied a spinning mill in Philadelphia and the Hawthorne works of the Western Electric Company in Chicago. The results of Professor Elton Mayo's Hawthorne studies proved that the factor most influencing productivity is relationships. The concept of employee relations is dynamic and evolving in the modern day organizations. The emphasis on employees and their relations by managers in organizations could be traced to the human relations approach in management. The researchers realized productivity increased due to relationships and being part of a supportive group where each employee's work had a significant effect on the team output. Human Relations has the assumption that men have social needs desires rewarding relationships in the work place and answers more to the peer pressure than to the superiors' authority and administrative control forms its main contribution for management. This theory attempts to focus attention on the behavior of the employees and their production capacity keeping in view their psychological, physical, economic and physiological aspect. According to Akrani (2011) the human relations approach viewed organization as a social system of interpersonal and inter group relationships, which shows that having a work environment that stimulates healthy and sustainable relationships among employee plays a vital role in enhancing efficiency and effectiveness of the organization. The human relations approach as propounded by Elton Mayo (1880-1949) demonstrated that employees go to work to satisfy a complexity of needs and not for monetary reward only. Therefore, this theory is suitable to address "the influence of employee relationships on Employee productivity.

METHODOLOGY

The study investigated the effects of employee relationship on employee productivity. The respondents were Staff of Plateau State University, totaling 1400 Staff. The sample size of this study is 278 Employees which was drawn from Krejcie & Morgan (1970) table for sample size.

The study adapted structured questionnaire as measurement instrument from the previous studies of (Rachel, Becky & Jen, 2012; Elisenda, *et al.*, 2016; Morakinyo, 2017). The measurement instrument will be modified and use in the present study as "the influence of employee relationship (communication, trust and conflict resolution) on employee productivity. Moreover, using questionnaire, the researcher gathered significant amount of data at a very low cost (Cooper & Schindler, 2011). The scale had a Cronbach's alpha of 0.7.

RESULTS AND DISCUSSION

The respondents' profile in Table 1 reveals that 53 percent of the respondents are male, which shows that there are more male respondents than 47 percent female which tends to show that there are more male of Plateau State University. 33 percent (the greater number of the population of valid respondents) are between the ages of 35 to 45 years. In addition, most of the employee (54%) across various levels holds a masters degree; 40% of the respondents have worked between greater than 15years in the in the institution.



Table 1: Assessment of Demography

Indices	Frequency n = 278	Percentage %
GENDER		
Male	147	53
Female	131	47
	278	
AGE		
Less than 25	14	5
25 – 35	83	30
35 – 45	92	33
45 – 55	72	26
Greater than 55	17	6
	278	
QUALIFICATIONS		
BSC/HND	70	25
M.Sc	150	54
Ph.D	58	21
	278	
YEARS OF WORK		
Less than 5 Year	28	10
5 – 10 Years	42	15
10 – 15 Years	97	35
Greater than 15years	111	40
	278	

Assessment of Measurement Model

This section discusses the measurement model process in this study. Measurement models in PLS-SEM is Reflective Model. According to Hair Jr et al. (2013), reflective measurement model involves the assessment of internal consistency with emphasis on composite reliability, indicator reliability, Convergent Validity otherwise known as the Average Variance Expected (AVE) and Discriminant Validity. This research work assesses the reflective measurement model.

Hair et al., (2011) suggest an acceptable composite reliability value of between 0.6 to 0.7 in an exploratory factor analysis, while a value with threshold of 0.708 as ideal in a measurement model. However, Hair, Ringle, Sarstedt (2011) suggested that that an indicator with loading of between 0.4 to 0.7 is considered for deleting if doing so improves the composite reliability(CR) and Average Variance Extracted(AVE).



Table 2 Convergent Validity Report

Construct	Item	Loading	CR	AVE
Conflict Resolution	CR1	0.906	0.926	0.720
	CR2	0.930		
	CR3	0.909		
	CR4	0.600		
	CR5	0.852		
Communication	Com1	0.722	0.916	0.646
	Com2	0.843		
	Com3	0.856		
	Com4	0.826		
	Com5	0.880		
	Com6	0.677		
Employee Productivity	EP1	0.759	0.949	0.758
	EP2	0.907		
	EP3	0.895		
	EP4	0.900		
	EP5	0.850		
	EP6	0.904		
Trust	Trust1	0.906	0.953	0.803
	Trust2	0.910		
	Trust3	0.896		
	Trust4	0.920		
	Trust5	0.846		

NOTE: COM, Communication; CR: Conflict Resolution; Trust; EP, Employee Productivity

According to Hair et al. (2010), factor loadings and average variance extracted (AVE) of more than 0.5 and composite reliability (CR) of 0.7 or above are deemed to be acceptable. As can be seen from the results presented on Table 2; all loadings and AVE are above 0.5 and the CR values are more than 0.7. Therefore, the criterion is not violated hence, we can conclude that convergent validity has been established.

Discriminant Validity Assessment

This research work considers Heterotraits and Monotraits (HTMT) criteria to determine the discriminant validity. To use these criteria, Henseler et al, (2015) confirmed that Heterotraits and Monotraits (HTMT) criterion is superior to all other yardsticks for measuring discriminant validity. The exact threshold level of

the HTMT is debatable; after all, some authors suggest a threshold of 0.85 (Clark and Watson 1995; Kline 2011), whereas others propose a value of 0.90 (Gold et al. 2001; Teo et al. 2008). Table 3 below indicated high discriminant validity since the values in the construct do not exceed the threshold of 0.85 and 0.9 and the acceptable region of -1 and 1.

Table 3 Heterotraits and Monotraits (HTMT)

	1	2	3	4
CR				
Com	0.511			
EP	0.554	0.503		
Trust	0.416	0.599	0.462	

NOTE: COM, Communication; CR: Conflict Resolution; Trust; EP, Employee Productivity

Assessment of structural model

PLS-SEM structural model analysis involves basic analysis procedure such as assessment of goodness-of-fit (GoF), assessment of collinearity, significance and relevance of relationship in structural model, level of R^2 , level of F^2 and Q^2 (Hair et al., 2014). Additional analysis such as mediation assessment is also conducted as it is the case in this study.

Assessing Path Coefficient and Hypotheses Testing

In assessing the path coefficient, various relationships that were hypothesized earlier are tested to establish the nature of the relationship as well as its significance. In order to assess the path coefficient in line with the hypotheses direct relationships in this study such as;

A 5,000 sample bootstrapping command was carried out using PLS-SEM 4 and the results displayed the path coefficient or the direct effect, t-statistics and the p-value on table 4

Assessment of Path Coefficient

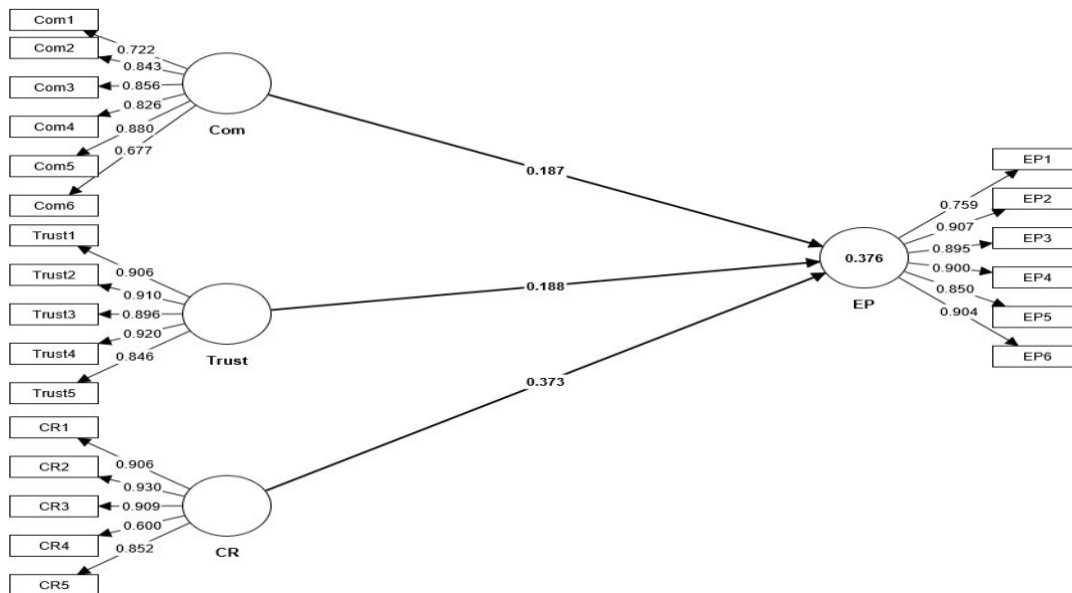
Hyp	Relationship	β	STDEV	T stat	P val	5%	95%	F2	R2	VIF	Decision
H1	Com -> EP	0.192	0.074	2.541	0.011	0.072	0.312	0.034	0.376	1.637	Supported
H2	Trust -> EP	0.190	0.066	2.862	0.004	0.085	0.300	0.038	0.376	1.511	Supported
H3	CR -> EP	0.374	0.066	5.684	0.000	0.266	0.480	0.162	0.376	1.373	Supported

NOTE: COM, Communication; CR: Conflict Resolution; Trust; EP, Employee Productivity

Based on the direct effect on two-tailed test at 95% level significance as stated in the hypotheses, all the relationships were indeed in the expected direction. The results reveal the significance in the direct relationship between the variables; H1 ($\beta = 0.374$, t-stat = 5.684 and p-value = 0.000), H2 ($\beta = 0.192$, t-stat = 2.541 and p-value =

0.011), H3 ($\beta = 0.190$, t-stat = 2.862 and p-value = 0.004). These hypotheses were supported because their t-values were found to be more than the threshold of 1.96 for two tailed test and their P-values were below 0.05. Also, variance inflation factor (VIF) was conducted; traditionally, a VIF of not greater than 3.3 (Diamantopoulos & Siguaw, 2006) or 5.0 (O'Brien, 2007) has been considered ideal for reflective construct. Based on the results, and the criteria provided for reflective construct (O'Brien, 2007; Hair et al., 2014), there is no collinearity problem. Hair et al, (2014) posit that coefficient of determination measures the effect of exogenous latent variable on endogenous latent variable. According to Cohen (1988), R^2 values of 0.02, 0.13 and 0.26 are considered weak, moderate and substantial respectively. Our model produces substantial R^2 for employee productivity.

The effect size (f^2) was determined (Hair Jr et al., 2016). The results of the effect size (f^2) reveal the effect size of Communication on employee productivity as 0.034 which is considered small, the effect size in the relationship between Trust and employee productivity as 0.038 which is also small, while the size between Conflict resolution and employee productivity is 0.162 which is considered moderate effect.



This section discusses the results according to the hypotheses tested. The hypotheses stated in the path analysis were based on direction of relationships one-tailed test and they are thus. The relationship between Employee relationship and Employee Productivity, the results are presented in table 2 and 7 above. Results of path analysis in line with hypothesized relationships were evaluated in table 7. Findings revealed H1 ($\beta = 0.374$, t -stat = 5.684 and p -value = 0.000), H2 ($\beta = 0.192$, t -stat = 2.541 and p -value = 0.011), H3 ($\beta = 0.190$, t -stat = 2.862 and p -value = 0.004). These hypotheses were supported because their t -values were found to be more than the threshold of 1.96 for two tailed test and their P -values were below 0.05. The findings of the study from the analysis of the extent to which the dimensions of Employee relationship influences Employee Productivity revealed a significant relationship between the three dimensions of Employee relationship and Employee Productivity. This finding is in conformity with the findings of researchers on the position on the dimensions of employee relationship as it relates to employee productivity; Kumar & Manjula (2017), Sequeira & Shriti (2015) and Hasen & Salman (2016) agree on the significant relationship between communication and employee productivity. Also, studies conducted by Brown, Gray, McHardy & Taylor (2015) and Hasen & Salman (2016) agreed on the significant relationship between mutual trust and employee productivity. Furthermore, Okechukwu (2013), Mwangi & Ragui, (2013) and Ifeyinwa & Chinonso (2016) agree on the significant relationship between conflict resolution and employee productivity. The above position of scholars proved the significant relationship between Employee relationship and Employee Productivity.

CONCLUSION AND RECOMMENDATIONS

In line with the research objectives which is to investigate the relationship between the dimensions of Employee relationship and employee productivity of Plateau State University and reviewed of literature. Three hypotheses were formulated for this study and all of them were upported, based on these empirical findings, adequate building and maintaining of healthy relationship with employee increases productivity. These research findings make several significant contributions to literature. It has contributed to extant literature on Employee relationship and employee productivity. Extant literature has suggested that, organisations should emphasize building and maintaining good employment relationships as it portends the needed motivation which will naturally increase productivity. The study looked at the interplay between employee relationship and workers' productivity in Organisations using staff of Plateau State University as



the study context. The study concluded that the dimensions of employee relationship when harness will play prominent and significant roles in enhancing employees productivity in organisations.

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Assessment of Entrepreneurship Initiatives and Youth Empowerment in Southern Senatorial District of Taraba State

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Abstract

Empowering the world's greatest asset-the Youths in Entrepreneurship is a matter of necessity but, initiating policies to re-orientate them toward the practical application of innovative, creative qualities have become a mirage. Thus, this paper was purposed to determine the impact of Entrepreneurship initiatives on youth empowerment by political office holders in the Southern Senatorial District of Taraba State. Three objectives, research questions, and hypotheses were conjectured. A descriptive survey research design was adopted where 385 respondents were sampled from the population of 10000 youths of the five (5) local government areas using Taro Yamane statistics method. A quota sampling technique was also used. A structured questionnaire titled "Youth Entrepreneurship Empowerment Initiatives by Political Officeholders (YEEIPOH)" was used to elicit information from the respondents. Multiple regression analysis was used for data analysis. The study found that entrepreneurship initiatives provided by political officeholders have not adequately empowered youths in the southern senatorial district of Taraba State. The study therefore, recommends that political office holders should as a matter of urgency prioritize and collaborate responsively in initiating strategies for empowering youth in entrepreneurship in the southern senatorial district of Taraba State.

Keywords: *Entrepreneurship Initiative, Youth Empowerment, Political office holders*

INTRODUCTION

Youths are the working machinery of society. They are the engine room on which the growth and development of society depend. As an engine room, their success is fundamentally based on their economic viability, which is propelled by their entrepreneurship abilities. Entrepreneurship is a societal growth dynamic that focuses on discovering, exploring, and exploiting innovative ideas; coordinating resources to make profits (Agyo and Ifu, 2018; Afolabi & MPhil, 2015; Obaji, 2014). Through entrepreneurship, new ideas are discovered; these ideas are explored and exploited with the predestined goal of gaining profit, creating wealth, and developing society. In a similar manner, Junça-Silva, Duarte, and Santos (2023) perceive entrepreneurship as the pragmatic manifestation of entrepreneurial attributes, such as invention, creativity, and risk-taking, inside the professional sphere. Supporting these views, Agyo and Ifu (2018) add that with creative minds, talents and visions; youth entrepreneurs put in passion, determination, dedication, risk tolerance and leadership skills with the predestined goal of building a new world for themselves and their people.



The period of youth, which encompasses the transition from childhood to adulthood, is widely recognised as a crucial phase in human development. The United Nations (2014) defines youth as individuals aged between 15 and 24, while the African Union (2006) and National Youth Policy (2009) extend this age range to 35. Young people, characterised by their energy and enthusiasm, possess a unique combination of passion, social positioning, and problem-solving abilities, making them well-suited for entrepreneurial endeavours (Schoof, 2006). In the pursuit of job and wealth creation, youth entrepreneurship (YE) is increasingly acknowledged as a significant and complementary strategy (Schoof, 2006; Youth Business International, 2009).

The concept of Youth Entrepreneurship (YE) as a policy effort for empowerment aims to redirect the focus of young individuals towards the practical implementation of creative and innovative qualities in establishing enterprises, hence fostering self-reliance. Similar to the strategic policy of the European Union, the promotion of an entrepreneurial culture and the development of skills among young individuals are crucial factors for enhancing their competitiveness and sustainability (Lyons & Alter, 2012; Raheem, 2016). Recognising the inherent significance of young individuals in the advancement of the economy, Tripathi (2021) outlines several justifications for the promotion of youth entrepreneurship (YE). These include the creation of employment prospects for both self-employed youths and the young individuals they hire, the mitigation of socio-psychological issues and delinquency stemming from unemployment, the cultivation of new skills and experiences that can be applied to various life challenges, the fostering of innovation and resilience among young individuals, the revitalization of local communities through the provision of valuable goods and services, and the utilisation of the heightened responsiveness of young entrepreneurs to emerging economic opportunities and trends. Youth entrepreneurship (YE) focuses on identifying chances to generate value, encompassing economic, social, and public entrepreneurship, and the subsequent action taken to capitalise on these opportunities. The persistent inclusion of this topic on the policymakers' agenda is warranted due to its potential to foster innovation, address unemployment, mitigate social exclusion, and alleviate socio-political instability, thereby making a significant contribution to economic growth and territorial cohesion. (Hogenstijn et al., 2018; ILO, 2017; Lyons & Alter, 2012; Raheem, 2016; Soldi & Cavallini, 2017).

The government of Nigeria, under the leadership of President Muhammadu Buhari and other political office holders from 2015 to 2022, has come up with various entrepreneurship initiatives. Examples: N-power, youth empowerment and development initiatives (YEDI), African youth empowerment Nigeria (AYEN), Nigerian young entrepreneurs (YEN), youth empowering people (YEP), youth initiative for sustainable agriculture in Nigeria (YISA) and presidential youth empowerment scheme (P-YES), among others. Similarly, the state and local government of Taraba State have come up with schemes such as the rescue mission and other empowerment programmes. These schemes were initiated to empower the youths in Nigeria, state and local government areas in times of entrepreneurial reorientation, modern skill acquisition, and financial accessibility (Ali & Qudah, 2018; Eesley & Lee, 2017; Iqbal et al., 2018; Peña et al., 2010).

Many strategic management and entrepreneurship literature (e.g. Abhyankar, 2014; Dana, 2017; Eesley & Lee, 2017; Iqbal et al., 2018; Lerner, 2010; Omeje et al., 2020b, 2020a; Peña et al., 2010; Sandstro et al., 2018) and theories (like the community development theory) have explained the need for robust and all-inclusive initiatives to promote economy and social growth and developments but, little have been said as to prediction of it in southern senatorial district of Taraba State. The study is an attempt to unveil the reality of things as it relates youth entrepreneurship empowerment in the region.

Even though youths have been considered as people with the propensity of utilizing entrepreneurship opportunities (ILO, 2017), where an all-inclusive entrepreneurship empowerment initiative is not provided, their entrepreneurial viability will be handicapped, consequently increasing the rate of poverty, robbery, kidnapping, and thuggery. In light of this context, the study is designed to assess the impact of entrepreneurship initiatives on youth empowerment provided by political office holders in the Southern Senatorial District of Taraba State.



Objectives of the Study

1. To determine the impact of entrepreneurship sensitization initiatives on youth empowerment in the southern senatorial district of Taraba State.
2. To determine the impact of entrepreneurship skill acquisition training initiatives on youth empowerment in the southern senatorial district of Taraba State.
3. To determine the impact of entrepreneurship financial support initiatives on youth empowerment in the southern senatorial district of Taraba State.

Research Questions

1. To what extent has entrepreneurship sensitization initiative empowered youth in the southern senatorial district of Taraba State?
2. To what extent has entrepreneurship skill acquisition training initiative empowered youth in the southern senatorial district of Taraba State?
3. To what extent has entrepreneurship financial support initiative empowered youth in the southern senatorial district of Taraba State?

Research Hypotheses

- H0₁:** there is no significant impact of entrepreneurship sensitization initiatives on youth empowerment in the southern senatorial district of Taraba State
- H0₂:** there is no significant impact of entrepreneurship skill acquisition training initiatives on youth empowerment in the southern senatorial district of Taraba State
- H0₃:** there is no significant impact of entrepreneurship financial support initiatives on youth empowerment in the southern senatorial district of Taraba State

REVIEW OF LITERATURE

Entrepreneurship Initiatives

The desire of every society is to grow and develop in terms of having access to decent jobs, wealth creation, infrastructure, security, and long-life by the citizenry. Entrepreneurship remains the prelude to the achievement of these social goals (Abhyankar, 2014; Omeje et al., 2020). It holds a spectrum of promises for developing society because it enables people to acquire knowledge and skills responsible enough to grow their finances (Ali & Qudah, 2018; Lerner, 2010; Peña et al., 2010).

Literature has conceptualized entrepreneurship differently. This significant dynamism is propelled by the fact that entrepreneurship revolves around continuums of ideas. This is because its ontogenesis has not denied the emergence of new and varying perspectives. For example, taking the risk to pool resources and start a venture (Iqbal et al., 2018; Peña et al., 2010; Sekliuckiene & Kisielius, 2015). It is also the mindset that is creative, innovative, opportunity-focused, and profit-oriented (Block et al., 2017; Drucker, 2002). In this study, we emphasize the societal value placed on entrepreneurship that makes people initiate programs for its promotion.

In today's dynamic environment characterized by unemployment, insecurity, and other social verses, societies have introduced several entrepreneurial schemes. For the purpose of this study, we narrow our discourse to entrepreneurship initiatives brought by the government and some political office holders. In Nigeria, the Buhari-led administration from 2015–2022 initiated several schemes aimed at tackling youth unemployment through entrepreneurship sensitization programs (via campaigns using billboards, posters, television jingles etc.), skill acquisition (like tailoring, agriculture, computer engineering, woodwork etc.) and financial support programs (issuance of money, distribution of machines and equipment, and other financial sponsorships etc).

Youth Empowerment

Considering the fact that our youth empowerment (YE) is not mostly opportunity-motivated but necessity-motivated (where the YE is based on low levels of income, secondary and tertiary education, GDP, tax generation, and social security), boosting the young populace of our society through youth entrepreneurship empowerment initiatives by our political office holders should be a priority. Empowerment is synonymous with giving someone the authority, freedom, or enablement to function.

YE empowerment denotes initiatives that serve as support to the effort to give youths the opportunities to enlarge, enrich, and sustainably develop their entrepreneurial knowledge and skills for the purpose of self-independence, job creation, and wealth creation (Lyons & Alter, 2012). For example, the Youth Entrepreneurship Network (YEN, 2016) initiated by the African Union Commission; Youth Entrepreneurship Support Programme (YES, 2016) initiated by the Bank of Industry; Skills and Entrepreneurship Development Programme (SEAD) by Pan Atlantic University Enterprise among others, were founded with the aim of empowering the youth. If youths are given the chance to acquire knowledge and skills; and the necessary financial and material support, their levels of income, independence, wealth creation, and social security would increase (Ibrahim, 2013; Soldi & Cavallini, 2017). But when the YE empowerment initiative is not prioritized, especially by our political officeholders, the resultant effect would be an increasing rate of unemployment, poverty, a decrease in GDP, and low national income. Furthermore, the unemployed youth would consequently become political thugs, causing societal unrest.

Political Office Holders

Politics, a contested term, has been seen by theorists, scholars, and practitioners from different perspectives. Some see it as those activities that concern the state; others see it as conflict and conflict resolution; others see it as the exercise of power while others see it as an activity aimed at improving people's status or power. In the view of Aristotle (384-322 BC), politics is a way for people to try to make their lives and society better, both of which are goals that are pursued through political engagement. For the purpose of this paper, politics is seen as a social and public act of improving the well-being of the citizenry initiated by political officeholders.

Political office holders including: chairmen, vice chairmen, councilors (elected/advisory/supervisory) etc. at the local government level; governor, deputy governor, members of the state assembly, commissioners, advisers and other appointees at the state government level; president, vice president, senators, members of the house of representative and appointees at federal level are legitimately saddled with the responsibility of allocating public values. They are citizens' representatives vested with the legislative and policy-making power to plan and execute the plans for the attainment of societal goals (Kazeem & Adeyeye, 2013). In a society where the control of resources is majorly in the hands of the political office holders, their leadership roles are major barometer in popularization and democratization of Y E in society (Kazeem & Adeyeye, 2013).

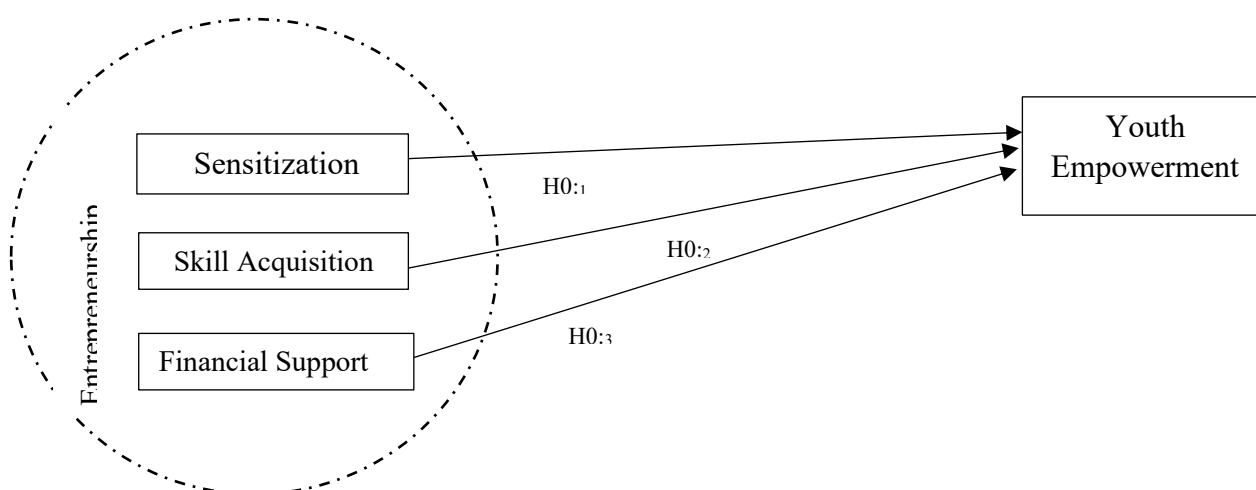


Fig. 1: Model of the Conceptual Framework

Source: The researcher Conceptualization

Empirical Review

There has been research on youth entrepreneurship, its role in economic development; and the impact of government policies on its viability. For instance, Ochugudu, Suleiman, and Kajo (2018) studied the impact of youth entrepreneurship on self-sustainability in Nigeria, finding that states with low poverty index had higher sustainability index. Clement, Ajekwe, and Abiamke (2018) assessed the impact of ethnicity on



entrepreneurial inclinations of Tiv ethnic nationality in Nigeria, finding that the non-Tiv group is more inclined to entrepreneurship than the Tiv ethnic group. Kazeem and Adeyeye (2013) assessed the leadership roles of political office-holders in the 21st century at the Nigerian local government level, examining contemporary theories justifying the existence and need for local government. Agyo and Useni (2016) surveyed Jukun indigenes of Taraba State, finding that factors such as social-cultural values, inadequate infrastructures, community entrepreneurship sensitization, managerial incompetency, insufficient capital, and inadequate localization of industries influence their effective participation in entrepreneurial activities. Shafiu Raheem (2018) reviewed a paper on youth empowerment leveraging entrepreneurship, highlighting that empowered young people can thrive in entrepreneurship by innovating, launching, and developing their entrepreneurial potential. Kolvereid (2018) investigated the relationship between the number of children in the household and mothers' and fathers' propensity to become and remain business owners, finding a positive and linear relationship between the number of children at home and business owners and a U-shaped relationship between the size of the household and exit from business ownership. The empirical gap in the studies mentioned is the lack of research on the relationship between youth entrepreneurship and self-sustainability in Nigeria, the impact of ethnicity on entrepreneurial inclinations, the assessment of leadership roles of political office-holders at the local government level, the factors influencing the effective participation of Jukun indigenes in entrepreneurial activities, and the relationship between the number of children in the household and parents' propensity to become and remain business owners. But little has been said about the empowerment initiatives of political office holders on youth entrepreneurship, particularly in the southern senatorial districts of Taraba State.

METHODOLOGY

This study adopted a descriptive survey research design where 385 respondents were sampled from the population of 10,000 youths and political office holders of five (5) local government areas of the Southern Senatorial District of Taraba State using the Taro Yamane statistics method. Quota sampling technique was used in the study. A structured questionnaire titled "Youth Entrepreneurship Empowerment Initiatives by Political Office Holders (YEEIPOH)" was also used to elicit information from the respondents. Prior to the administration of the instrument, it was subjected to face-to-face and content validity. While 25 copies of the instrument were trial-tested on youths in the central senatorial district of the state to determine the reliability index. Multiple regression analysis was used to test the hypotheses at 0.05 level of significance. **The Model represented as** $EMP = \beta_0 + \beta_1 SEN + \beta_2 SKA + \beta_3 FIN + e$

Results and Discussion

The study assesses the impact of entrepreneurship sensitization, skill acquisition, and financial support initiatives on youth empowerment and, therefore, proposes the following hypotheses: H₀₁: there is no significant impact of entrepreneurship sensitization initiatives on youth empowerment, H₀₂: there is no significant impact of entrepreneurship skill acquisition training initiatives on youth empowerment and H₀₃: there is no significant impact of entrepreneurship financial support initiatives on youth empowerment in southern senatorial district of Taraba State.

Summary of Multiple Regression Analysis

Hypotheses	Regression Weights	β	T	p-value	results
H ₀₁	SEN-EMP	2.105	16.632	.138	NS
H ₀₂	SKA-EMP	-.030	-.766	.445	NS
H ₀₃	FIN-EMP	-1.554	-12.060	.234	NS
R ²	.587				
F(3, 382)	113.315				

Note: * $p < .005$, Sensitization (SEN), Skill Acquisition (SKA), Financial Support (FIN), Youth Empowerment (EMP), and Hypotheses 1, 2 & 3 (H₀₁:1, H₀₂:2 & H₀₃:3)

The dependent variable (youth empowerment) was regressed on the predicting variables (sensitization, skill acquisition, and financial support). The independent variables did not significantly impact youth empowerment, $f(3, 382) = 113.315$, $p > 0.00$ which indicates that the three factors under study had no



significant impact on youth empowerment. Moreover, the $R^2=.587$ depicts that the model explains 58.7% of the variance of youth empowerment.

Additionally, coefficients were further examined to ascertain the impact of each of the factors on the criterion variable (EMP). The result of regression of H_{01} shows that it is not statistically significant ($\beta=-2.105$, $t=-16.632$, $p=.136$). The result of regression of H_{02} shows that it is statistically not significant ($\beta=.30$, $t=.266$, $p=.445$). And the result of regression of H_{03} shows that it is statistically not significant ($\beta=-1.554$, $t=-12.060$, $p=.234$).

The finding in hypothesis 1 shows that entrepreneurship sensitization initiatives have not significantly empowered youth. The finding does not concur with the views of Abhyankar (2014), Eesley & Lee (2017), Omeje et al. (2020), Roberts & Zulfiqar (2019), and Sekliuckiene and Kisielius (2015) who viewed that fostering entrepreneurship sensitization through campaigns using billboards, posters, and rallies among others has fostered growth and development in many imagining economies.

Hypothesis 2 of this study found out that entrepreneurship skill acquisition programs have not sufficiently empowered the youths in southern senatorial district of Taraba State. The finding does not also agree with the reports of Lerner (2010), Omeje et al. (2020b) and Sandstro et al. (2018) provided by the government and its functionaries have impacted the people significantly.

This study found out in hypothesis 3 that entrepreneurship financial support initiatives provided by political office holders in the southern senatorial district of Taraba State have not empowered the youths of the region. The finding agrees with the findings of Ali & Qudah (2018), Iqbal et al. (2018), and Sekliuckiene & Kisielius (2015) who found that though entrepreneurship empowerment holds a spectrum of promises for development, but the government have not fully implemented entrepreneurship schemes to enable the people to become well empowered.

Contribution to Knowledge

This study addresses multiple gaps and contributes to knowledge by explaining the prediction of entrepreneurship sensitization, skill acquisition, and financial support provided by political officeholders, which answers questions in a multidisciplinary approach. This is the first of its kind to address business, political, and social issues affecting a southern region of Taraba state.

CONCLUSION AND RECOMMENDATIONS

The purpose of this study was to determine the impact of entrepreneurship initiatives on youth empowerment in Taraba State's southern region by using multiple regression analysis to regress the opinions of 385 youth and political officeholders collected through questionnaires. The conclusion of this study is that the entrepreneurship initiatives of the political office holders in the Southern senatorial district of Taraba State have not significantly empowered the youths.

The study, therefore, makes the following recommendations:

1. Political office holders in Taraba State's southern senatorial district should strengthen their empowerment strategies by organizing sensitization workshops to re-orient youths in entrepreneurship participation
2. They should also improve the organization's entrepreneurship training programs where youths will acquire the skills that will make them more responsible in society.
3. Since one of the major challenges of youth empowerment is the accessibility to adequate funds that will enable them to purchase the necessary equipment and machines for effective and efficient production, political officeholders should, as a matter of urgency, mobilize funds and sponsor entrepreneurship development projects in the region.



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Effect of Socio-Economic and Demographic Factors on Tourism Development in Southwest Nigeria

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Abstract

This research analyses the existing literature to determine how demographic and economic trends have affected the growth of the tourism industry in Southwest Nigeria. The study uses a total of 761 participants, and multiple regression is used to examine the results. Population size and age structure were determined to have the most significant impact on tourism growth. It was found that there was a positive correlation between population density and domestic tourism. It was also shown that people's preferences in tourism activities vary depending on the age distribution of the population, with younger people showing a stronger inclination for adventure and experiencing travel. Furthermore, the study analysed how different educational levels affected the expansion of the tourist industry. An educated population is more inclined to participate in activities that foster cultural exchange and historical appreciation, as demonstrated by the positive correlation between education level and interest in cultural and heritage tourism. Policymakers, stakeholders, and practitioners in the region should use these findings as a starting point for developing policies to foster sustainable and inclusive tourism growth.

Keywords: Tourism expansion, Southwest Nigeria's economy, education levels, community involvement, sustainability

INTRODUCTION

Tourism is an essential part of the global economy since it facilitates economic growth, cross-cultural understanding, and protection of natural resources (Hidayat et al., 2019). Nigeria, like many other developing countries, has seen the tourist industry's promise as a growth and diversification engine in recent years. Southwest Nigeria is a viable tourism development arena due to the region's rich cultural heritage, historical landmarks, and numerous natural attractions. For successful policies and strategies to exploit this potential, it is crucial to understand the complex interplay between socioeconomic and demographic aspects affecting tourism in this region (Simon-oke & Jegede, 2012).

Sánchez-Rivero & Cárdenas-García (2014) note that Nigeria's growing population and diverse cultural landscape make the country an attractive travel destination. In particular, the states of Lagos, Ogun, Oyo, Osun, Ekiti, and Ondo in the Southwest are home to a plethora of tourist draws, from national parks to cultural festivals. Beyond its natural wonders, the region's appeal lies in its rich cultural diversity and wide range of demographic compositions. Individuals' tendency to participate in tourism activities is significantly influenced by socioeconomic characteristics such as income, work status, and degree of education (Ocran et al., 2019). Income, in particular, influences the capacity to allocate resources for leisure pursuits and travel, thus directly impacting tourism patronage. Additionally, employment status and educational qualification contribute to the availability of discretionary time and financial resources, further influencing participation in tourism (Eyisi et al., 2021).

Demographic characteristics such as gender, age, marital status, and educational attainment also hold substantial sway over tourism patterns. For instance, preferences and interests may vary between age cohorts, influencing the type of tourism experiences sought. Similarly, family structure and marital status can dictate travel preferences, with families potentially gravitating towards different destinations and activities compared to solo or couple travelers (Tobora, 2014). Despite the evident potential of the Southwest region, there remains a paucity of empirical research comprehensively examining the influence of socio-economic and demographic factors on tourism development. Addressing this research gap is imperative for crafting tailored interventions that stimulate sustainable tourism growth while addressing the unique needs and preferences of the local population (Lebediev, 2021).

This study thus embarks on a rigorous exploration of the effect of socio-economic and demographic factors on tourism development in Southwest Nigeria. By scrutinizing the nuanced interplay of these



variables, this research endeavours to unearth actionable insights that can inform policy formulation, marketing strategies, and community engagement initiatives to foster a vibrant and inclusive tourism sector in the Southwest region. Through this endeavour, we aspire to contribute to the burgeoning body of knowledge on tourism development in emerging economies while advocating for a holistic and context-specific approach to regional tourism planning and management (Katsemir, 2020)

LITERATURE REVIEW

Socioeconomic variables are the economic issues that deal with the social status of the individuals in a given society, while the demographic shows the description of the individuals (Harrill, 2004). The socioeconomic variables are income, living standard, employment status, and wages, while the demographic variables are age, sex, and educational level, among others (Harrill & Potts, 2003). The vacation industry provides an avenue, for example: open-air relaxation spots, parks, and highways, as well as ensuring socio-economic advantages in areas of rapid economic development, employment opportunities, foreign exchange earnings, balanced developments, increased income, and human development.

Harrill and Potts (2003) explained that sexual characteristics, in addition to commercial reliance, are important conjectures based on the observed advantages of the vacation industry. Factors like time of life as well as sexual characteristics are noted to affect residents' behaviour towards vacation industry advancement (Harrill, 2004). Also, it was found that socio-demographic features affect communal involvement in the vacation industry; hence, diverse dwellers seem to have diverse responses towards involving themselves in undertakings related to vacation (Kibicho, 2008). Safari et al. (2015) opined that time of life and sexual characteristics, including academic qualification, affect participation in undertakings associated with vacation. According to the findings, a lot of males, especially those within 40–60 years of age with higher institution qualifications, engage in vacation compared to their female counterparts. Trakolis (2001) noted that sexual characteristics, including time of life, have a substantially mild influence over the link between locals' affirmative opinions about vacation, including their involvement.

In respect of the influence of time of life on involvement in vacation activities, Trakolis (2001) noted that individuals' opinions as regards the organisation of vacation activities at the vacation sites are substantially diverse across age groups. Earlier research proved that earnings as well as academic qualifications affect communal involvement in vacation activities (Odege, 2014; Yeboah, 2013). Earnings and academic qualifications importantly define an individual's rank as well as position in any society. The socio economic class an individual falls into affects the extent of their involvement as well as the nature of their involvement, since individuals who fall on the lower social ladder are usually unable to afford the luxury, which makes their involvement challenging (Yeboah, 2013).

Simmons (1994) suggested that the academic qualifications of people boost their positivity as well as enhance their capability to engage in vacation activities. Cole (2006) conceptualises those problems affecting dwellers; involvement may be associated with illiteracy as well as unbalanced resource circulations. Odege (2014) pointed out that there exists a substantial connection among dwellers' earnings, academic qualifications, and involvement in traditional vocational activities. Yeboah's (2013) research on the level of communal involvement in certain societies suggests that substantial diversity occurred in communal involvement as a result of academic qualifications, earnings, and the extent of involvement in planning, executing, and observing in addition to assessing. Salleh et al. (2016) established that earnings as well as support from relatives are elements affecting involvement in vacation industry activities among indigenous members of a society.

Tourism Development

The concept of tourism development, a dynamic and multifaceted domain, lies at the heart of this transformative journey. Like an artist with a canvas, it shapes landscapes, cultures, and economies, leaving behind a mosaic of memories etched in the hearts of travellers. Tourism development is more than the mere act of constructing hotels and infrastructure; it is a nuanced orchestration of myriad elements. Rooted in the nascent desire for human connection and exploration, its genesis can be traced to ancient



civilizations where pilgrimages, trade routes, and cultural exchanges laid the foundation for what we now recognize as tourism (Cole, 2006).

The annals of history brim with tales of adventurous souls traversing continents, seeking the exotic and the unknown. The Silk Road, the Grand Tour of Europe, and the Age of Exploration exemplify epochs when tourism was more than leisure; it was an odyssey of discovery, a conduit for cultural diffusion, and an engine for economic vitality. At the heart of tourism development lies the celebration of cultural diversity. From the sun-drenched streets of Marrakech to the misty alleys of Kyoto, each destination offers a tapestry woven with the threads of traditions, art, music, and cuisine. Museums, galleries, and heritage sites become the living chronicles of civilizations, while festivals and celebrations provide a living testament to the resilience and creativity of humankind (Simmons, 1994).

In the age of environmental consciousness, sustainable tourism development takes center stage. The fragile equilibrium between mankind and nature is carefully nurtured, as stakeholders strive to preserve pristine ecosystems while providing a conduit for responsible exploration. Ecotourism initiatives, wildlife sanctuaries, and green technologies are the keystones in this edifice of sustainable development (Cole, 2006).

Tourism development is the economic engine that propels regions from stagnation to vitality. Employment opportunities burgeon, local industries flourish, and small businesses thrive in the wake of an influx of visitors. Hotels, restaurants, transport services, and a myriad of ancillary industries sprout, intertwining destinies with the ebbs and flows of tourist footfalls (Odege, 2014).

Roads, airports, railways, and ports are the arteries of tourism. A well-connected and efficient infrastructure network is the lifeblood that sustains the travel industry. The evolution of transport systems and accessibility options heralds a new era of connectivity, making previously remote locales accessible to a global audience (Trakolis, 2001). In the digital age, innovation and technology are instrumental in reshaping the tourism landscape. Virtual reality, augmented reality, and artificial intelligence revolutionize the way travelers plan, experience, and remember their journeys. From personalized itineraries to immersive cultural experiences, technology metamorphoses the very essence of exploration (Yeboah, 2013). Tourism development, a symphony of human ingenuity and aspirations, transcends geographical borders and temporal boundaries. It is an enduring testament to the indomitable spirit of discovery that resides within us all. As we embark on this journey through the realms of tourism development, we become not just travelers, but custodians of a legacy that transcends generations, leaving behind footprints on the sands of time (Simmons, 1994).

METHODOLOGY

This study employs a quantitative research approach to investigate the influence of socio-economic and demographic factors on tourism development in Southwest Nigeria. The research design was cross sectional survey research design. The target population for this study consists of individuals residing in the Southwest Nigeria region who have engaged in tourism activities within the past year. Physical visitation of selected tourist sites in the states in the region was carried out and the administration of a structured questionnaire to a representative sample of respondents of 801 within the study area was carried out. The sampling frame will be compiled from official records, community directories, and tourism-related databases to ensure comprehensive coverage. Stratified random sampling was used as the population was stratified based on income levels, educational qualifications, and age groups. Random sampling was then applied within each stratum to ensure proportional representation. The criteria for selection was the respondents must be at least 18 years of age and have engaged in at least one tourism activity within the Southwest Nigeria region in the past year. The content validity was used as the questionnaire was constructed based on a thorough review of existing literature and consultations with experts in the field of tourism and socio-economic studies. Trained research assistants administered the questionnaire to the selected respondents in person, ensuring a structured and standardized approach. Multiple regression technique was used to test the hypotheses with the aid of SPSSv27.



RESULTS AND DISCUSSIONS

Hypothesis

H₀: Socio-economic/Demographic characteristics of respondents have no significant influence on the development of tourism in relation to characteristics of transport in the region.

Table 1 Model Summary on Socio-economic/Demographic characteristics influence on the development of tourism in Southwest Nigeria

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.457 ^a	.209	.203	0.13556	1.275

a. Predictors: (Constant), Income, Sex, Employment status, Educational qualification, Marital status, Age

b. Dependent Variable: Patronage

Source: Fieldwork, 2023

Table 2: ANOVA on Socio-economic/Demographic characteristics influence on the development of tourism in Southwest Nigeria.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	103.005	6	17.168	1.640	.133 ^b
	Residual	7893.489	754	10.469		
	Total	7996.494	760			

a. Dependent Variable: Patronage

b. Predictors: (constant), Income, Sex, Employment status, Educational qualification, Marital status, Age

Source: Fieldwork, 2023

Table 3: Coefficients on Socio-economic/Demographic characteristics influence on the development of tourism in Southwest Nigeria

Model	Unstandardized Coefficients		Standardized Coefficients		T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	VIF
1 (Constant)	15.546	.959			16.212	.000		
Sex	-.257	.242	-.040		-1.059	.290	.937	1.067
Marital status (MS)	-.258	.311	-.131		-0.830	.716	.583	1.714
Age	-.318	.166	-.099		-1.918	.055	.492	2.031
Educational qualification (EQ)	-.014	.118	-.005		-.120	.904	.777	1.287
Employment status (ES)	.154	.242	.010		.637	.230	.803	1.245
Income (INC)	.104	.036	.148		2.889	.000	.887	1.127

a. Dependent Variable: Patronage

Source: Fieldwork, 2023

Table 1 is the model summary that shows the socioeconomic/Demographic characteristics that influence on development of tourism in Southwest Nigeria. The result showed that the R-value is 0.457, which indicates that socio-economic/demographic characteristics and tourism patronage in South West have a 45.7% shared relationship. This relationship can be described as low. The coefficient of determination from the R-square shows the extent the independent variables (Income, Sex, Employment status, Educational qualification, Marital status, and Age) explain the dependent variable (tourism patronage). The result showed that socioeconomic/demographic characteristics (Income, Sex, Employment status, Educational qualification, Marital status, and Age) explain about 20.9% of changes in tourism patronage



in South West Nigeria. The adjusted R-square shows the variation of the changes remains at the same level when the result is repeated. Table 2 shows that the model is not statistically significant given that $F = (1.640, p > 0.05)$. The result showed that the model of the study is not fit and as such socio-economic/demographic characteristics cannot explain increased tourism patronage in the study area. The sum of squares regression is greater than the residual value indicating that the model does not fit.

The standardised coefficient in Table 3 shows the strength of each of the variables to explain the dependent variable. The result showed that income status $\beta = -0.148$ has the most effect in influencing tourism patronage in South West, Nigeria. The result showed that aside from income which showed a significant influence on patronage, all other variables were insignificant, thus, further supporting the acceptance of the null hypothesis, which stated that socio-economic/demographic characteristics have no significant influence on the development of tourism in Southwest Nigeria.

The standardised coefficient in Table 6 shows the strength of each of the variables to explain the dependent variable. The result showed that income status $\beta = -0.148$ has the most effect in influencing tourism patronage in South West, Nigeria. The result showed that aside from income which showed a significant influence on patronage, all other variables were insignificant, thus, further supporting the acceptance of the null hypothesis, which stated that socio-economic/demographic characteristics have no significant influence on the development of tourism in Southwest Nigeria.

This study delves into the impact of socio-economic and demographic factors on tourism development in Southwest Nigeria. The standout influence of income status on tourism patronage in Southwest Nigeria highlights the critical role that economic factors play in shaping travel behavior. A negative coefficient ($\beta = -0.148$) suggests that as income levels increase, there is a corresponding decrease in tourism patronage. The rising expense of travel with rising income, the trend towards more expensive and exotic vacations, and the general trend away from vacationing as a kind of leisure time are all possible explanations. However, the fact that sex, employment, educational level, marital status, and age all had negligible effects on tourism patronage shows that these criteria have no bearing on tourism patronage patterns in the context of this study. This discovery is significant because it runs counter to common beliefs about the effects of demographic variables on vacationing habits, such as gender, marital status, and educational attainment. One might conclude that in this particular setting, these factors are not major influences on people's decisions to participate in tourism-related activities.

Nevertheless, it is crucial to keep in mind that the findings in this study only apply to the data and methods used in this investigation. It's possible that results will vary depending on location or circumstance. It's also possible that this research did not account for interactions and intricate correlations between these variables. The outcome demonstrated that income was the sole determinant, whereas all others were irrelevant. This finding suggests that personal wealth is the driving force behind the expansion of tourism in Southwest Nigeria. This suggests that individuals or households with higher income levels are more likely to engage in tourism activities in the region compared to those with lower income levels. This is useful for investors and the government in tourism planning and development. These findings are consistent with the findings of Geza et al. (2014). The result differs from the findings of Olebogeng (2014), Chang, and Lai (2009). The reason for the difference in findings could be because the study of Olebogeng (2014) used the air mode of transport alone, while the study of Chang and Lai (2009) focused more on the rail sector.

CONCLUSION AND RECOMMENDATIONS

The study uncovers intriguing insights into the dynamics of tourism development in Southwest Nigeria. While the research identified a moderate association between socio-economic and demographic factors and tourism patronage, it became apparent that this relationship is relatively modest. This suggests that other unexamined elements exert a considerable influence on individuals' decisions to engage in tourism activities. Notably, income status emerged as the pivotal factor in determining tourism patronage. The negative coefficient indicates that as income levels rise, there is a corresponding decrease in tourism



engagement. This may be attributed to factors such as heightened travel costs associated with higher income or a preference for more exclusive travel experiences.

Contrastingly, variables including gender, employment status, education level, marital status, and age were found to be statistically insignificant in influencing tourism patronage within the context of this study. This challenges conventional assumptions about how these characteristics impact travel behavior, suggesting that in this specific region, they do not play a dominant role in individuals' decisions regarding tourism activities. While these results are interesting, it is important to note that they are unique to the data and methods used in this investigation. There may be complicated interactions between these variables that were not accounted for in this analysis, leading to different results in various circumstances or places.

The following suggestions are made based on the results of the study:

1. Priority should be given to solutions that level the economic playing field so that people of all socioeconomic backgrounds can enjoy the benefits of tourism.
2. Moreover, policymakers and stakeholders should pay attention to the population's unique demographic traits, keeping in mind that factors other than wealth may still play a role in determining outcomes in some situations or for certain subsets of the population.
3. A more interdisciplinary strategy is required for the growth of the tourism industry. For the Southwest Nigeria region, this may entail trying out novel approaches to advertising, zeroing in on untapped niche customers, and developing compelling selling propositions.
4. More efficient and long-lasting tourist development is possible when several parties work together. These parties include the government, local businesses, NGOs, and academic institutions.
5. Last but not least, ensuring the long-term health of the tourism business in the region can be aided by implementing sustainable tourism practices such as conservation initiatives, eco-friendly hotels, and responsible tourism education.

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