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Articles

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Impact of working Capital Management on Financial Performance of Quoted Consumer Goods Manufacturing Firms in Nigeria

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***Abstract*:** Working capital management is indispensable in strengthening firms' liquidity position. A weak liquidity position poses a threat to the solvency of the company and makes it unsafe as well as unsound. The persistent winding up of most Nigerian manufacturing firms and the recent decline in the world oil price which significantly affected all the oil producing countries in the world of which Nigeria is not an exception demand for effective and efficient management of resources to guarantee going concern. This study examined the impact of working capital management on financial performance of quoted consumer goods manufacturing firms in Nigeria by specifically examined the impact of working capital management on return on assets and gross operating profit. The secondary data used were obtained from annual financial statements over a period of ten (10) years from 2005 to 2014 of purposively sampled fifteen (15) firms. Descriptive statistics were used to measure variations, statistical inferences were drawn using correlation and panel regression analysis was applied on performance and working capital management indicators to test the formulated hypotheses. The findings revealed that efficient working capital management increases financial performance. In conclusion, a negative relationship exists between Cash Conversion Cycle (CCC) and financial performance while there is a positive relationship between Average Collection Period (ACP) and financial performance. The study recommended that firms within the industry may increase their average collection period above the present industry average collection period of 58 days and proper analysis of working capital components should be constantly carried out to ensure that those critical areas for decision making process as it related to each of the performance measurement variables are identified and properly examined.

Keywords*:* Working Capital Management, Investment, Firm Value, Performance, Profitability

1.1 Introduction

Stabilising solvency is an essential quality of a finance manager in ensuring that business pays its debt as they arise, exploit business opportunities pictured and meet any contingency that may reasonably be envisaged. A business may have high proportion of assets over liabilities but if this falls on the non-current assets, the ability of the business to meet its short term obligation without resorting to borrowing may be difficult. Working capital management is concerned with efficient and effective planning and controlling of short term financing and investment decisions of the firm. Working capital which comprises of current assets and current liabilities are indispensable in the overall corporate strategy in creating shareholders value. It is crucial in investment decision to avoid tied up fund in working capital and circumvent shortage of working capital for smooth running of business operation.

The value of raw materials, work-in-progress, finished goods, receivables less payables represents amount tied up in working capital. Firms financial performance is linked with firm's effective and efficient management of its working capital such that risk of inability to meet short term obligations is eradicated and unwarranted investment in the working capital are avoided. The proportion of current assets to current liabilities should be sufficient enough to meet payment of short term creditors as and when due to avoid insolvency and subsequent effect of bankruptcy.

Firm's primary objective is to maximise profit so as to achieve increase in share price and dividends but this cannot be achieved without preserving liquidity of the company. Therefore, increasing profitability at the expense of liquidity may defeat going concern of the business and same goes for liquidity at the expense of profit. Hence, there should be a trade-off between profitability and liquidity of the firm.

The statement of comprehensive income in the annual reports of the firm revealed either loss suffered by the company in its operation or profit generated during the year. If profit is generated, investors are paid from the profit and this measure is of paramount interest to investors. It should be noted that profit is not only the measurement of shareholders interest as shareholders are also concerned about the cash flows of the firms. Nigerian manufacturing industries are facing crucial problems that are persistently led to their winding-up (Ogbuji & Ogunyomi, 2014). A lot of industries in Nigeria have closed down, some relocated while others are operating far below installation capacity.It is on this note that this study examined the impact of working capital management on financial performance through various performance measurements as it relate to firms' effective utilisation of assets to generate high returns and production efficiency.

The following research questions were raised for the purpose of this study:

i) What is the effect of working capital management on return on assets?#
ii) To what extent does working capital management have effect on gross operating profit?

1.4 Objectives of the study

The main objective of this study is to examine the impact of working capital management on financial performance in quoted consumer goods manufacturing firms in Nigeria over a period of ten (10) years from 2005-2014. The specific objectives of this study were to:

i) examine the effect of working capital management on return on assets.
ii) examine the effect of working capital management on gross operating profit.

The hypotheses stated in the null form were tested in order to provide answers to the research questions of this study.

Ho_1 : There is no significant effect of working capital management on return on assets.

Ho_2 : There is no significant effect of working capital management on gross operating profit.

2.1 Literature Review

This section provides a review of literature on the concept of working capital management and performance. It also provides a review on the theory used in this study and the empirical evidences.

2.2 Conceptual Issues

Keown, Martin, Petty and Scott (2005) described working capital as a company's entire investment in current assets or assets that a company anticipates to be transformed into cash within a year or less. Therefore, current assets are the assets which can be converted into cash within an accounting year of the firm. Working capital is the amount spent on current assets such as, short term securities, accounts receivables and inventories, (Valipour, Moradi & Karimi, 2012). Enyi's study (as cited in Osundina, 2014) described working capital as a margin or buffer or safety cushioned for meeting obligations within the ordinary operating cycle of any business. Working capital approved the company's ability to continue its activities without endangering liquidity (Abbasali & Milad, 2012). Aremu, Ekpo, Mustapha and Adedoyin (2013) claimed that firm's ability to identify appropriate capital requirements and sources of raising funds will strengthening their operation as inadequate capital is the major causes of business failure. Alnoor, Charles, Srikant and George (2008) identified working capital as current assets minus current liabilities. Kehinde (2011) explained that working capital is part of company's total capital which is employed in the short term operations.

Onaolapo and Kajola (2015) classified working capital into gross working capital and net working capital and stated that gross working capital is regarded as the amount invested in a firm's current assets while net working capital is the excess of current assets over liabilities. Working capital is an important issue during financial decision making since its being a part of investment in asset that requires appropriate financing investment (Francis, 2015). The concept of working capital is usually made up components parts; basically the current assets and the current liabilities. Ariful, Amin, Rakibul (2015) opined that current assets are the investment in cash, marketable securities, account receivable and inventory. Current assets are the assets which can be converted into cash within an accounting year and include cash, short-term securities, account receivable, bill receivable and inventory (Pandey, 2004).

An asset denotes current asset when it is expected to be realised or intends to sell or consumed in its normal operating cycle and it is held primarily for the purpose of trading and also expected to be realised within twelve months after the reporting period (Steve, 2012). Current assets are cash and equivalents, account receivable and inventory items of a firm (Asghar & Syed, 2012). Current liabilities are one of the flexible financial resources of firms (Francis, 2015). Steve (2012) defined current liability as liability that is expected to be settled in the company's normal operating cycle that is the time between the acquisition of assets for processing and the realisation of these assets into cash or cash equivalent. This definition therefore differentiates liabilities that are current from non- current liabilities, that is, liability that fall due after more than 12 months of the reporting date.

Furthermore, working capital is not synonymous to working capital management. Kazi (2015) declared that working capital management involves the decision of using the current assets and current liabilities which has a significant part in the day to day operating activities of that particular organisation. The essence of working capital management is not only to sustain the optimal level of liquidity and turnover ratios but also to managing the short-term financings, (Muhammad & Mohammad, 2015)

Abdulrasheed, Khadijat, Sulu and Olanrewaju (2011) posit that organisations' profit can only be maximised if inventory is effectively managed. They also asserted that cost minimisation along with revenue maximisation brings about profit maximisation and to achieve this, there is need to prevent the conflicting economies of overstocking.

Asghar and Syed (2012) defined working capital management as decisions made in respect of current assets. Raheman and Nasr (2007) suggested that if the firms properly manage their cash, accounts receivables, and inventories this will ultimately help firms to increase their profitability.

On the other hand, Francis (2015) identified corporate performance as a potential determinant of working capital financing policies. Pandey (2008) defines financial performance as a slanted measure of how efficiently a firm utilise it's to generate revenues.

Performance of a firm rests on the activities and investment decisions of organisations (Solomon, 2014). Frederick and Cynthia (2003) posit that profitability ratios, growth rates and margins are the conduit that harboured firm performance.

High financial performance suggests effective and efficient management in making use of company's resources (Naser & Mokhtar, 2004). Four useful measures of profitability are the rate of return on assets (ROA), the rate of return on equity (ROE), operating profit margin and net income (Hansen & Mowen, 2005).

2.3 Theoretical Framework

A number of theories have been found in the literature to describe the working capital management and its relationship with firm financial performance which are not limited to irrelevance Modigiliani- Miller Theory, Static Trade–off Theory in the 1960s -1970s, Agency Cost Theory in the mid-1970s but also include among others Pecking Order Theory in the 1980s. Nonetheless, the incapability of Modigiliani- Miller Theory to draw a line between point of financing and operation, inadequate time varying for financial market opportunities, unrealistic descriptions of how firm finance their operations give birth to Trade–off Theory, Pecking Order Theory and others. This study will limit its discussion to Pecking Order Theory.

Pecking Order Theory

Myers (1984) explained that firms most likely prefer to finance new investments first with internally raised funds, i.e; retained earnings, then with debt and issue equity as a final resort.

Pecking order theory is believed to be an alternate theory to trade-off theory where the firm has perfect hierarchy of financing decisions. Pecking order theory elucidates that the firm tries to utilize its internal financing sources first i.e; retained earnings then issues debt and then would issue equity as a last result.

Joseph, Willy and Patrick (2016) suggested that firm should use shareholders' fund to finance business operation activities before resort to borrowing. The study further recommends that internal and external business environmental factors should be considered before choice of business financing is chosen. Summarily, this study is anchored on the pecking order theory as it is directly promoting effective management of working capital and is least risky.

2.4 Empirical Framework

Kazi (2015) on the working capital management of diverse industries along with their solvency in Bangladesh. The components of working capital management employed are average collection period, inventory turnover, current asset to total asset, current liabilities to total asset and current ratio while return on assets and return on equity were used as proxy to measure profitability. Secondary data which is the annual reports of the companies in Bangladesh is used for the study. The study cut across almost all sector of the economy. The study reports that failure to manage working capital will eventually lead to insolvency thereby results to bankruptcy hence there is a relationship between working capital management and profitability of the industry.

Francis (2015) conducted a study on the relationship between working capital and profitability of cement companies in Kenya for five years period of 2006 to 2010, operating income is used as proxy for profitability while working capital management was measured by cash conversion cycle and spearman's correlation analysis together with a multivariate regression model were employed to observe the relationship between working capital management and profitability. The findings revealed that efficient working capital management increases profitability.

The study of Raheman and Nasr (2007) where an analysis of 94 firms listed at Karachi Stock Exchange which was based on a time span of six (6) years form 199- 2004 was carried out. Working capital management was measured by debt ratio, current assets to total assets ratio, cash conversion cycle, average collection period, inventory turnover, average payment period, current ratio and natural logarithm of sales and net operating profit was used as proxy for the business profitability. It was stated that profitability and working capital management are negatively related to each other.

Akoto, Awunyo-Vitor and Angmor (2013) analyzed the relationship between working capital management practices and profitability of listed manufacturing firms in Ghana. The study used data collected from annual reports of all the 13 listed manufacturing firms in Ghana covering the period from 2005-2009. Using panel data methodology and regression analysis, the study found a significant negative relationship between Profitability and Accounts Receivable Days.

However, the firms' Cash Conversion Cycle, Current Asset Ratio, Size, and Current Asset Turnover significantly positively influence profitability. The study suggests that managers can create value for their shareholders by creating incentives to reduce their accounts receivable to 30 days. It is further recommended that, enactments of local laws that protect indigenous firms and restrict the activities of importers are eminent to promote increase demand for locally manufactured goods both in the short and long runs in Ghana.

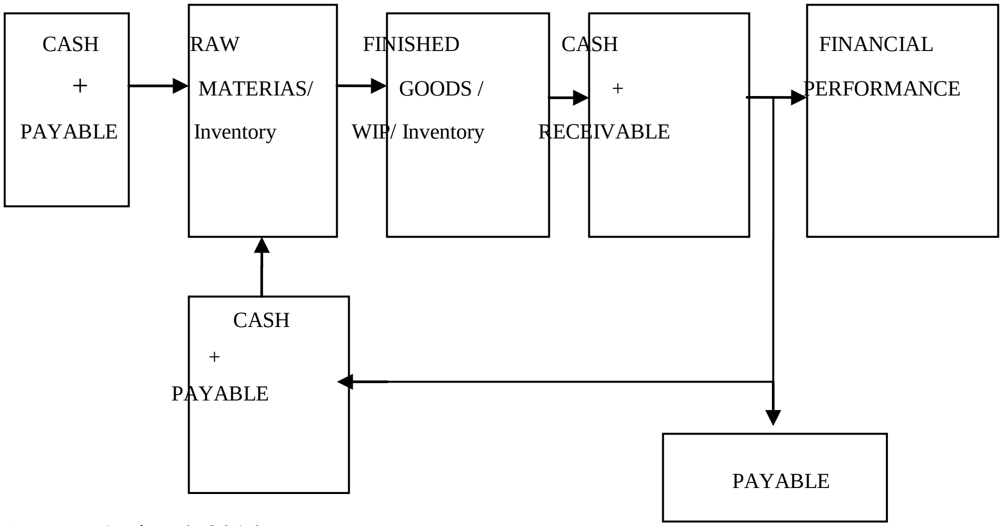
Salman, Oyetayo and Oriowo (2014) investigated the relationship between working capital management on organizational profitability in Nigeria. Data were collected from audited finance statements of 20 manufacturing companies quoted in Nigerian Stock Exchange between 2005 to 2013. Return on Assets (ROA) and Return on Equity (ROE) were used as proxy for measurement of profitability while Panel data methodology was employed and Pearson correlation moment coefficient and multiple regressions and the method of estimation is Ordinary Least Squares (OLS). The result revealed that working capital has negative and significant relationship with the Return on Assets (ROA) and Return on Equity (ROE) and this showed that firms' performance increase as long as Cash Conversion Cycle reduce .

Osundina (2014) examined the relationship between working capital management and profitability and focused on the quoted food and beverages manufacturing firms in Nigeria. Working capital management was measured by aggressive investment policy, account collection policy, cash conversion cycle and net operating profit was employed to measure profitability. The study made use of primary data and the results of the analysis revealed that working capital management had significant positive relationship with profitability.

In the study of Ogbuji and Ogunyomi (2014) on working capital management policy and financial performance in the Nigerian foods and beverage industry , where Nestle Nigeria Plc was the case study which covered period of five (5) years, 2008 to 2012. Working capital management was measured by cash conversion cycle and financial performance was measured by return on assets. The results revealed that a negative significant relationship existed between working capital management and profitability performance and at the same time a negative insignificant relationship do subsist between working capital management and liquidity performance.

2.5 Schematic Conceptual Framework of Working Capital Cycle and Financial Performance

Below is the schematic conceptual framework of working capital cycle and financial performance:



Source: Authors', 2016

The model of the working capital cycle above illustrates the interactions between current assets and current liabilities in the business operation. The purchase of raw materials are financed by both Cash and payable and the raw materials will in turn converted to finished products with possibility of definite percentage of work in progress (WIP). The finished goods will be converted to cash and receivables while some will be left as inventory of finished goods. The part of the cash realised from both sales and receivable will be used to settle payables. The payables and cash will also be used to finance production. The effective and efficient management of the working capital cycle will determine the firm's performance which can therefore be proxied by return on assets and gross operating profit.

3. Methodology

3.1 Introduction

This section provides a specification of the study model, the research designs, variable measurement, types of data, study population, sampling procedure, and method of data analysis. In order to specify the relationship between working capital management and financial performance of consumer goods, the empirical framework by Deloof (2003) and Padachi (2006) as expanded by Rafiu and John (2014) was used. As such; the study postulates the relationship between the dependent and independent variable as:

FP = f (WCM, GWCTR, CATAR, CLTAR, FDR, LOS, CR)....................(i)

Where: The components of WCM are ACP, APP, ITID, CCC and

FP represents financial performance while WCM signifies working capital management, GWCTR stands for gross working capital turnover ratio, CATAR symbolises current assets to total assets ratio and CLTAR represents current liabilities to total assets ratio. FDR is financial debt ratio, LOS stands for log of sales and CR is current ratio.

The relationship can be established in a linear form as stated below:

$$ROAit = \beta0 + \beta1ACPit + \beta2APPit + \beta3ITIDit + \beta4CCCit + \beta5GWCTRit + \beta6CATAR\ it + \beta7CLTAR\ it + \beta8FDR\ it + \beta9QR\ it + \beta10LOS\ it + \beta11SG\ it + \eta i + \mathcal{E}it \ldots\ldots(ii)$$

$$GOPit = \beta0 + \beta1ACPit + \beta2APPit + \beta3ITIDit + \beta4CCCit + \beta5GWCTRit + \beta6CATAR\ it + \beta7CLTAR\ it + \beta8FDR\ it + \beta9QR\ it + \beta10LOS\ it + \beta11SG\ it + \eta i + \mathcal{E}it \ldots\ldots(iii)$$

The β1, β2, β3, β4, β5, β6, β7 and β8 = Coefficients of the independent variables, ηi measures the specific characteristics of each firm otherwise known as the observable heterogeneity,

Ɛit = error term, representing factors other than those specified in the model, while

i = 1- 15 firms

t = 2005- 2014.

Dependent variable is the financial performance and it is measured by Return on Assets and Gross Operating Profit. while the independent variable is Working Capital Management (WCM) which is a key variable of the study used as a vector of average collection period (ACP), inventory turnover in days (ITID), average payment period (APP) and cash conversion cycle (CCC) of the firm. Other explanatory variables characteristically assumed to affect firm performance are gross working capital turnover ratio (GWCTR), current assets to total assets ratio (CATAR), current liabilities to total assets ratio (CLTAR) are used to check the investing and financing policy of working capital management respectively.

Financial debt ratio (FDR) which was used to measure leverage is expected to have negative relationship and natural logarithm of sales (LOS) representing size has positive relationship with firm profitability while Sales Growth (SG) represents the investment growth opportunities and quick ratio (QR) measure the liquidity of a firm.

The study expected that working capital management has negative relationship with the financial performance. This implies that if there is a reduction in the number of days in receivable (ACP), Inventory (ITID), Cash Conversion Cycle (CCC) and Account Payment Period, the financial performance of manufacturing firms in Nigeria will improve.

The research design used for this study is the ex-post facto research design because of the cause and effect relationship to be derived from the regression. Regression is used to test the influence of working capital management on financial performance of quoted consumer goods manufacturing firms in Nigeria. The research method adopted is the descriptive research method as it helps describes a particular phenomenon in the study.

The data for the study was extracted from secondary source through annual reports and accounts of the sampled firms from Nigeria Stock Exchange's Fact Book as at 2014 and online of each of the firm's website.

The population of this study consists of all the twenty-seven (27) quoted consumer goods manufacturing firms listed on the Nigerian Stock Exchange (NSE) as recorded in the NSE Fact Book of 2014.

The sampling technique used for this study is purposive. Fifteen (15) firms were selected from twenty-seven (27) consumer goods manufacturing firms quoted on the Nigeria Stock Exchange as at 2014 for the study based on the following decisive factors: (i). The firm must have been listed in the Nigerian Stock Exchange during the period under study and published its financial statements for the period. (ii). The firm's stock has been actively traded during the last 3 years.

4. Results

Table 4.1.1 Descriptive Statistics

	APP	ACP	CCC	ITID	ROA	GOP
Mean	62.07560	58.11411	57.98563	61.94712	0.128232	0.441497
Median	51.92750	39.76299	54.63511	60.98024	0.113567	0.376436
Maximum	626.9419	280.5866	281.1291	195.1730	0.634001	3.489735
Minimum	4.652738	0.045229	-392.7634	0.234202	-1.396307	-0.378901
Std. Dev.	62.42256	52.24306	70.19055	38.07586	0.203423	0.417165
Skewness	5.237517	1.687057	-0.973200	0.756813	-2.632193	3.175587
Kurtosis	46.04425	5.962611	14.34232	4.172007	23.01434	21.97363
Jarque-Bera	12265.84	126.0107	827.7298	22.90413	2676.797	2502.100
Probability	0.0000	0.000000	0.000000	0.000011	0.000000	0.000000
Observations	150	150	150	150	150	150

Source: Author's Computation, (2016)

The descriptive statistics of the main variables of this study presented in table 4.1.1 above, shows that the average APP, ACP, CCC and ITID over the period under investigation and for the 15 firms are 62, 58, 58 and 62 days respectively. The average ROA and GOP for the firms over the period and across the quoted consumer goods manufacturing firms in Nigeria are 12.8% and 44% with a maximum of 63% and 349%. Furthermore, the minimum Return on Assets and Gross Operating Profit are -140%, and -38% respectively with standard deviation of 20% and 42% suggesting a wide variation in Return on Assets and Gross Operating Profit across the quoted consumer goods manufacturing firms in Nigeria over the period under investigation.

Table 4.1.2: Correlation Matrix

Correlation	APP	ACP	CCC	ITID	ROA	GOP	VIF
APP	1.000000						1.34
ACP	0.371272	1.000000					1.83
CCC	-0.521012	0.424835	1.000000				1.13
ITID	0.169558	0.019753	0.406373	1.000000			3.27
ROA	-0.053683	-0.241127	-0.090009	0.076909	1.000000		
GOP	-0.100705	-0.347908	-0.034983	0.247768	0.534635	1.000000	

Source: Author's Computation, (2016)

To examine the existence of multicolinearity, a pair-wise correlation test was conducted in this study. In order to avoid unnecessary complexities, the test covered only the independent variables representing the working capital management (WCM). Other variables are control variables that must be included in the models. So, multicolinearity among the working capital management (WCM) variables constitute the main concern of the correlation test in this study.

The result of the correlation obtainable in table 4.1.2 shows that ACP and ITID are positively correlated to APP while CCC is negatively correlated to APP. Equally, all the WCM variables except ITID are negatively related to ROA and GOP. Similarly, the correlation coefficients among the independence variables are less than 0.5. therefore, there is no problem of multicolinearity among them.

Also, the Variance Inflation Factor (VIF) test was conducted to test the presence of multicolinearity. The result of the VIF shows that the values of the VIF: 1.34, 1.83, 1.13 and 3.27 for APP, ACP, CCC and ITID respectively are less than 5. Therefore, there is no problem of multicolineraity in the model.

The result presented in table 4.1.2 shows that working capital component are negatively related to return on assets and gross operating profit except ITID which is positively related to return on assets and gross operating profit.

Table 4.1.3: Results of Fixed and Random Effect Regressions for RO

Independent Variables	Dependent variable: Return on Assets (ROA)	
	Fixed effect model	Random effect model
	1	2
ACP	-28,000,000***	-29,000,000***
	(-150,000,000)	(-130,000,000)
ITID	0.00010	0.00016**
	(0.000093)	(0.000084)
APP	900,000,000	-22,000,000
	(-35,000,000)	(-28,000,000)
CCC	-0.000077	-0.000059
	(0.00020)	(0.00021)

GWCTR	0.037***	0.044***
	(0.0065)	(0.0079)
CATAR	0.10*	0.094*
	(0.048)	(0.056)
CLTAR	0.083**	0.093***
	(0.037)	(0.036)
FDR	-0.013**	-0.011**
	(0.0053)	(0.0052)
QICKR	0.077	0.072*
	(0.057)	(0.041)
LOS	-0.048**	-0.0082
	(0.018)	(0.017)
SG	-0.012	-0.0100
	(0.0084)	(0.0081)
CONSTANT	0.24	-0.068
	(0.14)	(0.12)
OBSERVATIONS	113	113
R-SQUARED	0.572	0.693
NUMBER OF FIRMS	15	15

Source: Author's Computation, (2016)
*significant at 10%, **significant at 5%, ***significant at 1%, Robust standard errors in parentheses.

Column 1 and 2 of table 4.1.3 contain the regression results of the fixed effect model and random effect model respectively.

In table 4.1.3, both the fixed effect model and random effect model shows that CCC, FDR, LOS and SG are negatively related to ROA while all other variables are positively related to ROA. This implies that all the components of WCM (ITID, APP, CCC and ACP) are positively related to ROA except CCC which negatively related. Whereas, the fixed effect model in column 1 shows that, ACP, GWCTR, CATAR, CLTAR, FDR and LOS are the variables that are statistically significant. That is, the variables significantly affect ROA. The statistical significance of the variables is indicated by the robust standard errors. The robust standard errors of the coefficients are less than half of coefficients of the variables. Thus the variables are statistically significant.

On the other hand, the random effect model in column 2 shows that ACP, ITID, GWCTR, CATAR, CLTAR, FDR and QICKR are the only significant determinants of ROA. By the magnitude of coefficients, the fixed effect model indicates that -28,000,000E-07, 0.037, 0.10 and 0.083 units increase in ROA results from a unit increase in ACP, GWCTR, CATAR and CLTAR, respectively while a unit increases in FDR and LOS brings about -0.013 and -0.048 unit decrease in ROA respectively.

Conversely, the magnitude of impact shown by the random effect model in column 2, indicates that a unit increase in ACP, ITID, GWCTR, CATAR, CLTAR and QICKR will lead to -29,000,000, 0.00016, 0.044, 0.094, 0.093 and 0.072 increase in ROA. But a unit rise in FDR will result to 0.011 falls in ROA. Hence, the regression results in table 4.1.3 shows that WCM has significant positive impact on return on assets of quoted consumer goods manufacturing firms in Nigeria.

Table 4.1.4: Results of Fixed and Random Effect Regressions for GOP

Independent Variables	**Dependent variable:** Gross Operating Profit (GOP)	
	Fixed effect model 1	Random effect model 2
ACP	-88,000,000***	83,000,000***
	(320,000,000)	(11,000,000)
ITID	0.00018	0.00056
	(0.00022)	(0.00038)
APP	-2.2E-06**	7.4E-09
	(7.6E-07)	(1.3E-06)
CCC	-0.00018	0.0015
	(0.00085)	(0.0015)
GWCTR	0.074***	0.061
	(0.023)	(0.058)
CATAR	0.75	0.59
	(0.61)	(0.66)
CLTAR	-0.025	0.017
	(0.12)	(0.14)
FDR	0.0057	0.064
	(0.039)	(0.098)
QICKR	-0.35	-0.20
	(0.20)	(0.21)
LOS	-0.18*	0.36**
	(0.090)	(0.17)
SG	-0.013	0.031
	(0.011)	(0.025)
CONSTANT	1.19*	-2.71**
	(0.65)	(1.29)
OBSERVATIONS	113	113
R-SQUARED	0.286	0.405
NUMBER OF FIRMS	15	15

Source: Author's Computation, (2016)
*significant at 10%, **significant at 5%, ***significant at 1%, Robust standard errors in parentheses.

The regression result for the investigation of the effect of WCM on GOP is presented in table 4.1.4. The result of the fixed effect model shows that APP, CLTAR, QICKR, LOS and SG are negatively related to GOP while the relationship between GOP and all other variables are positive. The higher the former, the lower the GOP and the higher the later, the higher the GOP.

Nevertheless, the result in column 1 indicates that APP, ACP, GWCTR and LOS are statistically significant. So, the fixed effect model demonstrates that APP, ACP, GWCTR and LOS are significant determinants of GOP. A unit increase in ACP and GWCTR bring about -88,000,000 and 0.074 unit increase in GOP each. Conversely, a unit increase in APP and LOS will result to -2,200,000 and -0.18 decrease in GOP correspondingly.

In column 2, the random effect model indicates that all the independent variables except QICKR are positively related to GOP. But the result shows that only ACP and LOS are the variables that are statistically significant while other variables are not. It shows that a unit increase in ACP and LOS will lead to -83,000,000 and 0.36 rise in GOP.

Since APP and ACP are measures of WCM that significantly affects GOP, the results of all the models combined revealed that WCM has a significant influence on the GOP.

Table 4.1.5: Results of Goodness of Fit /Overall Significance

MODEL	**F-Statistics**	**P-value**
FIXROA	10.58	0.0000
RANDOMROA	114.43	0.0000
FIXGOP	3.17	0.0012
RANDOMGOP	45.82	0.0000

Source: Author's Computation, (2016)

To test the goodness of fit and overall significance of the coefficient of the panel regression models employed in this study, F- test and Breusch-Pagan Lagrange Multiplier (LM) test were employed for the fixed effect and random effect models respectively.

The results of the tests of Goodness of fit /Overall significance are contained in table 4.1.5. The F-statistics of all the fixed effect and random effect models have P-values which are less than 5%. So, the individually significant independent variables considered jointly have significant impact on the respective dependent variables for all the models. This implies that all the models have good fit and there is overall significance.

Table 4.1.6: Result of Hausman Test for all the Models

	Hausman test	
Model	**Chi-Statistics**	**P-value**
FIXROA	73.82	0.0000
RANDOMROA		
FIXGOP	21.05	0.0124
RANDOMGOP		

Source: Author's Computation, (2016)

Interpretation of Hausman test

Both the fixed effect models and random effect models used in this study are shown to have good fit and statistically viable. The use of Hausman test to compare the fixed and random effect models and subsequently make choice between them becomes imperative. Regarding this, the null hypothesis for the Hausman test is that the (fixed or random) effect is not correlated with other regressors (independent variables), a random effect model is better than the fixed effect model, or a random effect model is consistent. If the null hypothesis is rejected, use the fixed effect model; otherwise, go for the random effect model.

The results of Hausman test conducted in this study is contained in table 4.1.8 above. The chi-square statistics of the Hausman test between FIXEDROA and RANDOMROA is 73.82 and the p-value is 0.0000. Similarly, The chi-square statistics of the Hausman test between FIXEDGOP and RANDOMRGOP is 21.05 and the p-value is 0.0124. Since the P-values are less than 5% level of significance, the null hypotheses are rejected and the result of the fixed effect models is preferable for the models in which ROA and GOP are dependent variables respectively.

In short, the Hausman test shows that fixed effect models are preferable for all the regressions. Thus, the result of the fixed effect models supersede in the discussion of findings of this study.

4.3 Discussion of findings

Results of descriptive statistics of the main variables revealed that account payable's days by the quoted consumer goods manufacturing firms in Nigeria to pay their suppliers or creditors is 62 days while account receivables by the same firms in the quoted consumer goods manufacturing firms in Nigeria do not extend credit to their customers beyond 58 days. Moreover, it takes 58 days for the quoted consumer goods manufacturing firms in Nigeria within the period under investigation to convert their input resources to cash and inventory takes 62 days before it is finally exhausted. However, some of the firms could take as long as 281 days and minimum of 55 days to achieve this.

Table 4.1.2 which presents result of correlation matrix of variables of working capital management and financial performance proxies disclosed that earlier payment to suppliers, collecting payments from customers within shortest time and converting products produced to cash within shortest period of time brings about increase in return on assets and gross operating profit whereas keeping the products or inventories for longer period implies that the return on assets and gross operating profit will increase.

In another word, it implies that if sampled firms delay offsetting their account payable, that is, if suppliers of raw materials are not paid on time, the firms have opportunity to establish the quality of the materials purchased and it may serve as short-term source of financing their production with no cost but with reduction in return on assets and gross operating profit in a short time. And if working capital management policy of firms favoured longer time for the collection of payments on account receivable from customers, it will boost sales as it will serve as incentives for customers to purchase the products during the period of low demand but return on assets and gross operating profit will suffer reduction. Furthermore, products that take longer period before it is converted to cash will suffer reduced return on assets and gross operating profit but can only enjoy increase in the products' sales price that likely result from scarcity of the products in the market. However, if a firm invests heavily in inventory and trade credit, it can enjoy increase in return on assets and gross operating profit.

However, Tables 4.1.3 and 4.1.4 which presented the results of fixed and random regressions for Return on Asset (ROA) and Gross Operating Profit (GOP) against independent variables and based on the results of Hausman test in Table 4.1.8 which showed that fixed effect models are preferable for all the regressions, made the study to focus on the results of fixed effect models of the regression.

Result of fixed effect model in Table 4.1.3 of regressions for ROA unveiled that ACP has significant positive relationship with ROA. This implies that as account receivable increases, ROA increases. This suggests that sampled firm give their customers longer time to pay up their account as an incentive for increased sales and consequently financial performance. The result is in line with the work of Uremadu, Egbide and Enyi (2012); Osundina (2014); Akinlo (2011); and Ogbuyi and Ogunyomi (2014) but contrary to the studies of Salman et al. (2014); Binti and Mohd (2010); Mohammed and Norzia (2011).

The result of the table 4.1.3 further revealed that though a longer time increase for the ITID brings about increase in ROA. This is in line with the studies of Akinlo (2011); Uremadu et al. (2012) but differs significantly with the studies of Samiloglu and Dermigunes (2008); Huynh and Jyh-Tay (2010). Furthermore, more days delay in the payment of APP, ROA increase in value. This is in accord with the findings of Mathuva (2010); Huynh and Jyh-Tay (2010); Akinlo (2011); Uremadu et al. (2014) and the study further revealed that increase in QUICKR will result to increase in ROA, the result agreed with the result of Adamu and Hussaini (2015). It should be noted that ROA measures how efficiently a company uses the firm's assets to generate operating profits. It also serves as a means to determining returns due to all the providers of capital, that is, debt and equity. Therefore, a high return on assets is an indication of efficient use of company's assets and reveals that the assets are productive.

However, the result also shows that CCC has insignificant inverse relationship with ROA. This study is consistent with the results and findings of Falope and Ajilore (2009); Mathuva (2010); Garcia and Marthnez (2007); Vural, Sokmen and Cetenak (2012) and Salman et al. (2014) . This implies that shorter time for CCC would cause ROA to increase but not a vital basis for decision regarding recuperating ROA. Therefore for effective working capital management decision to convalescing firm's ROA, there is need to focus more on ACP, GWCTR, CATAR, CLATAR, FDR and LOS.

Table 4.1.4 of regressions for GOP unearthed that ACP has significant positive relationship with GOP and are significant at 1% . The results made known that the longer time given to the customers to pay on their account the better the GOP level, this is contrary to expectation and the works of Amarji, Nahum and Neil (2010); Huynh and Jyh-Tay (2010) and Vural et al.(2012) but in accord with the work of Sharma and Kumar (2011); Rafiu and John (2014) and Akinlo (2011) which reported that working capital management are positively related to profitability. Nevertheless, GWCTR results is consistent with expectation, that is, increase in GWCTR turn out better GOP.

However, APP and LOS revealed significant negative relationship with GOP, while APP and LOS is significant at 5% and 10% respectively. The earlier payment of account payable to the suppliers strengthening firms relationship with their suppliers and give them opportunity to get more from the them, hence the reported relationship of APP with GOP is line with expectation and consistent with the findings of Sharma and Kumar (2011); Akinlo (2011) but at variance with the findings of Mathuva (2010). LOS relationship with GOP contradicts the expectation of the study which expect decrease to improve profitability.

The regression results of fixed effect model in the table 4.1.3 and 4.1.4 clearly show the effect of working capital management components and other independent variables on return on assets (ROA) and gross operating profit (GOP) enhance financial performance.

The results show that account collection period (ACP) has positive relationship with ROA and GOP and the performance measurement are significant at 1%. The study disclosed that increase in ACP will bring about increase in ROA and GOP. Though the result is contrary to the expectation as well as the findings of Omesa, Maniagi, Musiega and Makori (2013); Vural et al.(2012); Samiloglu and Dermigunes (2008); and Huynh and Jyh-Tay (2010) but in line with the studies of Akinlo (2011); and Uremadu et al. (2012).

Moreover, the study also reveals that Inventory Turnover in Days (ITID) has positive insignificant relationship with ROA and GOP.. This implies that a lengthening time for keeping inventory results to improvement of ROA and GOP but not a critical factor to be considered in decision regarding the effect of working capital management on financial performance. The results is contrary to the studies of Samiloglu and Dermigunes (2008); Huynh and Jyh-Tay (2010) which observed a negative relationship between Inventory Turnover in Days (ITID) and profitability but agreed with the work of Daniel and Ambrose (2013) which states that there will be a reduction in the costs of shortage of materials for production and loss of business to competitors due to scarcity of products if inventory are kept for longer days.

However, APP has insignificant positive relationship with ROA, significant negative relationship with GOP and while GOP is significant at 5%. This connotes that earlier payment of account payable improves performance level of GOP while delay in the payment of account payable increases ROA but less emphasis should be placed on ROA when taking decision as regards the effect of working capital management on financial performance.

Nevertheless, cash conversion cycle has negative relationship with ROA and GOP. This suggests that a day decrease in cash conversion cycle will lead to increase in ROA and GOP. This signifies that value can be created for companies' shareholders by ensuring that CCC is maintained at a possible shortest time. This is the period by which raw materials are stock for processing, the time finished goods are kept in the store before it is finally sold to the customers and time taken by the customers otherwise known as account receivable, pay on their account less the maturity period of account payable.

Gross working capital turnover ratio (GWCTR) has significant positive relationship with ROA and GOP at 1%. In the same vein CATAR has positive relationship with ROA and GOP. The result of this study is in line with expectation but only ROA is significant at 10% but the findings of Ghulam, Salman, Iman and Rabia (2016) differs, in that it states that there is negative relationship between CATAR and ROA which indicates that to maximise the return on investment there is need to lower the ratio. The results suggests that in decision taking regarding investment policy for the improvement of firm's financial performance emphasis should be positioned on ROA as CATAR is increasing financial performance will be increasing.

CLTAR which are used to test the financing policy of working capital management reveals significant relationship with ROA and shows that CLTAR requires to be improved upon for ROA to witness a reasonable increase but inconsistent with the findings of Ghulam et al. (2016) which state that CLTAR has negative relationship with ROA.

FDR has negative relationship with ROA and it is significant at 5%. FDR negative relationship with ROA is consistent with expectation and the findings of Solomon, (2014); Onaolapo and Kajola (2015); Akindele and Odusina (2015) and also consistent with the prediction of Pecking Order Theory. However, FDR also has insignificant positive relationship with GOP

Moreover, the results of QUICKR disclosed that there exist positive relationship between QUICKR and ROA while GOP experienced negative relationship. This implies that as QUICKR is increasing, ROA is increasing whereas as QUICKR is decreasing GOP is increasing.

Log of sales (LOS) has significant negative relationship with ROA and GOP. The results are in accord with expectation of the study. The findings of this study are at variance with the study of Onaolapo and Kajola (2015); Akindele and Odusina (2015) which revealed that there exist a positive relationship between firm's size and ROA and Pecking Order Theories. Finally, sales growth (SG) has negative relationship with ROA and GOP.

5.1 Conclusion and Recommendation

From the discussion of findings, it can be concluded that in consumer goods manufacturing firms in Nigeria, working capital management has positive relationship with ROA except CCC, one of the components of working capital management which is negatively related and ACP which has significant positive relationship with ROA. The implication of this result is that extending days of ACP, APP and ITID brings about increase in ROA while lessening days of CCC brings about increase in ROA.

However, the relationship between working capital management and GOP is significant. But the breakdown of the result shows that there is positive relationship between ACP and ITID with GOP and negative relationship between APP and CCC with GOP while ACP has significant positive relationship with GOP, APP has significant negative relationship with APP, ITID but CCC has insignificant relationship with GOP. This implies that when account collection days and inventory turnover days are increased along with decreasing in the days of cash conversion cycle and prompt payment to the suppliers, firms will experience improvement in their gross operating profit.

On the final note, proper analysis of working capital components needs to be constantly carried out to ensure that those critical areas for decision making process as it relates to each of the performance measurement variables should be identified and properly examined.

In line with the findings of this study, effective and efficient management of working capital requires proper analysis and examination of each components of working capital as it affects each of the performance measurement variables. Each working capital components are at variance in their reactions to performance variables, therefore, the following recommendations are proffered:

i) Foremost, account collection (receivable) days, inventory turnover days as well as account payment (payable) days should be increased while cash conversion cycle days should be reduced to minimal to achieve efficient and effective utilisation of capital for production benefits as well as realising maximum return on funds invested by the shareholders.
ii) Furthermore, increasing account collection (receivable) days and inventory turnover days as well as reducing account payment (payable) days and cash conversion cycle are prerequisites for achieving overall earning efficiency and effective and efficient production.
iii) Moreover, firms should consider relaxing its credit and collection policy to boost sales level and enhance financial performance. In doing this, there is need for the firm to compare firm's average collection period with the industry average while extra ordinary difference are investigated. Average collection period of firm should be compared against the firm's credit terms and policy to review its credit and collection efficiency.

5.4 Suggested Areas for further Studies

The scope of this study is limited to the impact of working capital management on financial performance of quoted consumer goods manufacturing firms in Nigeria. Financial performance indicators are employed for descriptive and correlation statistics analysis obtained from financial statements of the fifteen (15) sampled firms for the period of 2005-2014.

However, future research directions of this study include the following:

i) The period of the study can be expanded to cover fifteen (15) years (2000-2015) while non-financial performance should be employed to determine the impact of working capital management on firms' financial performance; and
ii) Further study should be carried out on inter-firm comparison of the sampled firms' working capital management on financial performance by employing Economic Value Added as a financial performance measurement.

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Brand Evangelism Attributes and Lecturers Loyalty of Automobiles in Rivers State.

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***Abstract*:** Brand Evangelism is gathering greater momentum in the literature of marketing although its empirical efficacy on strategy development and consumer decision behavior is yet to be fully tapped. This proposes and tests empirically brand evangelism strategy on customer loyalty . This study adopts explanatory design approach, and surveys 304 lecturers from Rivers state analyses with Spearman rank correlation . The study unveiled among other things that brand identification and brand salience as attributes of brand evangelism have a very strong positive, statistical relationship with customer loyalty. Brand evangelism affects customer loyalty. Consequent upon this, the study recommends that automobile firms whose objective is to improve customer loyalty should ensure that their brands distinctively are positioned, promoted to be top in the minds of their customers and provide unique meaning in different customers.

Key Words: Brand Evangelism, Brand Identification, Brand Salience, Customer Loyalty, Repeat Purchase, and Referrals, Automobile

Introduction

Man's adventure and business market expansion are possibly made easy in movement through the help of automobile. Automobile has significantly contributed to the world economy by providing 3% -5% of our global gross domestic product (GDP) making movement less cost effective and convenience as well as providing employment and income(OECD 2011). In Nigeria, its contributes about 4.5% to our GDP (Carmudi.com.ng-http://www.vanguardngr.com/2015/12/ -4-5-of-2016-/), through its import duties and local manufacturing and assembly. The auto sector is key potential area of investment that the government and entrepreneurs are yet to fully tap. Nigeria's vehicular import worth over $4 billion of automobiles, two thirds of which were used or 'Tokombo' vehicles (United Nations Conference on Trade and Development, 2016). Automobile industry is a vital aspect of Nigeria's economic growth, it has created mobility in a large scale, and convenience and radically changed city life style in moving people and material to suburbs for formed industrialization. It ais also a tool for class status, and exhibition of wealth and identities , and majorly a catalyst for globalization through the advanced technology, though is without its negative effect. As more local manufacturing and assembling plants for cars, bikes and trucks began production, and jostle fiercely with imported brands as well as more Nigerians own their cars, it become imperative to understand policy implications of Nigerian canvassing for their love brands, what in automobile brand(fuel economy, country of origin, design, style, durability and reliability , image and awareness, and price, availability of component parts and after service, that drive consumer choice and influence their particular evangelism behaviors and loyalty are really issues to decipher here .

Brands are consumed in communities where a vast whole of network of consumers are influenced by what they talk and hear from others about the effect of brands(Whyte, 1954). Brand evangelism as an integral and extension of word of mouth(WOM), is positive communication freely shared to other members about the performance of a brand which help shape and influence their loyalty (Doss, 2014). When brand perform and satisfy, consumers have no choice than communicate and share their experience, as such they become advocates, apostles, zealots and evangelists for the brand. The brand evangelism attributes that can trigger behaviors are: salience, identification, satisfaction, trust, of the brand and occupy opinion leadership position (Doss, 2014). Of these measures, brand salience and identification are foremost in literature, this also forms our concentration too. Salience represents the top mind level of awareness of the brand and is considers foremost attribute of evangelist, and is measured on number time a brand is, mentioned, recalled, remembered and recognized over category brands and during purchase time, specific knowledge of the brand (Romaniuk and Sharp, 2003). Consume brand identification as consumers who identify, associate and see the brand as part of, mirror image of their self-identity (Bhattacharya and Sen 2003). Only when consumers have sufficient salience, perceive brand as supporting their self-identities then they would like to freely evangelize and communicate to others so to make them loyal customers.

When independent customers share freely positive effect about a brand, it has a persuasive power to influence loyalty behavior. Customers loyalty is a basic goal to be desired among key marketing performances(KMP) as it creates cost saving , strengthen more relationship, sustain and plan sales, referral and act as barriers against competitors (Reichheld, 1996; Aaker 1996). Customer loyalty is using now and futuristically sustaining the use and purchase of a brand and positively recommending your choice brand against all competitors' offering. (Baumann etal., 2001). It measures are behavioral and attitudinal constructs(Gramler and Brown, 1996). We adopt referral and repeat purchase loyalty measures as they cover both psychological and behavioral constructs. In recent times due to brands proliferation and fierce competition, customers are daily shifting their loyalty(Baumann et al; 2001, Gremler and brown,1996). This poses a burden to marketers. A careful observation in most homes in Nigeria reveals that hardly any home have their entire automobiles in one type of brand this call for worrisome. Lecturers see themselves as a strong cohesive profession that are influence by their group formation, as it is observed in their automobile purchase behavior. It is challenging and imperative to know how a certain group member communicate and influence other members toward becoming committed users of a particular brand . Though, word of mouth has been proven to achieve induce adoption and customer loyalty(Whyte and William,1954). Up till now little research is done to fully predict how brand evangelism attributes(brand salience and identification) affect customer loyalty (referral and repeat purchase) among lectures. This challenge has necessitated the need to study how brand evangelism strategies relates with customer loyalty.

2.1 Brand Evangelism Strategy

Brand evangelism synonymously represents word of mouth, customer apostle, and advocate. Though, brand evangelism has a deeper connation as a voluntary and zealous preaching of a brand so as to convert customers to be loyal users of the brand. The essence of evangelizing a brand is to passionately pass on positive ideas and feeling that will influence consumption pattern over time and bring people into closer to identity. Especially having known that the brand one consumes, how and where also help defines his social class (Igwe,2015). When a customer is satisfied with a brand he consciously or subconsciously, in an direct or indirect manner tell, evangelize, and communicate word of mouth to other about the brand (De matos and Rossi, 2008). Word of mouth or brand evangelism as an external marketing communication outside the control of the firm that is directed toward making people share, transmit and talk to a network of people about products brands in order to persuade them buy or further talk to more people (WOMMA, 2005).

> "Brand evangelist as an individual who communicate positive information idea and feelings concerning a specific brand freely and often times fervently to others in order to influence consumption behavior and also an evangelist act as an unpaid spoke person on behalf of the brand" (Doss, 2014).

Brand evangelism is not paid for, is reliable and believable communication for the firm, even perceived as a strong persuasive tool (Kats and Lazersfeld 1955). It involves face to face and peer –to- peer and defined group communication. Brand evangelists, are those who go out of their way, to share positive testimonies regarding a brand; and may be those who have used up the product, employee and involuntary consumers(non-users) and those who are in love "sync" for the product image. They 'preach and spread' word of the brand. Brand evangelists are active, even act as salient sales man, defender, opinion former, persuaders and are passionate about their brand and feel the need to share emotion with others(Marzter et al; (2007). Brand evangelism eantails high involvement consumer who continue and may bring and extend the product life span. Evangelism word spread in a nonlinear way and has multiplier effect on patronage loyalty (Mahajan, Muller and Bass, 1995). It is our hope that brand evangelism would lead to further referral and repeat purchase. Generally (Doss 2014) propose that element and strategies for brand evangelism include; brand satisfaction, brand salience, consumer brand identification, brand trust and opinion leadership. We zeroed down on only two (brand salience and consumer brand identification) because of their initiating power efficacy and most appearances in literature

2.1.2 Brand Identification

Naturally consumer has oneness, self, unique lifestyle and images and would always want to defend their identities by using and associating with brands that augments their personality image. Consumer brand identification entails consumers who buy and associate with brand which help give meaning and self-identities(Belk, 1988). A consumer may regard the brand as an extension of the self (Belk 1988). Consumer brand identification is the coherence that exists within a brand among consumers (Bhattacharya & Sen 2003). Brand identification concept borrows from social identity theory which help define individual/ group entity in the midst of modernity, collectivism, environment dynamism and brand proliferation of brand(E.g. Arnett etal, 2003; Ashforth and Mael, 1989). Consumer draws in perceptional meaning of oneness within a group of persons from the consumption of certain brand that is the essence of identity(Ashforth and Mael, 1989). The type of brand one consumes or associates fulfills his self –identities, self-definition and help other give meaning to his social identity (Ahearne et al. 2005; Del Rio,etal. (2001)

According to the self-expansion theory of, the higher quality incorporated brand the more likely that consumers will increase financial emphasis on such brand to maintain ongoing relationship that support their self being(Algesheimer et al.,2004). Aaker (1996) and Belk (1988) assert that consumer use and match with the brand that tend to confirm and compliment their self-concepts (actual self, ideal self and social self) and consumer tends to seek better product that match their self-concept. Customers form relational congruence,formation and even use brands that have attribute image and potential of meeting their self-definitional needs (Bhattacharya and Sen 2003). Mixed findings attest to the nexus between consumer brand identification and customer loyalty. The work of Arnett et al., (2003) and Algesheimer et al.(2004) found a significant link between brand identification and customer loyalty in non-profit organization and product. Similarly, Kuenzel and Halliday (2008) study on automobile car brand found that customer brand identification will results to word of mouth communication and customer re-purchase and loyalty. In contrast to study cellular brand by (Fung et al., 2013) uncovered that customer brand identification does not results to customer brand loyalty. It our contention therefore to hypothesize;

H01: customer brand identification as brand attribute of evangelism has no significant relationship with repeat purchase

H02: customer brand identification as attribute of brand evangelism has no significant relationship with referral

2.1.2 Brand Salience

In marketing , brand salience may not be research more compared with concepts like brand attitude, image and equity. It follows that not all brands a customer see and hear stand out Guido, 1998). Only and if first when consumer hear, is aware and have knowledge of a brand, then can he think of purchase, use and even spread it others. For brand salience to be effective it must be simple to pronounce, remembered, recall, have recognition and have evoke power over brand category. The psychology of memory, storage, retrieval and remembrance are crucial ingredient for consumers to show that brand evangelism. Recognition, memory and recall are necessary first order and even sufficient force that help awareness of advertisement of brand to be evangelized. Also marketing promotion, advertising, sales publicity are major tool convey salience first to the evangelist. Brand salience is a function of the frequency of a sub-conscious awareness and ability to memorize and mention a brand in a different purchase, use situation (Romaniuk & Sharp, 2003). It concerns unaided "top of mind awareness'' that an individual possesses in reference to product category (Miller & Berry 1998). It represents ability to 'stand out" 'top most of mind' among alternatives from its environment or background, during discussion, purchase time(Doss 2014; Alba and Chattopadhyay, 1986). In conceptualization, it is probability of a brand to think, mention, retrieve, evoke during buying situation or when needed. Brand salience is the extent to which customer easily know, think, recall the awareness level of advert and knowledge about a brand in a given situation (Jenni and Sharp 2004) especially over competitive brands. When a consumer easily mention a brand all the times; he has high propensity to spread, preach and evangelize that can induce further loyalty in terms of repeat purchase and referral(Alba and Chattopadhyay, 1986). A measure of a good brand equity is brand salience. It was found that brand salience positively, significantly and statistically strengthen brand evangelism (Doss, 2014). Holden and Lutz (1992), conceptualization means revealed that there are complex and multiple cues in the environment that influence the decision of a buyer in a buying situation. The salience factor aids recall and patronage which leads to loyalty. The following set of hypotheses is then put forward:

Ho3; customer brand salience as attribute of brand evangelism has no relationship with repeat purchase

Ho4; customer brand salience as attribute of brand evangelism has no significant relationship with referral

2.2 Customer Loyalty

customer loyalty is very vital measure of marketing key performance indicator which cut across several service and manufacturing industries and research by most (Carunna 2002, Keaveney, 1995); .

> "Loyalty is a deeply held commitment to rebuy or re patronize a preferred product or service consistently in the future despite any situational influences and competitors marketing efforts that might cause switching behavior (Walsh et al, 2008)''.

Ladhari et al (2011) conceptualized loyalty as a customer continued patronage of a particular brand suggesting that "customer loyalty is a psychological character formed by sustained satisfaction of the customer coupled with emotional attachment formed with the service provider that leads to a state of willingly and consistently being in the relationship with preference, patronage and premium".

Loyalty measure cover both qualitative and quantitative dimension and more conceptualized loyalty in three dimensions which is cognitive, attitudinal and behavioral (Jones &Taylor, 2007). It specifically entails repeat buy/purchase, use, referral, intention to use, continuous use of one, dissuading people from bad mouthing the product and partnering with brand(Griffin 2002). Customer loyalty contributes to profitability and organization success through; customer consistency and life time revenue streams, cost saving in keeping customer compared to recruiting new ones, readily recommend/ referral which has no cost of communication (Olarinnwo et.al.,2006). Achieving loyalty is transcending destination journey that creates loyalty ladder (Duffy, 1998). Aaker (1996) and Dowling and Uncles(1997) asserts that consumers are limited by alternatives as such try to make rational choice with the evoked brand category that will satisfy their need (Wirtz & Maltilw , 2003). According to Fornell (1992) loyalty and satisfaction does not have a direct linear relationship, as at one time a satisfied person may assume to be loyal but loyalty does not implied satisfaction. When a customer is attached to a product brand, say an automobile car, due to, the car performance, reliability, fuel economy, durability, image, the personality/identity congruence, the brand will most likely be chosen over and over again above other competing brand and be evangelized.

2.2.1 Repeat Purchase

Repeat purchase reflect the behavioral dimension of customer loyalty and it considers the propensity to buy a brand again and again, and the proportion of brand a buys each time purchase is made (Dick and Basu, 1994; Peterson and King (2009). Repeat purchase can be measured base on the average rate of buying per buyer over a particular brand, the moment a person buys any particular product say automobile car for more than once within a relatively period the notion of repeat purchase becomes particularly relevant (Dick and Basu, 1994). Intention to buy and use a brand in the future is adapted as item of repeat purchase. It entails customer plan, intention, emotional attachment to his brand and willingness to go extra mile to buy the his preferred brand in the future which all means the behavioral-psychology outcome (Reichheld,1996).

2.2.2 Referrals

Positive word of mouth has a tremendous influence on behavior than other marketing communication source (Headley and Millier 1993) and referral creates bond, believability and has no cost attachment, trusted source of consumer information, most likely to be acted upon. In the view of Gelb and Johnson (1995) word of mouth helps in creating awareness of innovations, induce quick product trial, smoothen and reduce risk associated in customer choice decision . When customer evangelize a brand, they also create a burden for other customer converts to further do their own part of recommending the brand. As such the brand goes viral by a strong compelling force of brand evangelizing (Dean & Lang, 2008). In a huge capital lay out and high involvement goods like automobile, customers rely on the advices and suggestions from others who have experienced the services/ product in order to conform to group identity or self-images. It supports Ng et al., (2011) view that consumers often trust each other more than communication or information coming from firms. This also agrees with importance of word of mouth as,

> "Positive word of mouth is seven times more effective in reaching consumers than magazine and newspaper advertising, four times more effective than personal selling and two times more effective as radio advertising in influencing consumers to switch brands" (Kats and Lazersfeld 1955).

3.0 Methodology

Lecturers who own and use car for the last three months or have driven car other persons cars within last three months were only requirement to respond to the questionnaire. Automobile falls within product consumers are passionate to do evangelism. In 2016, total of 304 lecturers from three government owned unversities in Rivers State (University of Port Harcourt, Rivers State University of Science and Technology, Ignatius Ajuru University of Education) were surveyed. The multi-item scales was adopted on brand salience(recall, recognition, popular memory, knowledge); customer brand identification(self image, respect, meaning of me , and uniqueness). Generally the Likert-type scales of 5 point "strongly disagree" to "strongly agree" continuum was used. We used descriptive characteristics, Cronbach alphas, and correlations tools ,

4.1 Demographic Analysis Frequencies on Item of Brand Identification

Gender	Number	Percentage (%)
Male	256	84.2
Female	48	15.8
	304	100
Marital Status		
Married	252	82.9
Single	23	7.6
Divorced	19	6.3
Widow	10	3.2

Total	304	100
qualification	Frequency	Percentage %
B.Sc	33	10.9
M.Sc	89	29.3
Ph.D	145	47.7
Prof.	37	12.1
Total	304	100
Age Group (years)	Number	Percentage (%)
20-30	10	3.3
31-40	77	25.3
41-50	132	43.4
51-60	61	20.1
61-70	21	6.9
71 and above	3	1
Total	304	100
Type of Automobile own		Percentage (%)
Toyota	82	27
Kia	34	11.2
Nissan	55	18.1
Honda	61	20.1
Benz/GM	45	14.8
Peugeot	27	8.8
Total	304	100
Preferred Automobile	frequency	Percentage (%)
Toyota	105	34.5
Kia	26	8.6
Nissan	52	17.1
Honda	67	22
Benz/GM	31	10.2
Peugeot	23	7.6
Total	304	100
Reason for Choice of Brand	frequency	Percentage (%)
Durability	87	28.6
Salvage valve/easy maintenance	34	11.2
Less expensive in purchase	64	21.1
Design evolution	47	15.5
Brand image/name	72	23.6
Total	304	100
Period of automobile usage	frequency	Percentage (%)
0-1yr	74	24.3
1-2yrs	79	26
3-6yrs	82	27
6-9yrs	69	22.7
Total	304	100

Source: researcher's field survey, 2016

On gender, males were 84.2% respondent and females(48) representing 15.8% respondents. It showed that there were more male customers that participated and patronize automobile in the exercise.

On marital status, married were 82.9%, single 23(7.6%) respondents, 19 were divorced representing 6.3% while widows were 10 representing 3.2% of the total respondents. It means that married lecturers participated more than others in Port Harcourt.

On qualification, B.Sc holders were 33(10.9%) respondents, M.Sc holders were 89 (29.3%), Ph.D holders 145 (47.7%) while 37 respondents representing 12.1% were Professors.

On age distribution, of 20-30 age group had 10(3.3%), 77(25.3%) fell at age group of 31-40 years, for 41-50 years age bracket had 132 (43.4% respondent), 51-60 years age bracket were61(20.1%)respondents , 61-70 age bracket were 21(6.9) respondents while only 3(1%) were at the age of 71 and above years.

On ownership and use, 82 (27%) respondents own and used Toyota, 34 (11.2%) own Kia automobile, 55 (18.1%) used Nissan car, 61(20.1%) used Honda, 45 (14.5%)own and used Benz/GM while 27 of the respondents representing 8.8% uses Peugeot car .It means lecturers own and drive more of Toyota cars

On preferred automobile, 105 respondents representing 34.5% preferred Toyota, 26 representing 8.6% of the respondents preferred Kia automobile, 52 of the respondents representing 17.1% preferred Nissan car, 67 respondents representing 22% preferred Honda, 31 representing 10.2 of the respondents preferred Benz/GM while 23 of the respondents representing 7.6% preferred Peugeot car.

On reason for automobile brand choice , 87 respondents representing 28.6% preferred their brand because of durability, 34 representing 11.2% of the respondents preferred their automobile because of salvage valve/easy maintenance, 64 of the respondents representing 21.1% preferred brand because of it is less expensive, 47 respondents representing 15.5% preferred their brand all because of design evolution, while 72 representing 23.6% of the respondents preferred their brand because of brand image/name.

On year of brand usage 74 respondents representing 24.3% had been using their for about less than a yr,79 representing 26% of the total respondents had also used their brand for about 1 year to less than 3 years, 82 respondents representing 27% had as well been using their brand for about 3years to less than 6 years while 69 respondents representing 22.7% had been using their automobile for about 6 years to less than 9 years.

Table 4.10: Frequencies on Item of Brand Identification

S/N	Items	SA (5)	A (4)	U (3)	D (2)	SD (1)	Total	Mean	Remark
1	My automobile is important part me	112 36.8% 560	156 51.3% 624	25 8.2% 75	7 2.3% 14	4 1.4% 4	304 100% 1277	4.2	Agree
2	When i drive my choice brand cars, it makes to know how well i am respected.	134 44.1% 670	150 49.3% 600	12 3.9% 36	3 0.9% 6	5 1.8% 5	304 100% 1317	4.3	Agree
3	I drive and use automobile that means more than just a car hat compliment my image OR give me unique meaning among my peers.	144 47.4% 720	151 49.7% 604	7 2.3% 21	2 0.6% 4	0 0% 0	304 100% 1349	4.4	Agree
4	I identify with car brands that reflect my group or clique images and identities.	98 32.2% 490	122 40.1% 488	34 11.2% 102	26 8.6% 52	24 7.9% 24	304 100% 1156	3.8	Agree
	Total	488	579	78	38	33	1216	4.0	Agree
		2240	2316	234	76	33	4899		

Source: Researcher's Field Survey, 2016 Table 4.12: Frequencies on Item of Brand Salience Responses.

Table 4.10 shows that the respondents agreed on each of the four items of brand identification (mean scores greater than 3). The grand mean is equally greater than 3; indicating that brand identification has a positive effect on customer loyalty.

Table 4.12 Frequencies on Item of Brand Salience Responses

S/N	Items	SA (5)	A (4)	U (3)	D (2)	SD (1)	Total	Mean	Remark
1	When an issue of automobile comes up, my prefer brand easily comes to my mind.	123 40.5% 615	116 38.2% 464	43 14.1% 129	18 5.9% 36	4 1.3% 4	304 (100% 1248	4.1	Agree
2	I recall information about my brand easily.	154 50.7% 770	145 47.7% 580	5 1.6% 15	0 0% 0	0 0% 0	304 (100% 1365	4.4	Agree
3	My prefer brand is a popular one and a household name.	101 33.2% 505	123 40.5% 492	67 22% 201	8 2.6% 16	5 1.6% 5	304 (100% 1219	4.0	Agree
4	I have recognizable cues and memory about brand automobiles.	138 45.4% 690	147 48.3% 588	10 3.3% 30	6 2% 12	3 0.9% 3	304 (100% 1323	4.4	Agree
	Total	516	531	125	32	12	1216	4.2	Agree
		2580	2124	375	64	12	5155		

Source: Researcher's Field Survey, 2016

Table 4.12 shows that the respondents agreed on each of the four items of brand salience (mean scores greater than 3). The grand mean is equally greater than 3; indicating that brand salience has a positive effect on customer loyalty.

4.1.1 Test of Hypothesis One

Ho_1: There is no significant relation between brand identification and repeat purchase of among University Lecturers in Rivers State.

Table 4.0 Correlation Analysis showing the Relationship between Brand Identification and Repeat Purchase.

Correlations

			Brand Identification	Repeat Purchase
Spearman's rho	Brand Identification	Correlation Coefficient	1.000	.687**
		Sig. (2-tailed)	.	.001
		N	304	304
	Repeat Purchase	Correlation Coefficient	.687**	1.000
		Sig. (2-tailed)	.001	.
		N	304	304

**. Correlation is significant at the 0.05 level (2-tailed).
Source: Field Survey Data, 2016, SPSS 21 Output

Decision: Table 4.0 above reveals a spearman rank correlation coefficient of 0.687 and probability value of 0.001. By squaring (correlation coefficient of 0.687), the Consumer brand identification only contributes 47% of effect size on repeat purchase. Our result did not support our hypothesis $H_{o1.}$ we reject the null hypothesis and accept the alternate hypothesis, because the PV (0.001) <0.05 level of significance. Thus the result indicates positive, significant and statistical relationship between brand identification and repeat purchase

4.1.2 Test of Hypothesis Two

Ho_2: There is no significant relation between brand identification and referrals in among University Lecturers in Rivers State.

Table 4.1Correlation Analysis showing the Relationship between Brand Identification and Referrals.

Correlations

			Brand Identification	Referrals
Spearman's rho	Brand Identification	Correlation Coefficient	1.000	.926**
		Sig. (2-tailed)	.	.000
		N	304	304
	Referrals	Correlation Coefficient	.926**	1.000
		Sig. (2-tailed)	.000	.
		N	304	304

**. Correlation is significant at the 0.05 level (2-tailed).
Source: Field Survey Data, 2016, SPSS 21 Output

Decision: Table 4.2 above reveals a spearman rank correlation coefficient of 0.926 and probability value of 0.000. This does not support Ho1 as alternate was accepted. It showed a positive, significant and statistical relationship between brand identification and referrals at PV (0.000) <0.05 level of significance.

Ho$_3$: There is no significant relation between brand salience and repeat purchase in among University Lecturers in Rivers State.

Table 4.2Correlation Analysis showing the Relationship between Brand Salience and Repeat purchase.

Correlations

			Brand Salience	Repeat Purchase
Spearman's rho	Brand Salience	Correlation Coefficient	1.000	.855**
		Sig. (2-tailed)	.	.000
		N	304	304
	Repeat Purchase	Correlation Coefficient	.855**	1.000
		Sig. (2-tailed)	.000	.
		N	304	304

**. Correlation is significant at the 0.05 level (2-tailed).
Source: Field Survey Data, 2016, SPSS 21 Output

Decision: Table 4.2 above reveals a spearman rank correlation coefficient of 0.855 and probability value of 0.000. This result indicates that there is a strong positive, significant statistical relationship between brand salience and repeat purchase in among University Lecturers in Rivers State. Therefore, we reject the null hypothesis and accept the alternate hypothesis, because the PV (0.000) <0.05 level of significance.

4.1.4 Test of Hypothesis Four

Ho$_4$: There is no significant relation between brand salience and referrals in among University Lecturers in Rivers State.

Table 4.3 Correlation Analysis showing the Relationship between Brand Salience and Referrals.

Correlations

			Brand Salience	Referrals
Spearman's rho	Brand Salience	Correlation Coefficient	1.000	.633**
		Sig. (2-tailed)	.	.003
		N	304	304
	Referrals	Correlation Coefficient	.633**	1.000
		Sig. (2-tailed)	.003	.
		N	304	304

**. Correlation is significant at the 0.05 level (2-tailed).
Source: Field Survey Data, 2016, SPSS 21 Output

Decision: Table 4.3 above reveals a correlation coefficient of 0.633 and probability value of 0.003 . This result indicates that there is a moderate positive significant relationship between brand salience and referrals in among University Lecturers in Rivers State. Therefore, we reject the null hypothesis and accept the alternate hypothesis, because the PV (0.003) <0.05 level of significance.

4.2 Discussion of Findings

Unlike previous studies, the major aim is to relate brand evangelism attributes (customer brand identification and brand salience to loyalty of repeat purchase and referral. Brand evangelism traditional occurs more where there are multiple differentiated brands and heterogeneous consumers' needs. Consumers buy and evangelize automobile brand not just for the functional performance also for symbolic, metaphorical, brand equity and social reasons they are convinced the product has.

Hypothesis one and two ($H_{o1 \text{ and } Ho2}$) examined the significant relationship between consumer brand identification on repeat purchase and referral. Our findings support that they are positive, statically and significantly relates. Social identity theory assumes that consumer will not buy automobile for transportation (functionally) seek alone but for what the automobile mean, the symbolism and help defines oneself. This is possible in Nigeria, because lecturers' perception of one's social identity; image, wealth, power, are making them automobile freak, and have repeat purchase that lead to fleet of cars, and referral and share the brand to their erudite scholar class . It is also common and to observe an average Kano indigene graduate to be loyal and have at least a Honda car due to social identity and brand evangelism. This corroborate the finding of Doss 2014, Bhattacharya and Sen (2003) that consumer brand identity positively relates with brand evangelism further brand loyalty and make them brand champion in referral. (Rho=0.687 and R= 0.992). This was supported with Ahearne et al. (2005); Kuenzel & Halliday (2008) that strong identification of a brand leads to repeat purchase.

Hypothesis three and four ($H_{03 \text{ and } Ho4}$) examined the significant relationship between brand salience as a strategy of brand evangelism and repeat purchase, referral. And the findings support a statistically, positive and strong significant relationship between brand salience and repeat purchase; referral. It explains from the fact that as consumers get so much cues and expose to a brand, they tend to talk, have the brand on his lip all the time and always evangelize the brand and remember, mention the brand during purchase time and social interaction and discourse that lead to repeat purchase or continuous referral of the same brand. This agrees with the finding of(Doss,2014; Romaniuk and Sharp 2003) that brand salience lead to brand evangelism and relate to customer defection – used in negative connation. Loyalty in the midst of category brands wanting to be noticed is not easy but customer show loyalty to the brand that present itself as to top of consumer mind and lip (Romaniuk and Sharp 2003).

Conclusion

Researches have theoretically and conceptually considered brand evangelism especially at the normative stage of the concept (Collier, 2007; Friedman 2007). However, to date scarce studies has empirically show it cursory and predictive power on the loyalty construct as this study provided. Brand evangelism is an external communication that has a strong tool of winning and persuading customers to use and stay. It is very clear that the practice of brand evangelism has not yet reaped the full potential of loyalty. This study provides an evidence that brand salience and brand identification as attributes of brand evangelism can affect customer loyalty. It shows the possibility of automobile firms, to invest heavily in brand salience through brand promotion, appealing theme and messages that would have a lasting impression on the mind of the customers so as be used during evoke time. Firms wishing to gain recognition in customers loyalty should segment, target and position customer brand identities especially the identities meanings in metaphoric name (e, g. automobile nickname '*discussion continue, 'end of discussion' 'spider'),* symbolic, cultural value, status and power. As these will influence the way they willing fully talk about their respected brand. Customer brand identification significantly determines the extent of loyalty that will be displayed by an average university lecturer. Brand salience easily aids recall and facilitates fast positioning in the minds of customers.

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Branding of Nation in an Insurgency Prone Economy: Implications for Entrepreneurship

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Abstract: The wreck on our nation's image by the incidences of insurgency has caused ***catastrophic*** effects and depleted interests in entrepreneurship and investments into the nation's economy. An insurgency engulfed nation is infested with political disorder, economic disorientation, social vices, infrastructural decay, cultural and value decadence. The primary objective of this study is to explore the relationship between nation branding and entrepreneurial activities, and to determine the relationship between insurgency and entrepreneurial activities. This paper adopted frustration-aggression theory and structural violence theory to explain insurgency. It argues that the nation needs effective marketing and rebranding to orientate the citizenry and international body, to correct the stigma placed by the activities of insurgents. The paper relied on existing literatures, periodicals, and articles to gather information. The study opines that the roles of professional marketing and public relation firms are necessary to shore up the battered images posed by the marauding effects of the insurgencies. The findings revealed numerous lapses on the part of government which precipitate the insurgencies that brought about untold consequences on the nation's economy. The paper recommends that the nation should adopt a proactive approach in solving the issues by engaging the service of professional marketing and public relation firms while taking lasting corrective measures to stem the tide of insurgency.

Keywords: Marketing, Branding, Insurgency, Economy, Entrepreneurship

1. Introduction

The way a nation is perceived by potential investors, non government organizations (NGOs), non-profit organizations, tourists, other interested parties and international bodies depend to a great extent on how the country's government enhances the status and characters of their nation. In today's globalised world where the advancement in technology has made the market to be one, every country, region, and city of the world need to compete with each other for the share of consumers, tourists, entrepreneurs, international sport and businesses (Chen, Lee, Lee, and Yang, 2011). With the level of insurgencies, the task of marketing and rebranding a nation prone with the activities of terrorists becomes herculean task.

Marketing and branding of a nation though new to some governmental bodies of the world especially in Africa, the benefits make it imperatives for the survival of nations prone with insurgency and terrorist activities. There is no nation that can develop without the full activation and participation of entrepreneurial activities (Nkechi, Emeh & Ukah, 2015). The images and perceptions of Africa outside the continent as a place of war, diseases, violence, hunger, corruption, ineptitude call for the government and all the stakeholders to engage the service of marketing professionals to shore up the battered images, and correct some of the erroneous beliefs, (Omaamaka and Ogbonna 2015). However, a nation prone to insurgency needs additional tools to rebrand and market its potentials to both local and international entrepreneurs. The prime time for the marketing and public relation experts to act is now.

The issues of insurgencies in Africa, Middle East, Asia have caused a lot of migration problems in which many able people lost their lives while running away from insurgency prone areas. In Africa, many people were drowned in the Mediterranean Sea while migrating to Europe to seek for greener pastures.

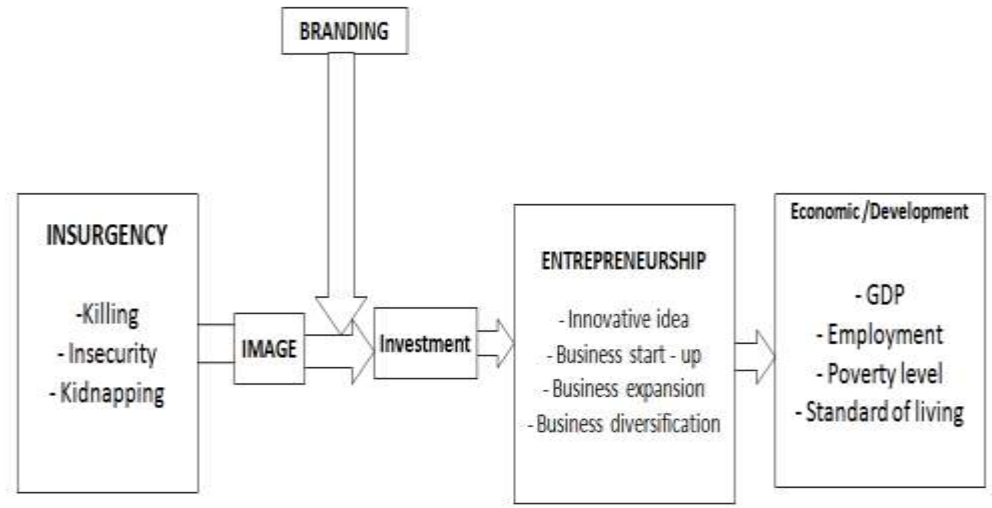
Objectives of the study

The primary objective of this study is to explore the relationship between nation branding and entrepreneurial activities.

The specific objectives include:

1) To describe various nation branding attempts made by previous administrations in Nigeria.
2) To explore the possible relationship between insurgency and entrepreneurial activities in the economy.
3) Examine possible reasons for insurgency in Nigeria.
4) Investigate the causal relationship between branding of nation and its impact on entrepreneurial activities.

Figure 1 Schematic Model of Study



Source: Researcher's Model adapted from Othman, Sule and Singh (2015); Omaamaka and Ogbonna (2015); and Osumah (2015).

2.0 Literature Review

2.1 Conceptual Framework

2.1.1 Nation Branding

In the present days of globalised, competitive and marketing savvy world, branding is acknowledged as a basic strategy for competitive advantage and achievement. Many countries, especially in the developed economy are now using branding, like companies to market their potentials, capabilities and beautiful geographical landscape for tourists, investment purpose, and export business. According to Bellosso (2010), a nation brand is an existing image or perception of a country. It is the representation or the enduring reputation of a specific country. It is the most valuable asset of a state (Haigh, Anderson, Bains, Haigh and Dimittvou, 2015). Duah (2010) established that nation branding is a concept that encompasses the marketing techniques and strategies that a nation uses to improve, enhance and reinforce its image and reputation globally. Ali and Abdul (2015), Ojo and Aghedo (2013) stated that the image and reputation of a country can attract both tangible and intangible benefits. Nation Branding is the application of marketing communications techniques to enhance, improve, and promote a nation's image. In an insurgency prone economy, the tasks of nation branding may be difficult as perceived perception and opinions generated may take a long time to erase.

The nation brand can also be seen as the unique value position of a country, a tool to raise people's interest in investing, visiting or doing business in a particular country. As Fan (2009) points out the outside audience defines a nation's image, with their perceptions being primarily based on stereotypes, personal experience and the media. According to Morgan, Pritchard and Pride (2011), the success of a branding campaign is the catalyst for the emancipation of a rebranding and development of a nation economic. Nation branding is therefore, the totality of efforts, an essential all-involving process adopted to impress on the way and manner a country is perceived across its borders and sweeteners employed by it to attracting foreign direct investments, erasing misconceptions and repositioning itself in the comity of nations (Ntamu 2011). Nation branding occurs when a government or a private company uses its power to persuade whoever has the ability to change a nation's image. Nation branding uses the tools of branding to alter or change the behaviour, attitudes, identity or image of a nation in a positive way (Gudjonsson, 2005).

The image of a country can be described as a picture, reputation or stereotype that is attached to a specific country (Grundey, Tolub and Brukiene, 2006). Avraham and Ketter (2008) cited Boulding (1956) for his analysis of a nation's image being composed of four components:

Cognitive (what one knows about a place); Affective (how one feels about a certain place): Evaluative (how one evaluates the place or its residents); and behavioural (whether one considers immigrating to/working in/visiting/investing in a certain place). It therefore follows that individual nations have distinct images that are unique to their particular situations. These images of nations influence consumers' decision making. Nation images though diverse in nature more or less fall within six distinct image situations: overly attractive, positive, mixed, weak, contradictory or negative image.

Research by Galician and Vestra (1987) cited in Avraham and Ketter (2008) found that negative news coverage has a strong effect on a nation's image. As is the case with most African nations, one finds that despite the challenge of Africa being perceived as one big continent each African country has a unique image challenges stemming from often sensational media coverage, which in turn has a bearing on the attraction of foreign direct investment (FDI) (Auwal, 2015). Dinnie (2008) expressed the view that when a nation's image and reputation is wrought by negative events such as war, famine, poverty, corruption and chaos, even if these factors are no longer relevant, the stigma associated with the country impinges on the inflow of tourism, foreign aid and investment.

In several attempts to beef-up and project positively the image of Nigeria, the government of the nation has embarked on branding and rebranding activities as depicted in table 1. Each government with specific strategy attempted to show the international bodies and the citizenry within the nation that the country has a lot to offer and that all is not completely bad has projected by the local and international media.

Table 1: Branding Attempts in Nigeria

DATE	REGIME	BRAND NAME/MOTTO
1975/1979	BUHARI/IDIAGBON	WAR AGAINST INDISIPLINE (WAI)
1985-1998	BABAGINDA/ABACHA	MAMSER (NOT IN OUR CHARACTER)
1999-2007	OBASANJO	THE HEART OF AFRICA
2007-2010	YAR' ADUA	NIGERIA: GOOD PEOPLE, GREAT NATION

Source: Researcher Findings

Benefits of Nation Branding

1) A successful branding campaign is a powerful tool to help a nation to compete more easily for a share of the world's consumers, tourists, businesses, investment, skilled workers and share of mind (Jordi, 2013 and Anhott, 2008). With the nation revenues declining, small businesses closing and consumer spending declining, Nigeria must strategically reposition their approach to economic development. This is more paramount when insurgency has driven away prospective investors from a nation.
2) A nation with a positive image and identity are better able to meet the demands of their stakeholders, whether they are residents, business people or visitors. Ali and Abdul (2013) emphasized that to gain competitive advantage, nations must attain localized, regional or global awareness, recognition and identity.
3) Nation branding is understood as the means for both achieving competitive advantage in order to increase FDI investment and tourism, and for achieving society development, reinforcing local character and identification of the citizens with their city and activating all social forces to avoid social exclusion and unrest (Frank and Robert, 2013).
4) Nation branding efforts have the potential of strengthening residents' loyalty to their local habitat, on the one hand, and enhancing their well-being on the other (Gilboa and Herstein, 2012).
5) The stigma posed by insurgency that hindered stability, investment, and growth are removed through proper and articulated branding of a nation.

2.1.2 Marketing a Nation

All over the world, marketing of a country for tourism, investment promotion purposes is now widely acknowledged as best practices. Marketing illuminate brands and make the relationship between nations and people to have mutual and involving relationship. The American Marketing Association (2007) defined marketing as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. This is more related to the work of marketing of a nation, as the marketing strategy is to communicate and deliver the positive image of a nation to the outside word. They opined that promotion techniques in investment attraction consists of information provision to potential investors, the creation of an attractive image of the country as an investment destination, and the provision of services to potential investors.

Otty and Sita (2011) notably pointed out that African governments need to market themselves effectively, underscoring that if the image of Africa as a whole can be improved globally, FDI inflows to Africa will correspondingly improve. Investment promotion that aims to increase the number of foreign investment indirectly by improving the nation's investment image will be the critical factors needed for the sustainability of entrepreneurial activities.

Importance of Marketing of Nation

1) Marketing is essential to a nation that is undergoing and seeking a new national identity during and after a period of turbulence and destructive insurgency.
2) Marketing plays an important role in establishing relationships between citizens of neighbouring countries

and establishes a working relationship in the field of economy, bilateral trade, and combating inter boarder crimes.

3) Successful nation marketing increases the FDI inflow and improves on the acceptance of locally made products and services of such nation.
4) An effective marketing system is vital, in an insurgency for the future of the nation as well as sustaining the co existence of all nations in a continuum beneficial way.

2.1.3 Entrepreneurship

The phenomenon entrepreneurship has been given many definitions by various people with different academic backgrounds. Each of these definitions appealed to individual based on their experience and understanding of the concept. To many, the word simply means a set of traits or process that creates an opportunity for a person to make a contribution. Entrepreneur is the center person in this process with these traits. Peng, Lee, and Hong (2014), considered the role of entrepreneur as the actor who creates, discovers, and exploits value-adding opportunities. In line with this, Chell (2013) focuses on the dominant 'opportunity recognition' theory which defines the role of the entrepreneur as being the person that discovers new opportunities that already exist and subsequently develops (or exploits) these opportunities. Through their innovative ventures, entrepreneurs contribute to their society and economy of their region. All that are familiar with the phenomenon in our present globalised world agree that entrepreneurship is a necessary ingredient for stimulating economic growth and employment opportunities in all societies. Sarasvathy and Vankataraman (2010) emphasized the role of networking and effectuation, with entrepreneurship being more of a collective, iterative process. The entrepreneurial process includes the discovery of new opportunity that is novel to the industry. In emerging world, successful small businesses are the primary engines of employment generation, poverty alleviation, fostering stability and income growth. Therefore, government support for entrepreneurship is a crucial strategy among marketing and branding function for economic development. In order to reap the benefits of entrepreneurship, all governments must implement the policies that will promote the activities of entrepreneurs.

In line with the study of Hofstede (1980), culture of a community play important role in determining the acceptability and receptiveness of entrepreneurial activities. This may also influence how much entrepreneurship exit within it. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding personally. A community that accords the highest status to those at the top of hierarchical organizations or those with professional expertise may discourage entrepreneurship. A culture or policy that accords high status to the "self-made" individual is more likely to encourage entrepreneurship. While emphasizing the importance of entrepreneurs, Adegbuyi, Akinyele and Akinyele (2015) reiterated the crucial roles to small scale and medium enterprises play in the economic development of a nation. Apart from the insurgency problems that hindered the growth of entrepreneurs, Ogunnaike (2013) emphasized that entrepreneurs are often confronted by problems associated with obtaining credit and financing the business as well as having the requisite managerial and technical experience that facilitate success.

2.1.4 Insurgency/Terrorists

Few decades ago, terrorism seemed to be restricted to a few isolated places, such as Northern Ireland, the Basque Country in Northern Spain, and some areas of the Middle East. Now it has snow ball into all regions of the world - especially since September 11, 2001, with the destruction of the Twin Towers in New York (Okoli, and Iorter, 2014). Allswell (2014) is of the opinion that "terrorism may be said to be the use of force, usually violent, as a means of coercing a target population to submit to the will of the terrorists. Terrorism is intended to elicit or maximise fear and publicity, making no distinction as to combatants and noncombatants in a conflict. There is no legally agreed definition of the term 'terrorism', but a recent United Nations (UN) document by Costa (2005) described it as any act which is intended to cause death or serious bodily harm to civilians or noncombatants with the purpose of intimidating a population or compelling a government or an international organisation to do or abstain from doing any act. The word 'terrorism' is both emotionally and politically laden, particularly as it imports issues of national liberation and self-determination. Terrorism takes many forms, including political, philosophical, ideological, racial, ethnic, religious and ecological issues. The taxonomy of terrorism, including precipitating motivations and considerations, is now a subject of intense study. Whether the Nigerian experience can be reduced to a type may be an interesting subject, but for purposes of this article, the primary concern is the threat of insurgency on entrepreneurship.

Most economists would agree that globalisation has brought with it several positive fallouts in terms of improved international trade and investments; providing an impetus to growth and enhanced global welfare. However, globalization has also brought the negative instinct into the world as the issue of terrorism and insurgencies have become a worldwide phenomenon because of the advantage derived from globalisation. The technology deployed through communication and the propaganda of the internet has made the activities of the group to expand beyond their traditional base.

Insurgency is one objective of organized terrorism, just as terrorism is one of several strategies of insurgency. Both terrorism and insurgency may be used by states in their internal and foreign policy operation. Insurgents in any nation operate with impunity and violate all decent and human laws with the aim of enforcing fundamental changes on the society**.** Insurgency is a movement **-** a political effort with a specific aim. There are so many reasons adduced for insurgencies, whatever the reasons may be, destructions and killings that these have brought have not justified the resultant effects. Political, economic, environmental or cultural differences have been put forward has why insurgent brewed in so many areas of the world. The rational thinking is why these maimed, destructions of nations economy and untold suffering of the masses.

2.1.5 Why Insurgency and Terrorism in Nigeria

There is a profound gap between popular perceptions of the causes of conflict and the results from recent economic analysis. Popular perceptions see rebellion as a protest motivated by genuine and extreme grievance. Rebels are public-spirited heroes fighting against injustice. Economic analysis sees rebellion as more like a form of organized crime, or more radically, as something that is better understood from the distinctive circumstances in which it is feasible, rather than worrying about what might motivate it. Costa (2005) highlighted the following points as the reasons for insurgencies or terrorism in the world:- weak or failed government, corrupt law enforcement and inept judiciary, Unscrupulous handling of money flows, speeches and propaganda, Cultural alienation in a context of mass unemployment. Not far away from the above reasons, the following supported by Aro (2013) are the causes of insurgency in Nigeria:-

1) **Unemployment and poverty**: The rate of unemployment in the country is worrisome. World Bank (2013) in an outcome of her research conducted in respect of Niger- Delta crisis viewed poverty as one of the key causes of conflict when it stated that the key root cause of conflict is the failure of economic development such that many of the world's poorest countries are locked in a tragic vicious cycle where poverty causes conflict and conflict causes poverty. Agwu (2016) argues that with youth unemployment, Nigeria and the world at large appears to be heading towards a dangerous abyss that will defy all economic theories and postulations. It is the resultant effect of poverty and unemployment that makes angry people particularly youth available in all parts of the federation for easy inducement for militancy and other social vices as well as increased people's apathy towards aiding security agent in combating militancy and other social vices in Nigeria.
2) **Religious Fanaticism:** The idea of religious belief that does not welcome any other religious faith is fanaticism. This has caused so many destructions of places of worship especially churches in the northern part of Nigeria and the killing of so many worshippers during attack on places of worship. Fanaticism brewed violence and reprisal attacked. This has snowballed into perceived enmity between members of religious group especially in the north eastern part of Nigeria where the case of Boko Harem is rampant.
3) **Failure of Government and Lack of good Leadership:** The failure of government to provide the necessary infrastructures and provide all inclusive administrations make the less privileged members of the society to feel alienated and sought for self defense. Okafor and Olokundun (2014) recognised that social challenges are consequences of absence of effective systems or failure of the existing ones. Lack of good governance and leadership erode the benefits expected from a good government. The corrupt practices of government officials where the few are in tumultuous wealth and the majorities are in abject poverty brewed hatred and dissatisfaction among the populace. State failure provides excuse for disgruntle member of the society to challenge the legitimate of government and seek to impose and alternative political order. Without a legal process to challenge the government authority, other means

that caused destructions and killing of innocent member of the society is terrorism or insurgency.

4) **Abuse of Human Right:** United Nations Human Right (2015), defines abuse of human right as violation of economic, social and cultural rights, these occurs when a State fails in its obligations to ensure that they are enjoyed without discrimination or in its obligation to respect, protect and fulfill them. Often a violation of one of the rights is linked to a violation of other rights. When the state suppresses the rights of its citizens, the resistance that follows is insurgency to call for the attention of the government to the belief, sufferings and agenda of the abused. It is when the issues are not properly address and there is continue violation of citizens rights that people take the law into their hands and begin to result to violence resistance which leads to insurgency and act of terrorism.

5) **Corruption and Lack of Development:** The rate of corruption with impunity and decay in infrastructures in the country has caused the deprived populace to result to attacking the government through the media. Other with less civilizes ways result to attacking the government through the activities that caused destructions of both lives and properties of the government. The bane behind the unemployment and lack of entrepreneurship move in the country is the corruption that caused lack of development. Agwu and Kadiri (2014) emphatically stated that corruption has permeated the entire social structure of Nigeria, hence the funds meant for developing projects that will aid entrepreneurial activities have been misappropriated, diverted, or embezzled and stashed away in foreign banks. Until corruption is nip in the bud, the rate of under development will persist and the disgruntle member of the society will result to violence that may be difficult to curtail.

2.2 Theoretical Framework

Theories of insurgency, violence, and conflict vary as they all explained the multiple reasons why they occurred. The various theories like the Frustration-Aggression theory, Class theory of terrorism, Jihadist, Conspiracy Theory, Structural Violence Theory, Theocratic Islamic State Theory and Resource Mobilisation Theory (RMT) all failed to individually explain the reasons why insurgencies occurred (Othman, Sule, and Singh 2015). This study adopted the Frustration-Aggression Theory and Structural Violence Theory.

2.2.1 Frustration-Aggression Theory:

This theory state that aggression comes from frustration. Dollard, Doob, Miller, Mowrer, and Sears (1939) stated that the existence of frustration always leads to some form of aggression and vice versa, the occurrence of aggressive behavior always presupposes the existence of frustration. They argued further that there is a direct relationship between the instigation of aggression and the level of frustration. This implies that the level to which individual is instigated to aggressive behavior is a function of the amount of frustration.

The inability of government to create the enabling environment for entrepreneurship has paved the way for massive unemployment and poverty in the country. This has made the Nigerian youth to be ready hands for the insurgents (Afolabi, 2015 and Abdullahi, Adeloye, & Balogun, 2014).

Afolabi (2015) further stressed that the frustration caused by inability of Nigerian youth to make ends meet made majority of them to act aggressively toward government policies and joined the band wagon as replicated in Boko Haram and the Niger Delta insurgencies.

2.2.2 Structural Violence Theory:
Structural violence theorists define violence as the avoidable disparity between the potential ability to fulfill basic needs and their actual fulfillment. Galtung (1969) defined structural violence as avoidable impairment of fundamental human needs or, to put it in more general terms, the impairment of human life, which lowers the actual degree to which someone is able to meet their needs below that which would otherwise be possible. The theory further locates the unequal share of power to decide over the distribution of resources as the pivotal causal factor of these avoidable structural inequalities.

According to Othman, Sule and Singh (2015), structural violence exists when some groups, classes, genders, and nationalities are assumed to have more access to goods, resources and opportunity than other groups, classes, genders and nationalities. The government inability to provide basic human needs to the citizenry is one of the reasons why insurgency occurred like the Boko Haram (Obadiah, 2015; Iorapun, 2014; and Allswell, 2014).

2.3 Empirical Framework

2.3.1 Insurgency and Nation's Image
The dent created on a country image by insurgency has been a major concern for countries that are in dear need of tourism, FDI, International sport and increase local content. Otto and Ukpere (2012) established that there is a positive relationship between security and development. The lack of security, serene and conducive environment for entrepreneurship will not augur well for the country image. They further concluded that the activities of the insurgency have negative economic implications for integrations and development in Nigeria.

There cannot be any sustainable development in an environment ridden with crisis and violent activities of the insurgents. Isola (2015) confirmed that the activities of insurgency has caused the country a devastating havoc on the country's image and this has made would be entrepreneurs to stay away from the country. Anyandike (2014) corroborated these findings when he confirmed that the activity of the group has caused untold hardship on the government security agents, many of them are killed in Boko Haram target. These have made many of the world entrepreneurs to stay away from the country especially from the north eastern part of the country.

2.3.2 Nation Branding and Investment
Many scholars (Tokuta, Makambe, Bhariri, and Chikari (2016), Ali and Abdulrehman (2015), Alam, Malik, Ahmed,and Gaadar (2015), and Dinnie (2008) have established the positive relationship between nation branding and investment. They all agree that good positioning of a country image will boost the activities of FDI and eventually increase the GDP and the wellbeing of the nation.

In the study of Zimbabwe's image and the economic challenges of the nation, Tokere, Makaudi, Bhariri, and Chikari (2016) revealed that the economic situation of Zimbabwe is caused by the bad image of the country among the western world. The study confirmed that Zimbabwe needs rebranding to be able to gain back a vibrant economy. This study further revealed that Bostwana's economy was able to climb the ladder of growth because of good image and low level of corruption and good governance. The paper argues that the international image of the country needs transformation and redirecting for meeting the demand of a stabilizing world.

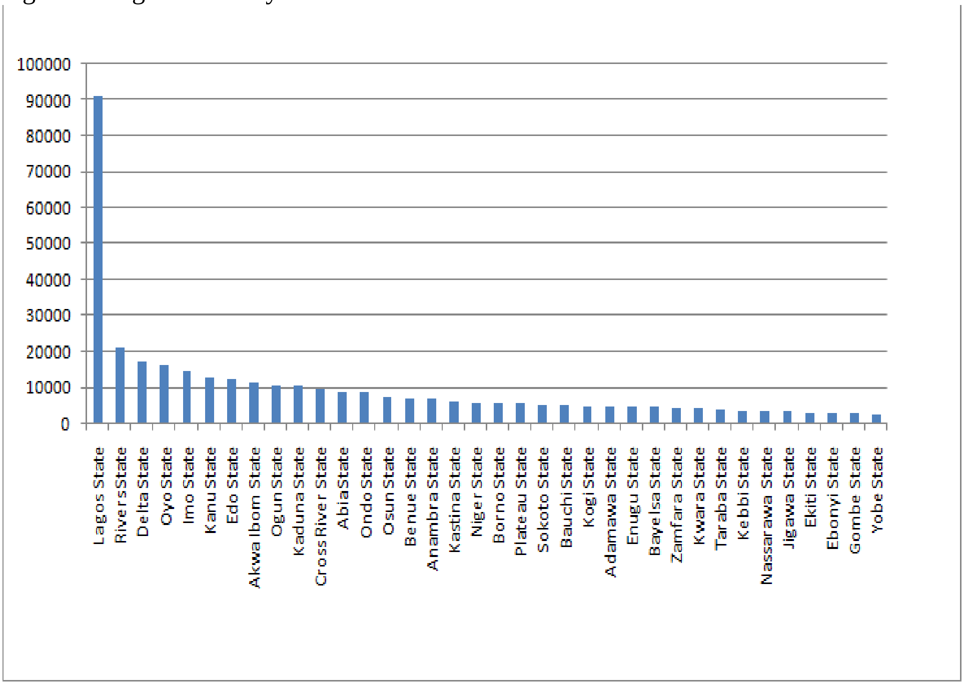
Alan, Malik, Ahmed, and Gaadar (2015) revealed in their study of Malaysia that good positioning of the country image has a direct effect on the tourism of the country. Their study revealed a positive relationship between tourism through branding and FDI.

2.3.3 Economy

The state of a nation's economy under insurgency is that of woes as all indicators point to the directions of low productivity, unemployment, low human capital development, bad infrastructures, low purchasing power, and poverty. The Nigerian economy which was characterized by poor growth performance arising from inadequate plan implementation and economic mismanagement since 1970 has in the last decade witnessed an upward turn following the return of democratic governance (Amao, and Uzodike, 2015). The macroeconomic indicators have become strong and given the current policies of fiscal consolidation and tight monetary controls, the growth outlook could be stable up to years ahead. However, there are major drawbacks. The effect of the insurgencies on entrepreneurial development is causing a lot of setbacks. The efforts to diversify the economy and develop other sectors outside petroleum have met with failure since the 1990s and there have been massive mismanagement of huge oil revenues. Though there are positive ratings and outlooks of growth, there are strong doubts about its sustainability, given the record of poor governance, the volatility of crude oil and agricultural production and pricing, and the risks posed by the inadequacies in infrastructure, energy, credit, security and political stability. Thus, the economy clearly has potentials, but the capacity to harness them for sustained, optimal and efficient growth is what really matters. There are a lot of discouragements and destructions of economic impetus as the insurgency has maimed, killed, and sent away all entrepreneurs from the most ravaged areas as shown in their GDP in figure 2. The informal sectors of the economy (barbers, vulcanisers, tailors, welders, grocery shops owners etc) were not allowed to operate. Most of the traders who oil the economy from the southern part of the country have relocated to the southern part were the rage of insurgency has not been affected and this has caused a seizure in the economy of the northern part were the GDP has plummeted.

Insurgencies are whipping away the gains that should credit the nation as truly the fastest growing economy in Africa. The GDP of the most affected areas have plummeted and this is majorly not part of the overall statistics as recorded in figure 2.

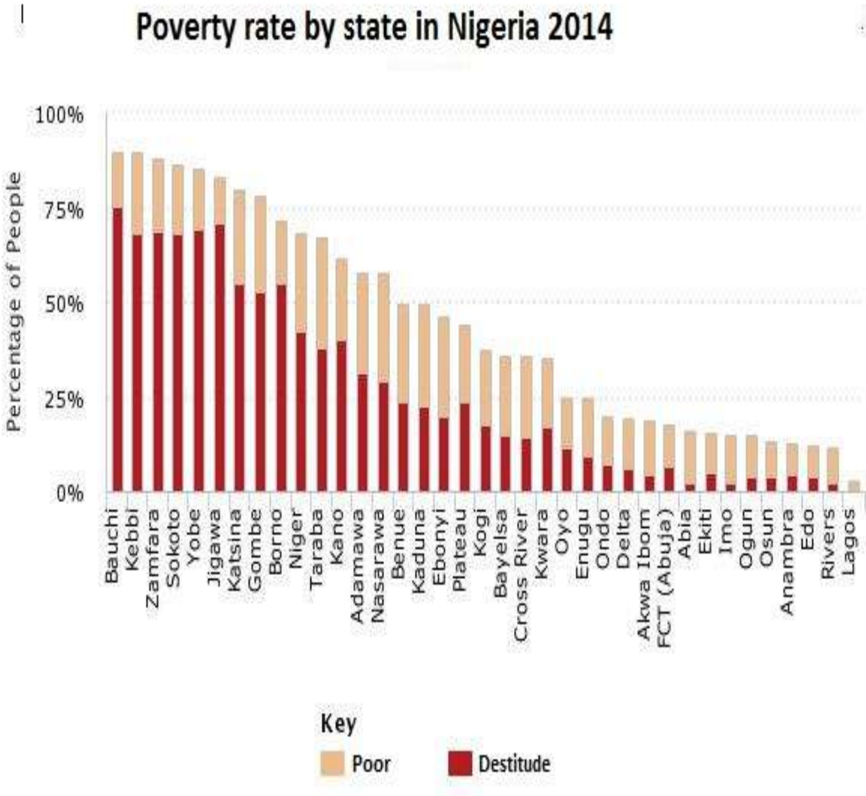
Figure 2- Nigeria GDP by States



Source: National Bureau of Statistics, accessed 10/2/16

Nigeria is a country that is grappling with issues of development since its independence to date. Corruption which has eaten deep into the fabrics of the society has denied the country the expected development it deserves. The country is rated among the developing nations of the world with recent score card of being the fastest growing economy in Africa. The effects of the insurgency are whipping away the gains that should credit the nation as truly the fastest growing economy in Africa. As indicated in figure 3, the effects of the insurgency are more evident in the north as it affects the economic activities, which reduced entrepreneurial activities and create huge unemployment and poverty in the region.

Figure 3.



Source: Adapted from National Bureau of Statistics (2015)

As shown in figure 3, the alarming rate of the insurgency in the north eastern part of the country is not only increasing the destitute but also increasing the numbers of poor people emanating from joblessness due to lack of suitable environment for entrepreneurial activities.

2.3.4. Investment and the Economy

The literature on the relationship between investment and economy growth is on the increase**.** Owolabi, Falayi and Owoola (2015) revealed in their study that there is a great link between investment and the economic growth of a nation. The paper further reiterated that the government has a lot of role to play in attracting both local and foreign direct investment (FDI).

Baghebo, and Edoumiekumo, (2012), concluded in their study that the relationship between investment and economic growth is intertwined. A country with a high culture of savings and human capital development will allow investment to strive and increase the GDP of the nation. Agu (2015) discovered that investment has been slowed down in Nigeria as a result of increased lending rate, reduced public expenditure, reduced savings, political instability and inadequate infrastructure.

3.0 Methodology

The paper relied heavily on existing literature, periodicals, articles, and online information that discusses on the concepts, theories and empirical findings about the topic**.** Qualitative method is used because it allows information gathering from various sources and rely on interpretation and analysis of what people experienced, their perception, belief, attitude and behavior of a given phenomenon (Lindlof and Taylor, 2011; Clissett, 2008). The method seek a better understanding of complex situation like Boko Haram and it is empirical, interpretative and inductive of particular situation (Pacho, 2015).

4.0 Discussion of Findings

It is evident that failures of governance, religious bigotry, and tribal sentiment have all contributed to the rising case of insurgency in the nation. The damaged caused to the image of this nation is enormous and it requires a drastic approach to redeem the country from the negative effects which are being experienced.

The findings of numerous scholars summed up that the social vices were caused by deterioration of value system. A situation where a treasury looter will be accorded the highest honour in the society make no meaning for the vast majority who are languishing in abject poverty. The vogue is state of impunity, when the rule of law is not for the rich but for the poor and down trodden member of the society.

The alarming rate of unemployment with it attendance rate of poverty makes the youths ready hand for the insurgents. The maimed and the destructions caused by the insurgents have made the entrepreneurial activities to nose dive. All FDI that supposed to come into the country were taken into the neighboring countries because of better security and steady power generation.

Redeeming this image brings about the government role to brand the nation with the aim of presenting and portraying the nation well in the committee of nations and among its citizenry. Several attempts previously embarked upon to rebrand the nation were not able to achieve the desired result because of corruption, and lack of continuity in government policies. Effective and efficient branding will help this country to be able to encourage FDI into the country and this will eventually bring in the much desire entrepreneurial activities which will increase the standard of living of the people and also create an avenue for increase savings that will encourage local investment.

Implications of Insurgency and Terrorist Attack on Entrepreneurship

1) According to Alao, Atere, and Oluwafisayo (2012) the implications of multi-dimensional conflicts in Nigeria as well as the fall out of Boko Haram insurgence have left behind an inestimable damage to every facet of life in Nigeria. There is no gaining saying that it has slowed down the national economic growth and development since no investors would prefer to invest in a crisis ridden nation.
2) While investigating the effect of political environment on business performance in Nigeria, John, and Nwaiwu (2015) revealed in their findings that political environment has a negative significant impact on business performance. Using absent of violence and political stability to measure political environment, their study confirmed that there cannot be thriving entrepreneurial activities without a conducive and insurgency free environment.

3) The aftermath of insurgency on the immediate population of the northeastern Nigeria is the mirage of unemployment that this has caused the region. The unemployed youths become readymade tools for recruitment into the rank and file of the insurgents.
4) The region has also witness the growth of terrorists into the class of multimillionaires and this also renders it difficult for meaningful development to take place in the regions (Ogundiya, 2009).
5) Entrepreneurial activities are at the lowest ebb since all existing and would- be entrepreneurs have relocated because of non-conducive operating environment.
6) There are deluge of infrastructural decay as roads, hospitals, schools are bombed, and telephone masks are destroyed. These mark a significant setback for entrepreneurship to strive in these areas.

5.0 Conclusion and Recommendations

The panacea to enhance the nation image, value system, business operating environment, destination for tourism, promotion of culture and heritage, all lies on the concerted efforts of the government and all stakeholders to brand and market the nation. These will be catalyst for overall healing and impetus for the survival of economic development of the nation.

1) There is need for a nation to have a major policy change, to change people's perceptions to effect the require result from marketing campaign to shore up the image of the nation. A positive national identity will be an antecedent of positive international image that will correct the wrong and damaged perception of a nation among the nations of the world.
2) Another policy implication is for the present government to evaluate the past branding exercises and build on their strengths to cave out an enduring and effective branding exercise that will see the nation having a positive image both within and outside the country.
3) There should be an establishment of a new curriculum of culture of peace for all level of educational institutions so as to promote good and mutual relations among the populace of the country.
4) The policy maker should approach the case of the insurgency in the north eastern part of the country as done to the Niger Delta militants by establishing a commission that will see to the eradication of the causes and delivering a long lasting solution to the problems.
5) The readiness of the people in government to study the presence and predict the future taking into consideration the environment which the nation finds itself will determine greatly the survival and sustainability of such nation.
6) In order to nip insurgency in the bud the relevant policies should be in place that will be all inclusive, and alleviate the suffering of nation citizens that are impoverished. Marketing and branding of nation can only yield good result if the government leave up to its responsibility and create an environment conducive for entrepreneurial activities and create employment for the teaming unemployed member of the society.

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Crude Oil, Resource Curse and the Splintering of Nigeria into National Pieces

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Abstract: Since 1956 when crude oil was first discovered in commercial quantity at Oloibiri, the Niger Delta region in Nigeria has remained the country's crude oil producing area. Crude oil is the chief source of revenue for Nigeria, yet, according to the UNDP's Human Development Report 2015, the region with a Human Development Index (HDI) of 0.514 remains the least developed crude oil producing region in the world. This means that the region is underdeveloped, hence the feeling of injustice, neglect and marginalization among its people. Another UNDP Niger Delta 2006 Report states that the entire Nigeria is also underdeveloped and riddled with material poverty. It is the concern of this study to find out why despite the revenue boom from oil, Nigeria has remained underdeveloped and how this can affect the unity of the country? This is coming as a result of the intensity of the underdevelopment of Nigeria and the region in particular and the prevalence of insecurity in the country. We examined the natural resource literature of the resource curse to explain and gain insight into why despite the revenue from crude oil, Nigeria has remained underdeveloped and how this underdevelopment can result in a national crisis that can collapse the country. Secondary sources were used to access data for analysis. Qualitative data analysis method was used to analyze data. The study finds that the continued underdevelopment of Nigeria and the Niger Delta in particular can lead to a national revolt capable of splintering Nigeria into national pieces. It is the recommendation of the study that the political leadership of Nigeria should quickly provide good governance that can take the Niger Delta and indeed the entire country out of the cold hands of underdevelopment.

Key words and terms: Natural Resources, Resource Curse, Niger Delta, Unity of Nigeria

1. Introduction

Crude oil is a natural resource and like all natural resources, it is available to man for use. Its usage comes with moral, economic, political and environmental implications especially in Third World economies. In Nigeria, crude oil exploration started in 1937, and its discovery in commercial quantities in 1956 and continued exploitation in the Niger Delta region have been on till date (Tamuno, 2011: 1-12). Revenue from the sale of oil belongs totally to the Federal Government of Nigeria based on its laws. A little amount of the revenue (13%) is shared to the oil producing Niger Delta States; but to the people of the region, that is not enough to develop the area and therefore they see this as unjust and iniquitous (Tamuno, 2011: 9). Hence they demand for resource control, fiscal federalism and self-determination. Based on the monumental literature on the Niger Delta, this whole struggle and agitation has been summarized as the Niger Delta Question. The issues in this question include the feeling of injustice, marginalization and inequity; neglect of the despoiled and degraded environment; lack of quality infrastructure; ravaging poverty, unemployment and underdevelopment (Tamuno, (2011: 321-325).

Year in year out, Nigeria has always been classified under the UNDP's HDI Reports as an underdeveloped country despite the huge oil revenue at its disposal. According to Ross (2003:2): "Why has Nigeria's remarkable oil wealth done so little to raise incomes and alleviate poverty?" This study is interested in finding out why Nigeria has not been able to use this revenue to develop the country? What are the implications of this inability on the survival of the country as a political society? The key concern of this study is that if Nigeria does not become developed and move its people out of poverty, the rest of Nigeria may combine with the already volatile Niger Delta and constitute a formidable mass movement that can collapse the country, as it happened in the former Union of Soviet Socialist Republics (USSR) in December, 1990 (Beissinger, 2009). This study will explore answers to these questions using the natural resource curse theory by looking at its literature, its implications for a natural resource dominated economy towards its development and the other possible factors that will be instigated by the Niger Delta struggle to tear Nigeria into pieces.

2.0 Literature Review

2.1 What is a Natural Resource?

Natural resources are materials or physical things that no man created; they exist from nature and have been there right from the beginning of life on earth. Therefore they include everything we can see and those we cannot easily see but exist. The issues that make these free gifts of nature important are their location, ownership and utility. Hence, most definitions are about these issues.

According to the Organization for Economic Co-operation and Development (OECD), natural resources are natural assets occurring in nature that can be used for economic production or consumption. This definition dwelt on the value or utility of natural resources. Again that they can be used for economic production implies that they can be processed into other goods needed by man. Also it stated that natural resources "occur in nature", that means, they are not created by man or did not pass any process of creation by man. However, the definition is limited by location and ownership.

Another view by the UNESCO states that:

> Natural resources, in a broad sense, include everything that is derivable for the use of man from any part of the universe. In the physical sphere they include energy from sunshine and gravity as well as mineral deposits and the rain. In the biological sphere they include domesticated as well as wild plants and animals; and they include human resources too (UNESCO, 1964: 2).

This definition gave a composite of natural resources to include energy from sunshine and gravity, mineral deposits, rain, plants, animals and human beings. It went further to indicate that natural resources are located in the universe and that they are for man's use, which attests to their utility significance. The location is not specific: where exactly the resources are located? Thus the definition is deficient in location and ownership.

On the part of the World Trade Organization (WTO), it defined natural resources as " stock of materials that exist in the natural environment that are both scarce and economically useful in the production or consumption, either in their raw state or after a minimal amount of processing" (WTO, 2010:46). Again this definition emphasized economic sense and usefulness of natural resources and is deficient in the rest issues about natural resources. What else would one expect from WTO as a trade manager!

This research will define natural resources as useful raw materials located in a defined political society (community, state or country), owned by that society and capable of been processed into other forms of commodities to meet the needs of man. Natural resources are capable of ensuring the stability of the ecological systems where they exist. Examples of natural resources are, natural water, crude oil, limestone, diamonds, platinum, coal, cotton plants, unprocessed gas, copper, trees, bauxite ore, iron ore, gold, manganese, cobalt and fishes.

2.2 Ownership of a Natural Resource

Natural resources should be owned by people who own the land and area where such resources are located. From the history of economic minerals, ownership of natural resources is important because they are valuable materials which can be used to develop society and sustain the ecosystem. That value is only most useful if society relate natural resources to man. From natural resources, so many other goods can be produced and that is why they are called capital assets. Thus they can facilitate the development of a country in a faster and robust ways. Also, countries that are very rich in lucrative natural resources are respected in international politics (Ololade, 2010: 3)

These are some of the reasons ownership of natural resources has become critically important. So who owns the natural resources located in an area?

According to Ololade (2010: 3),

> Ownership of resources has been given international recognition in a vast set of international regimes from the United Nations General Assembly (UNGA) Resolution 1803 of 1962 to the Rio

> Declaration on Environment and Development of 1992; it has even been recognized to be a sovereign right of a nation…UNGA 1803 of 1962 in Article 1 provides that "the right of the peoples and nations to the permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the wellbeing of the people of the state concerned". While the Rio Declaration which follows in line with the Stockholm conference, provides in Article 2, that "States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction" (Ololade, 2010:3).

It is clear from these conventions that it is the state or nation or the general government that has the sovereign right to the ownership of natural resources domiciled in the state. To make this right effective, states enact or promulgate laws that enable them exercise this right and authority over the natural resources in their states.

As a result, in Nigeria, the following laws were put in place to hand over natural resources, especially mineral resources, to the Federal Government of Nigeria (FGN):

- The Minerals/Petroleum Decree, 1969
- The Land Use Decree, 1978
- The Oil Pipelines Decree, 1991
- The Petroleum Decree, 1991
- The National Inlands Waterways Authority Decree, 1997 (Tamuno, 2011:24)

However the UNGA Resolution 1803 of 1962 specifically stated that "the right of the peoples and nations to the permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the wellbeing of the people of the state concerned".

The crux of the matter here is both in ownership and development effect of natural resources on the wellbeing of the people where such resources are found. In the case of the Niger Delta people of Nigeria, they question the underdevelopment around them. This has led to the continuous fight and struggle against the FGN for denying them their right over the revenues accruing from crude oil. Why is the FGN not able to develop the region with the oil revenues? The study will use the Resource Curse Theory to explain this problem.

2.3 The Resource Curse theory

One of the most prominent theories of natural resources is the Resource Curse Theory also known as "The Paradox of Plenty". The term "resource curse" was first coined by British economist Richard M. Auty in 1993 in his article titled: "Sustaining Development in the Mineral Economies: The Resource Curse Thesis". The theory describes the "failure of many natural resource-rich countries to benefit fully from their natural resource wealth, and for governments in these countries to respond effectively to public welfare needs" (NRGI, 2015: para. 1). NRGI observes that

> "while one might expect to see better development outcomes after countries discover natural resources, resource-rich countries

> tend to have higher rate of conflicts and authoritarianism, and lower rates of economic stability and growth, compared to their non-resource-rich neighbors" (NRGI, 2015: para. 1).

This means that resource-rich countries suffer from unpleasant outcomes that militate against their development, while non-resource rich countries do not. To further explain the resource curse, Alex Perry (2010: para. 2), asserted that resource cursed countries

> often develop more slowly, more corruptly, more violently and with more authoritarian governments than others. Think oil in Nigeria, blood diamonds in Sierra Leone and Angola, tin in Bolivia. What should be a blessing turns out to be an incentive for conflict and corruption and, in the wrong hands, a source of ruin (Perry, 2010).

To support Alex Perry (2010) that this curse is mainly with underdeveloped countries like Nigeria, Sierra Leone, Angola and Bolivia, Ross (1999: 298) states that:

> Three-quarter of the states in sub-Saharan Africa and two-thirds of those in Latin America, the Caribbean, North Africa, and the Middle East still depend on primary commodities (natural resources) for at least half of their export income. For these countries the "resource curse" is an urgent puzzle" (Ross, 1999: 298).

Consequently the countries most affected and afflicted by the natural resource curse are underdeveloped countries from the regions listed above. Why are the natural-resource rich developed countries not affected and afflicted by the curse? As provided by Perry (2010) above, developed countries would not allow "corruption, violence and authoritarian government" convert their natural resources rich nature into "source of ruin". Another dimension of the theory is that this curse appears not to be with non-natural-resource-rich countries. Why? The answer is the absence of the "Dutch Disease", a subset of the resource curse. In other words, this disease affects resource-rich economies. The disease simply refers to "all economic hardships associated with natural resource exports" (Ross, 1999: 306).

In summary, Oviasuyi and Uwadiae (2010: 117) state the

> Nigeria is the world"s 13th largest oil producer, and the 6th largest in OPEC. In the domestic sector, from 1970 to 1999, oil generated almost $231 billion for the Nigerian economy, constituting between 21 and 48 percent of GDP. Nigeria has an estimated oil reserve of 32 billion barrels – sufficient for 37 years at the current rate of production. Between 2000 and 2004, oil accounted for around 79.5 percent of total government revenues and around 97 percent of foreign exchange revenues. This rise in oil wealth has not translated into significant increases in living standards in Nigeria. In fact, the rise in poverty and inequality coincides with the discovery and export of oil in Nigeria… this has led to widespread acceptance that Nigeria has suffered from the resource curse (Oviasuyi, 2010: 117)

Thus, Nigeria suffers from resource curse.

2.4 The Effects of the Resource Curse

The resource curse affects the economic, social and political lives of the state. The "Dutch Disease" is a prominent explanation of the economic effect of the resource curse. Basically, the "Dutch

Disease" describes an economic situation where

> a large increase in natural resource revenue can hurt other sectors of the economy, particularly export-based manufacturing, by causing inflation or exchange rate appreciation and shifting labour and capital from the non-resource sector to the resource-sector. This is known as the Dutch disease (NRGI, 2015 as cited above).

According to the International Competitiveness of the Russian Federation Journal, the origin of the Dutch Disease was that:

> In the late 1950s the appreciation of the Dutch currency (guilder), which followed the gas export boom, caused inflation which in turn, brought about reductions in competitiveness and profitability of the manufacturing and service sectors. … the total Dutch exports crashed relative to GDP during the 1960s. Shortly, the expansion of gas exports in the 1960s not only crowded out the other manufacturing exports, but also reduced markedly the total Dutch exports relative to GDP.

The effects of the disease are found in the contracting manufacturing and agricultural sectors, increase in unemployment, worsening inflation and exchange rates (Ross 1999 as above), to which he said the Dutch Disease:

> "Describes the combined influence of two effects that commonly follow resource booms. The first is the appreciation of a state's real exchange rate caused by the sharp rise in exports; the second is the tendency of a booming resource sector to draw capital and labour away from a country's manufacturing and agricultural sectors, raising their production costs. Together, these effects can lead to a decline in the export of agricultural and manufacturing goods and can inflate the cost of goods and services that cannot be imported (Ross, 1999 as above).

With respect to Nigeria, a major exporter of crude oil, the country suffers these economic disabilities till date. The country's manufacturing sector is underperforming, its agricultural sector is in comatose, rate of unemployment is high, inflation is galloping and exchange rate is very high and bad political leadership; thus all the symptoms in the theory can be found in the Nigerian economy. The Dutch Disease is the key economic ailment that frustrates the economic development of an afflicted society and enthrones the reign of a disarticulated economic regime which impedes economic development.

Ross (1999) further identified other economic effects arising from the resource curse as decline in terms of trade, volatility in international resource prices which causes instability in the international natural resource market, poor economic linkages between resource and non-resource sectors.

Resource curse also affects countries politically. Ross (1999) and Ploeg (2010) identified the following political effects on the state: cognitive problem, growth-impeding interests and weakening of state institutions. Cognitive problem arises in a natural resource exporting state when its leaders (public and private) become enmeshed in the revenue boom that they no longer can discern what useful things to do with the huge revenue. Ross (1999) states that cognitive effect creates resource-caused "myopic sloth, or myopic exuberance in policy makers". For example, according to Ross (1999), development scholars such as Wallich and Levin accused leaders of a sugar-exporting state of approving and following a development part that is distorted by a "sugar mentality" which led to lax economic planning and insufficient diversification. Ross also reported that Nurske and Watkins suggested that resource rents lead to "irrational exuberance, producing a get-rich-quick mentality among businessmen; a boom-bust psychology and shortsightedness among policymakers, marked by bouts of excessive optimism and frantic retrenchments". According to Ross (1999: 309), the idea was made popular in the Six Books of a Commonwealth by Bodin, who explained that:

> men of a fat and fertile soil, are most commonly effeminate and cowards, whereas contrariwise a barren country makes men temperate by necessity, and by consequence careful, vigilant and industrious.

Finally, Ross (1999) concluded on the cognitive effect saying that "easy wealth leads to either paralysis or shortsighted euphoria among policymakers". From these positions and reflecting on Nigeria, one can simply say that Nigeria is richly blessed with the effects of resource curse.

There is also the social effect of the resource curse. It states that "resource booms enhance the political leverage of non-state actors who favour growth-impeding policies" (Ross 1999: 310). Ross posits that this argument works best "when non-state actors have first claim on any resource rents". Examples of such policies in Nigeria are import-substitution and subsidy policies. Thus, such "growth-impeding" policies are policies that will retard economic growth and leave more resources in the hands of interest groups whose ultimate ambition is selfish.

There is also the state-centered effect of the resource curse. The state-centred effect states that when government depends mostly on resource rents, such governments tend not to levy taxes on citizens and become less accountable to the people and that this situation weakens state or public institutions (Ross, 1999). According to Ploeg (2010), many development scholars (Bourguignon and Verdier, 2000; Isham, 2003; Sala-i-Martin and Subramanian, 2003; Robinson, 2006; Acemoglu and Robinson, 2006 and Mehlum, 2006) posit that natural resource dominated economy weakens state institutions through increased institutional corruption, blocking of technological and institutional improvements and prevents the redistribution of political power towards the middle class. This situation prevents the adoption of growth-promoting policies and worsens the quality of institutions since it allows governments to pacify dissent, avoid accountability and resist modernization. Other means of weakening state institutions include granting of privileges to cronies, making access to political power more expensive, and bribing voters with well-paid but unproductive jobs. Finally, natural resource bonanza encourages productive entrepreneurs to shift to rent seeking and become rent grabbing-friendly institutions.

Further study by Ascher (1999: 405-412) reveals that "natural resources suffer from exceptionally poor governance, since state officials can easily manipulate their use to meet unpopular, controversial or illegal objectives" and showing "how clashes among government agencies have led to results ranging from Indonesia's deforestation to the collapse of the

Mexican water system, from the destruction of cocoa farms in Ghana to the waste of Nigeria's oil wealth".

What can be discerned from these scholars is that natural resources can yield sudden abundant revenues and that failure to manage it effectively and efficiently is due to natural resource curse.

2.5 The Politics of Crude Oil in Nigeria

As at 2017, sixty-one (61) years after crude oil was discovered in commercial quantity in Oloibiri, Bayelsa State, Nigeria, crude oil has remained the chief sustainer of Nigeria's economy and has afflicted the country with the resource curse. Yet, the process and politics of crude oil administration by the Nigerian state have consistently yielded underdevelopment in the region and the country at large.

The issues in the politics of crude oil in Nigeria include the establishment of state laws (as indicated earlier) that enabled the FGN to take over crude oil as a federal resource. The implication of these laws is that crude oil and indeed any other mineral resource, found in the Niger Delta or elsewhere, belongs to the FGN, which therefore controls all revenues accruable from the resource. Therefore, the regions or states where the resources are located have limited access to oil revenue. This has remained a source of trouble between Nigeria and the oil states which have consistently called for the abrogation of these laws.

Another issue in the politics of crude oil in Nigeria is the volatility in revenue derivation percentage payable to the crude oil producing Niger Delta region. According to Tamuno (2011:6):

> The principle of Derivation in Revenue allocation has been consciously and systematically obliterated by successive regimes of the Nigerian State. We note the drastic reduction of the Derivation Principle from 100% (1953), 50% (1960), 45% (1970), 20% (1975), 2% (1982), 1.5% (1984), to 3% (1992) and 13% (1999-date) (Tamuno, 2011:6).

The derivation percentages determine how much of the oil revenue that should be given to the region or state. From the quotation above, the Niger Delta people have earned 100% in 1953, 50% in 1960, but as at today, it is 13%. This is a major source for accusing the FGN of injustice. The Niger Delta people have argued that the revenue allocated to them from the federation account is not sufficient for the development of the region given its terrain and the devastations caused by crude oil exploitation. Hence their request for resource control. The FGN has refused to accede to such request on the grounds that the remaining 87% would be used to develop other parts of the country. Also the FGN has argued that the revenue allocated to the region could develop the area and that it was the mismanagement of allocations by the political leaders of the region that is responsible for the underdevelopment of the region (The Nation, 2014).

From this politics, concepts like the "economy of conflicts" (Ikelegbe, 2005: 209) and the" blood oil" (Asuni, 2009: 1) have emerged. The economy of conflicts is a political theory which explains how the Niger Delta has been engulfed by the reign of terror, arms and ammunition which facilitate criminal activities by the youths. This reign has become a way of life of the people of the Niger Delta. These youths, with arms, kidnap oil workers for ransom, steal crude oil (refine some and sell some), blow-up oil pipes and so on. Their reason is that they use violence in order to have access to the mineral wealth deposited in their soil. Asuni (2009: 1) describes blood oil as "The trade in stolen oil, or "blood oil," which poses an immense challenge to the Nigerian state, harming its economy and fueling a long-running insurgency in the Niger Delta". A combination of these concepts shows that the Niger Delta has become a beehive of massive arms, ammunition, criminality and conflicts. Can this fight for oil, fight against unemployment and poverty not have a way of influencing insurgency, terror and final attack on the unity of Nigeria?

In the politics of crude oil in Nigeria, the issue of the relationship between the ethnic groups is important. History tells us that Nigeria has the Igbo, Hausa and Yoruba as the majority ethnic groups, while the rest are minorities. While the majorities control the central government, the minorities were carved into states and local governments. Meanwhile it is the central government that through its laws, owns, controls and administers crude oil resources; yet crude oil is domiciled and located in the lands of the minority ethnic groups in southern Nigeria. Consequently, on a regular basis, these minorities see crude oil laws made by the FGN as repressive, marginalizing and uncaring, thereby fostering the agitations against the federal government. These agitations have led to the call for the restructuring of Nigeria to grant self-determination to the states or minority ethnics. The federal government is not ready to accede to this request, rather it has taken some actions to resolve and assuage the anger among the ethnic minority oil producing states. These actions are interpreted by the Niger Deltans as positive or negative. The concern of this study is that this ethnic dimension of the oil politics can combine with the factor of high insecurity in the Niger Delta and lead to disintegration of the country. For example it happened in the Union of Soviet Socialist Republics (USSR) in December 1990 (Beissinger, 2009).

2.6 Federal Government's responses to the Niger Delta crisis

In response to the agitations by the minority ethnic crude oil producing states, the FGN has taken the following actions to respond and assuage the crises and ensure the development of the region. These responses could be interpreted as positive or negative as indicated below:

Table 1: Responses from the Federal Government of Nigeria

Serial number	Positive Responses	Negative Responses/Results
1	Established the Willink's Commission 1957 to examine the fears of the Niger Delta people before the attainment of Nigeria's independence in 1960	The killing of Isaac Adaka Boro 1967
2	Created the River Basin Development Authority(RBDA) 1961	Army invasion of Umuechem 1991
3	Creation of Mid-West region and States 1963, 1967, 1986 and 1996 and local councils	Genocide in Ogoni and the killing of Ogoni 13 including Kenule Saro-Wiwa 1994-1995
4	Established the Oil Mineral Producing Areas Development Commission (OMPADEC) 1992	The invasion of Choba 1999 and Odi 2000
5	Granted 13% Special Allocation to oil producing states 1995	The non-implementation of the UNEP Report since

		August 2011*
6	Established the Niger Delta Development Commission (NDDC) 2000	
7	Established the Amnesty Programme 2009	
8	Established the Ministry of Niger Delta Affairs 2009	

(Sources: UNDP Niger Delta Report 2006; Tamuno, 2011 and NEITI Report 2013)

(*The UNEP Report was the report by the United Nations Environmental Programme on the clean-up of Ogoniland. It was submitted to the FGN in August 2011. But the FGN is yet to carry out the assignment and it has become an issue among the Ogoni people in particular and the Niger Delta in general). Source: www.unep.org, 2011.

The obvious conclusion on the politics of crude oil in Nigeria is that it has showcased and made stronger the issues of injustice and marginalization, high-handedness in the responses by the Federal government and has led to high assemblage and stockpiling of arms and ammunition and many criminal activities in the Niger Delta. It also has kept aglow the burning issue of ethnicity. It has probably further frustrated the effective utilization of oil revenue for the development of the country. The mismanagement of crude oil revenue has led to poverty in Nigeria. According to the poverty theory of the social sciences, material poverty is the chief source of anger, restiveness and conflicts in society (Oviasuyi and Uwadiae, 2010). There is a possibility that the poverty induced aggression in the Niger Delta can combine with the poverty in other parts of Nigeria to a total breakdown of law and order and unleash a mass insurrection against the Nigeria state. This precarious situation can facilitate the collapse of the Nigerian state.

3.0 Analysis of the Consequences of Resource Curse on Nigeria

From the literature of the resource curse espoused above, this study can present some textual analyses that will enhance the understanding of why Nigeria has remained underdeveloped. The study will concentrate on the political and economic consequences of the resource curse on Nigeria.

The political effects are the cognitive, growth-impeding and state-centered consequences. According to Ross (1999: 309), the cognitive problem is that in natural resource countries, the leaders always suffer from the “inability to discern what other useful things to do with the revenue boom” and that this inability causes “lax in good economic planning and insufficient diversification”. Many may disagree with this explanation by arguing that Nigeria had economic development plans in the past. Unfortunately, most of the development plans were for infrastructural development and few giant industrial set ups. For example, the steel plants were to produce steel for infrastructural constructions. The refineries were to produce fuel for local consumption, not for exports. The thinking ought to be for local consumption and export. Diversification of the Nigerian economy has been on the drawing board of nearly every regime (both military and civilian). Yet, fifty seven (57) years after Nigeria’s political independence, the economy is not diversified such that many industrial sectors are able to contribute significantly to development, instead of relying majorly on crude oil.

Ross (1999:309) stated that Nurske and Watkins suggested that resource rents lead to “irrational exuberance, producing a get-rich-quick mentality among businessmen; a boom-bust psychology and shortsightedness among policymakers, marked by bouts of excessive optimism and frantic retrenchments”. The point here is that even when policy makers and business owners think and try to discern, the outcome is mostly irrational because the philosophy behind the discernment is to make quick selfish gains. This is shortsightedness which would lead to reversal and abandonment of programmes and retrenchment of labour. Such abandoned programmes are numerous in Nigeria: the Operation Feed the Nation(1976-1979); the Green Revolution (1980-1983); School-to-land (1984-85); SAP, DIFRRI, Better Life and Poverty Eradication Programme (1985-1993); NEEDS and SEEDS (1999-2007); Seven-Point Agenda (2007-2009); Transformation Agenda, SURE-P, Mass Transit (2010-2015); and so on. All those who worked for and in these programmes have, most probably, lost their jobs. During the General Ibrahim Babangida regime (1985-1993), he created two political parties, the Social Democratic Party (SDP) and the National Republican Convention (NRC). The government built political offices for these parties in all the local government areas in Nigeria. Notwithstanding this, and as at today in 2017, Nigeria’s five major political parties do not have access nor use such offices. This is a waste from oil revenue.

On the problem of get-rich-quick mentality among business organizations, the society can easily see it in their operations. For example, Nigerian banks prefer to finance traders who can make fast returns than finance agribusiness. This is one reason agribusiness is not progressing the in the country.

According to Ross (1999), the cognitive problem indicates that men who live in good conditions, tend to be risk averse and less industrious. Such good condition is like oil boom with plenty of revenue. At such times, men are consumers of goods, care less and wasteful due to abundance. But in austere times, men tend to be wiser, careful, vigilant, and productive risk takers. Nigeria is in the first category and this explains the consumerist society we have in the country. Nigeria relies on oil money for over 80 percent of the country’s budget financing. A less productive economy is a recipe for underdevelopment and poverty and its attendant class struggles that lead to national conflicts as depicted in the Niger Delta.

Resource curse generates growth-impeding interests and policies. These are actions that are unproductive, but merely meant to serve the interest of those in government. For example, in Nigeria, some of such actions by the government include oil subsidy and SURE-P. Oil subsidy means that the government pays the cost-mark up difference on fuel importation. For instance, if it takes the oil importer $2 to import a litre of fuel up to Nigeria’s coast, and it takes another $1 to clear it and another $0.5 to bring it to the filling station and his profit markup is $1, the price to sell the liter will be $4.50. If the exchange rate is N100 per dollar, the selling price of the litre in Nigeria will be N450. But to Nigerians, this price is too high and this will lead to labour demonstrations. So the government in other to save its face, will agree with the fuel importer to sell at N80 per litre and collect the balance of N370 from the government. It is this N370 that is called oil or fuel subsidy. But towards the end of the Dr. Goodluck Ebele Jonathan's administration, it was discovered by the then Finance Minister, Dr. Ngozi Okonjo-Iweala that the entire fuel selling price determination process was not sincere. This was because, despite the subsidy, fuel was still scarce. So the present President Mohammadu Buhari's government decided to stop paying subsidy and demanded Nigerians to pay for the actual price of N145 per litre they agreed with the fuel importers. Since June 2016, Nigerians have not experienced serious fuel scarcity and this proved the point of growth-impeding actions of government, meant to help the unproductive political "boys". Another example is the SURE-P which the last administration created to reduce the sufferings of Nigerians arising from scarcity of fuel. SURE-P was meant to provide unproductive jobs for political patrons and their aids and assistants. It is the crude oil money that has been able to sustain such selfish irrational unproductive actions that bled the economy. The result is further underdevelopment and poverty of the masses of Nigeria.

Ploeg (2010) posits that revenue boom from natural resources unleash weak state institutions and corruption in the operations of the government, blocks technological and institutional improvements, prevents the redistribution of power towards the middle class, allows the government to pacify dissent, avoids accountability, resists modernization and grants privileges to cronies. Oil riches ruin long-term preference of the economies of resource rich states, raise the value of being in power and induce politicians to unnecessarily expand public sectors by creating more well paid but unproductive jobs. All these are acts of bad governance which had gone a long way to sustain poverty, restiveness and conflicts in Nigeria. Thus it creates room for mass insurrection and revolt against the Nigeria state.

Natural resource revenue boom encourages enterprises to shift efforts to rent seeking and become rent-grabbing-friendly institutions. The implication of this is the absence of genuine entrepreneurs, contraction of productivity and the expansion of unemployment, low income, poverty and lack which lead to the anger, restiveness and crisis. This is one reason for the steadily rising sectional crises in the North East (Boko Haram), South East (request for Biafra) and Niger Delta (Resource Control) in Nigeria.

Ascher (1999) found that natural resources suffer from exceptionally poor governance. This can be seen at all levels of governance in Nigeria.

On the economic front, the availability of huge revenue from natural resources has the effect of discouraging government from industrialization which will enable more employment and ensures that taxation remains the major source of revenue for the government. When tax is the key source of revenue, it means that people are taxed more, and such people will be interested in what government do with the tax funds. When people perceive misuse of tax revenue by the government, they will demand for accountability. But if crude oil is the main source of revenue to the government, taxation will not be attractive as an important source of revenue to the government. Consequently, the people would be taxed low and some may easily evade or avoid tax successfully. In such situation, when people perceive misuse of public funds by the government, they may not demand for accountability. This leaves the government to be care less with public funds and become unaccountable. That is why Nigerians are hardly on the streets to demand for accountability and good governance.

Another economic consequence of the resource curse is the presence of too much money chasing too few goods and this equals to inflation. With high level of prices, other sectors of the economy suffer because the crude oil sector which is now attractive and booming with petro-dollars, will buy off most quality labour and attract large chunk of the available capital. Thus the manufacturing, agricultural and other sectors will suffer stagnation. This is the reason other sectors except oil and gas, are not contributing significantly to Nigeria's GDP. The ultimate consequence is a mono-product economy which suffers from price shocks once the price of the commanding natural resource falls. The recent recession in Nigeria is chiefly caused by the drop in the price of crude oil from over $100 per liter to as low as $28 by the last quarter of 2016. At such periods total revenue drops and budget implementation by the government becomes very difficult. The bottom line is excruciating hardship and poverty among the people.

Resource curse ensures the continued reliance and export of unprocessed natural resource to other countries. Nigeria has continued to export crude oil for over 61 years now with the attendant loss of all the bye-products of crude oil which would have enabled the establishment of many gas and petrochemical plants in the country. The massive employment, tax incomes and exports revenue from such companies have all been lost to the continued export of Nigeria's crude oil. The consequences are also in increasing unemployment, youth restiveness and increasing crime rates in Nigeria, which are manifestations of underdevelopment and future crises in the country.

The continued export of unrefined oil is a corollary to the point that such behavior discourages diversification of the national economy as the country prefers easy rent income from the natural resource. Why? The reason is that there is no organic or structural relationship between the natural resource sector and the rest sectors. Ake (1981) referred to such economy as a disarticulated economy. Nigeria's economy is a good example of such an economy. In a structured, diversified and articulated economy, raw materials from one sector is fed into and used by other sectors for further reprocessing to produce more products or commodities. The bottom line is that there is no economic linkage between the rich-resource sector and other non-rich - resource sectors leading to a disarticulated economy which will continue to support underdevelopment and its attendant social crises.

The resource curse causes the economy that relies mainly on the sale of natural resource to suffer from the volatility in international price of the resource. As indicated earlier, when such price falls, it can lead to economic downturns like recession or depression. If the price goes up, more revenue accrues to the nation and this could be mistakenly seen as economic development. But the mismanagement of such boom through corruption caused by the resource curse brings back the economy to prostration, frustration and underdevelopment.

The social consequences of the resource curse are increasing labour mobility in favour of the urban cities, the depopulation of the rural areas which affects agricultural productivity negatively, and high rate of youth unemployment in the cities resulting in more crimes in the cities. There is always the unplanned effects of the overpopulation and crowding of such urban areas. One of such effects is the high demand for and pressure on the infrastructure in the urban cities. In Nigeria, Lagos and other capital cities of some states are good examples.

By and large, resource curse harms the economy and contributes largely to the continued underdevelopment and material poverty in resource dominated economies like Nigeria's. But the consistent underdevelopment of Nigeria arising from poor political leadership which in itself is a child of the resource curse, is the nexus between crude oil and the collapse of Nigeria. This is the thesis of the findings of this research.

4.0 Summary and Conclusion

Nigeria is blessed with crude oil as a natural resource. It has been a source of the bulk of government's funding. Despite the huge funds it provides to government, the political leadership of Nigeria has not been able to translate this into the development of the country. This is as a result of the resource curse which inflicts its effects and consequences on the people. One of its afflictions is poor political leadership in the management of the natural resource, which has led to the underdevelopment of the country, more acute in the Niger Delta region where crude oil is produced. As a result, agitations and conflicts in arms abound. Underdevelopment also affects other Nigerians. Can the arms crisis in the Niger Delta ignite a national revolt against underdevelopment and poverty? Can such a revolt lead to the disintegration of Nigeria into national pieces? This study observes that if the resource curse continues under poor political leadership, the possibility of such a revolt against Nigeria is possible.

The conclusion therefore is that Nigeria's political leadership needs to urgently tackle the resource curse and commence immediately the remediation of the age-long damages caused by this curse and begin a new Nigeria with keen interest in true development anchored on good governance.

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Corporate Social Responsibility as a Determinant of Sustainability of Small Medium Enterprises (SMEs)

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Abstract: In the pursuit of profit maximization as a major objective of business organizations, several firms forfeit their social and economic responsibility whilst focusing on activities that are deemed to solely profit the firm, without taking into cognizance the effect of their operations on the society in which they operate. Business analysts have however, realized the determinant role of social responsibility in corporate performance, such that firms that are able to imbibe corporate social responsibility in their core business operations may be able to take advantage of the social reputation gained across their several stakeholders. Small and medium enterprises operating in highly competitive markets are also advised to leverage on this reputation gained from being socially responsible, if they seek ways to remain relevant in the same markets dominated by multinational corporations. Adapting a case study approach, this study highlights the advantages (such as employee and customer loyalty) gained by House of Tara, a small business operating in the beauty and make-up industry in Nigeria, resulting from the firm's commitment to advancing the society in which it operates through several social responsibility activities. It is observed that although competing with major makeup brands such as MAC, Maybelline, Dior, Mary Kay and others, House of Tara has been able to not only thrive, but gain a sizeable market in the Nigerian makeup industry, because several consumers purchase their products not solely because of the quality or price of their product, but because they perceive themselves as buying into the firm's CSR vision. This study therefore recommends that small and medium enterprises that may lack adequate resources (manpower, technology, capital) needed to successfully compete with multinationals, can harness the potentials in the reputation and loyalty gained from adequate investment in corporate social responsibility.

Keywords—Corporate Social Responsibility, sustainability, small and medium enterprises, House of Tara.

1.0 Introduction

The continuous move from the socialist system to capitalism where countries' trade and industry are controlled by business organizations has brought about an increasing debate on the private sector's responsibility for its economic, social and environmental impacts on the society in which it operates [1]. It has thus become increasingly imperative to analyze the relationship between businesses and the societies in which they operate, this analysis is able to find direct bearing in the term corporate social responsibility. [2] defined corporate social responsibility as a business organization's economic, legal, moral, social and environmental responsibility to the society. Similarly, [3] defined CSR as the obligation of business corporations towards emboldening societal growth and development and willingly abolishing practices that are not in harmony with public interest.

However, the belief that business organizations have a responsibility that goes beyond profit making undoubtedly, has not been fully accepted by all scholars and business managers. Consequently, creating a debate on the need or otherwise for corporate social responsibility. The debate on corporate social responsibility (CSR) is intersected at the point where one hand of the spectrum analyze that the numero uno objective of a business organization is to maximize profit and primarily the wealth of the shareholders, thus managers should focus singularly on this objective and ignore any diverting activities such as CSR activities which may hinder managers from advancing the primacy of its shareholders [4], [5], [6], [7]. On the supporting side of the debate on corporate social responsibility, other researchers have analyzed that the firm's objective should not be exclusively economic but the social effect of their operations be taken into perception, such that the greater good of the society is placed above that of the business organization [8], [9]. It is believed that it is in the firm's self interest for it to be socially responsible, if it wants to continue operating in the long run under a favorable climate, as firms are entities that are largely influenced by their business environment, such that society's perception of the firm will to a very large extent affect the sustainability of the firm. [10] attests that corporate social responsibility activities can foster the firm's profit maximization objective, through its ability to serve as a strategic tool for gaining competitive advantage, as measured through the stakeholders perception of the organization, which is reflected through loyalty from customers, employees, government and society, resulting from the firm's involvement in corporate social responsibility practices, especially in a highly competitive business environment.

It is further observed that small and medium enterprises are dealt a harder blow in competitive markets in comparison to the multinational corporations which they compete with, due to their inability to gain access to reduced interest loans, technology, and resources in general needed for the growth and sustainability of their businesses. However, some small businesses have instead leveraged on their close relationship with the society in which they operate, through socially responsible practices, to gain a competitive edge in sustaining their businesses. Through a case study approach, this study aims at investigating the role corporate social responsibility plays in enhancing the corporate performance of small and medium enterprises that face intense competition from multinational corporations operating in the same industry.

2.0 Corporate Social Responsibility

[11]'s definition of CSR has served as an underpinning for the study on corporate social responsibility. Carroll observed that, a comprehensive definition of CSR, must embrace a full range of responsibilities of the business corporation to the society. It was thus propositioned that the corporate social responsibility of business corporations must incorporate the economic, legal, ethical and discretionary expectancies of the society [12], [13], [14]. [13] propositioned that firms have an obligation that is economic in nature, i.e. primarily business institutions have a fundamental responsibility as an economic unit in the society to produce goods and services that are beneficial to the society at a profit. Just as it is expected of business corporations to make profit, they are also expected to duly obey laws and behave ethically as required by law. And finally, the discretionary responsibility entails voluntary roles and practices that firms assume but for which society does not provide a clear-cut expectation. The discretionary responsibility as the name implies is left to individual managers' and corporations' judgment and choice. It is this discretionary responsibility that makes the difference in corporate responsibility, as this is where managers either engage in mere philanthropy or strategic CSR that is inline with core business objectives [15]. Similarly, [16] define corporate social responsibility as the continuing commitment by organizations to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families and the local community and society at large. [17] expedites that corporate social responsibility is concerned with treating the shareholders of a firm ethically or in a socially responsible manner. Commonly agreed, CSR is thus viewed as the relationship between a business organization and the society it operates in (consisting of the organization's stakeholders).

2.1 Arguments against Corporate Social Responsibility

The argument against corporate social responsibility is dominantly based on the view that a firm's direct involvement in the operations of the society has a negative impact on both the society and the business. It is argued that firms should maintain profit maximization as their number one objective, and should participate in only activities that bring profit [18]. Accordingly, CSR, which is usually financed from the firm's profit, violates this objective and thus should be prohibited.

A second argument on the opposing side, lies in the negative political power a firm can gain from its involvement in social good. It is believed that such activities as building roads, donation of food items, provision of water and resources as are the usual CSR practices in developing countries such as Nigeria, enables these corporations to gain much power as regards political matters in the country, thus reiterating [19]'s argument which echoes that government's job is not business, thus business' job should not be government. Thus illustrating that social issues are not the concern of business organizations, but that of the free market system, such that if the free market cannot solve its own problems, then the responsibility should fall on the government and not business corporations.

While some of the arguments against corporate social responsibility still holds in the recent developments in CSR literature, a majority of them have been clearly rebuffed.

2.2. Arguments for Corporate Social Responsibility

On the supporting side of the debate on corporate social responsibility, supporters of the close knit relationship between the firm and the society argue that the firm's objective should not be exclusively economic but the social effect of their operations be taken into perception, such that the greater good of the society is placed above that of the business organization [8], [9]. It is believed that it is in the firm's self interest for it to be socially responsible, if it wants to continue operating in the long run under a favorable climate, as firms are entities that are largely influenced by their business environment, such that society's perception of the firm will to a very large extent affect the sustainability of the firm. [20] supports the above argument, stating that it is in the firm's self interest to foster a safe and healthy environment around its business, as the firm's voluntary intervention in the community often results in strengthening the ties with the local economic and social community.

[10] attests that corporate social responsibility activities can foster the firm's profit maximization objective, through its ability to serve as a strategic tool for gaining competitive advantage, as measured through the stakeholders perception of the organization, which is reflected through loyalty from customers, employees, government and society, resulting from the firm's involvement in corporate social responsibility practices. [21] posits that a firm's intervention in the community often results in an increase in the firm's corporate image and reputation, employee moral, lower turnover rates, improved customer loyalty and satisfaction, and increased profit margins. The argument for corporate social responsibility thus suggests that a firm's commitment to ensuring the wellbeing of its various stakeholders has the potential to ensure business sustainability even in a highly competitive business market.

2.3 The Business Case for Corporate Social Responsibility

In accordance with the benefits of corporate social responsibility on the business organization's sustainability, there arose in recent CSR literature the need to understand the benefits of CSR on the business organization, often termed 'the business case for corporate social responsibility". [22], [23], [24],

[25] advocate for the firm's ability to engage in CSR practices that perform dual purposes of enhancing the society and creating business/economic value for the firm.

The business case for corporate social responsibility is based on a firm's ability to link corporate social responsibility to increased organizational performance. It is posited that a firm's engagement in CSR activities such as policies that positively influences its various stakeholders: customers, employees, shareholders, suppliers, government, society, has the potential to increase firm's performance and sustainability. Thus the business case argument serves as the base for understanding the concept of corporate social responsibility as it applies to enhanced corporate performance in the firm.

3.0 Small and medium Enterprises

Of particular interest to this study is the application of CSR by small and medium enterprises in such a way that enhances profitability in very challenging business environments that are dominated by multinational corporations that have access to massive resources such as: capital, manpower, machineries, which are generally needed to remain competitive.

Just like the concept of corporate social responsibility, the definition of small and medium enterprise varies across defining boards, agencies and nations. However, three major factors outlined in most definitions globally, incorporate: number of employees, aggregate yearly income, and size of fixed capital and assets. SMEs is defined by the European Union as an enterprise with a staff force of less than 250 people, an annual turnover less than 50 million Euros ($58,132,750) or an annual balance sheet not greater than 43 million Euros ($49,994,165). The United Kingdom classifies micro businesses as those with a staff strength not exceeding 9, small businesses not exceeding 49, medium sized businesses between 50 and 249 and large businesses 250 and beyond [26]. Similarly, the Australian Bureau of Statistics and Australian tax office define SMEs based on the number of employees (less than 20 persons), yearly revenue (a standard yearly revenue below $1 million) and net assets (net assets below $3 million).

In Nigeria, a small and Medium scale enterprise operating in Nigeria is one with fixed capital or asset between N5million and N500 million ($26,932 and $2,693,240), turnover of less than 100 million ($538,648) per annum and labor force between 11 and 300 [27].

3.1 State of SMEs in Nigeria

It is generally posited that SMEs can serve as tools of economic development of any country, as is observed among the BRIC (Brazil, Russia, India and China) nations. In recent times, there has been mimicry of a new set of emerging nations, called the MINT (Malaysia, Indonesia, Nigeria and Thailand) nations. However, it is observed that despite Nigeria's potential as an emerging economy, the small and medium enterprises operating in the country are usually sidelined by bigger multinational corporations, as the SMEs in Nigeria are currently facing several challenges that hinder their growth and development. It is thus observed that most SMEs either remain small, moribund or shut down within few years of operations [26].

It is observed that due to the small size nature of SMEs, there appears to be a close knit between the business and the society, such that several of these organizations dedicate a major part of their operations to tackling the challenges faced by the communities of their operation. Such challenges as reducing rural-urban migration, reduction of waste through waste to energy or waste to wealth initiatives, provision of self development and career training for the locals, skills acquisition classes amongst several other forms of socially responsible activities. [28] discus the presence of an interdependent relationship between corporations and society, and the possible influence (positive and negative) that relationship can have on the organization. [29] suggest that CSR should be considered as a strategic investment of a firm because it is an integral element of a firm's business and corporate-level differentiation strategy. Even when not directly tied to a product feature or production process, CSR can be viewed as a form of reputation building or maintenance, which is essentially beneficial in building a sustainable business. It is thus important to view the potential benefits SMEs stand to gain through active involvement in social responsibility.

3.2 Potential benefits derived from Social Responsibility

Although various benefits have been tied to a firm's involvement in corporate social responsibility, this study has selected three that were duly observed in the case study adopted for this study, thus ensuring a correlation between the literature reviewed and the case study adopted. The potential benefits ascribed to CSR, are thus discussed below:

3.2.1 Customer Loyalty arising from a firm's involvement in CSR

Customer loyalty is ascribed as the result of consistently positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes product or services. It is opined that customers get attached to brands as a result of the personal relationship they believe they have with the firm, this is usually embodied in the customer's perception of the firm's operations. Where a firm is seen to be socially responsible, some customers are drawn to the firm's because they support the CSR activities carried out by the firm, and believe that whatever they spend on purchase from the firm, will still be directed to the society, through the firm's CSR activities [30].

3.2.2 Employee Satisfaction as a result of Social Capital

Employees are noted to be very essential to the success or otherwise of business organizations. Several scholars emphasize the importance of CSR targeted at the employees, if a firm seeks to be sustainable. These CSR practices, are usually termed internal CSR. Where Internal CSR practices are a business organization's commitment to improving the lives of its staff, through such practices as talent development, employee rights, diversity management and work safety and health, which are positively linked to emotional and normative commitment of employees, thus influencing their perceptions about the organization and their willingness to be productive, thereby bonding the human resources of an enterprise to form a cohesive workforce, that is, social capital, thus serving as a competitive advantage firms can bench on [31].

Social capital refers to features of social organization that create an environment of mutual benefits and coordination [32]. CSR has been proven to create reliable social networks for organizations and social capacity [33] initiating and facilitating strong work network, relationship and custom, which enhance cooperation and collective action [34]. Good corporate social capital can serve as a guarantee for high performing workers, thus serving as an indicator of its ability to attract talented employees [35].

3.2.3 CSR and Product Differentiation

Corporate social responsibility also provides the firm the opportunity to imbibe "social" features into their products, such social and/or environmental features that are of benefit to the environment and the end user of their products. [36] posited that a firm that can promote enhanced social or environmental value in its products and services as a form of corporate social responsibility initiatives could gain increased customer satisfaction. In the same study, it was observed that consumers demonstrated willingness to reward companies with environmental or social product and service innovation by paying 5 to 8% more for their products.

Through the inclusion of special "social" features in products, small and medium enterprises are able to leverage on differentiation, which can strengthen or maintain the organization's reputation, thereby adding value to the firm, in addition to allowing the firm meet a particular market demand [37].

4.0. Methodology

This study adopted a case study approach in investigating the relationship between corporate social responsibility and sustainability in small medium enterprises operating in Nigeria. Of particular interest to the study is House of Tara, a makeup business operating in the beauty and makeup industry in Nigeria, which despite huge competition from international brands such as MAC, Maybelline, Mary Kay, Dior and many others, is able to carve a special niche for itself. The study analyzed how the organization is able to survive competition in an international brand dominated market and gain recognition in the industry as the "brand of the people" through engagement in CSR activities.

4.1. Background to case study: House of Tara

House of Tara International is the leading beauty and make up company primarily in Nigeria and other Western countries in Africa. Set up in 1998, the organization has three main streams: a makeup studio, a makeup academy and a makeup product line. In the well developed makeup industry in Nigeria, with international products such as MAC; MaryKay; Maybelline, House of Tara has been able to distinguish itself, upgrading to the status of a market leader through its ability to participate in CSR activities focused on empowering women and raising young entrepreneurs in the beauty industry. Today, House of Tara has grown from a makeup company to a women development brand.

4.2 CSR activities engaged in by House of Tara

In its mission statement, House of Tara carefully outlines its commitment to touching as many lives as possible, which has been embedded in the very core of the organization's culture. The organization's CSR activities are targeted at building and supporting women across Africa, starting from Nigeria. Some of the CSR projects carried by House of Tara include:

- Breast cancer awareness: Partnerships with Genevieve Pink Ball Foundation through provision of increased funding for quality breast cancer research.

- Scholarship into the house of Tara make-up schools for budding makeup artists.
- Beauty Business on the Go (BBOG): In partnership with First City Monument Bank, Nigeria, House of Tara has dedicated a platform to groom women that have passion to become beauty representatives.
- 100 voices: An initiative to create awareness and support their make-up artists who decide to build their own businesses [38].

4.3 Strategic Benefits of House of Tara's CSR activities

House of Tara has in its eighteen years of existence established its brand as both a makeup brand and a "society responsible" brand, one that is very interested in the development of women across Africa, thus Nigerians have gotten attached to the brand not solely because of the quality or price of the product, in comparison to other international brands that operate in same market, but consumers get the satisfaction that for every purchase they make, the organization is able to further develop the society through its various CSR activities, thus increasing the organization's reputation among its various stakeholders [39], [40].

Also, House of Tara heavily invests in training its workers, providing them with an avenue to collaborate with the organization should any of their workers decide to start their own beauty firm, thus creating a body of employees that are very passionate about the brand and the success of the organization. The first international recognition of the brand in Africa's SMME awards in South Africa in 2007 was a result of the brand's social responsible activities, which further created brand awareness, thus serving as a source of advertisement. However, it is essential to note that while House of Tara actively participates in CSR activities, the CSR activities have been strategically linked with the organization's mission of empowering women through beauty and makeup entrepreneurship.

5.0 Conclusions and Recommendation

Corporate social responsibility, if strategically implemented has the ability to serve as a strategic tool for ensuring sustainability in a highly competitive business environment, especially for small and medium enterprises that generally lack the resources needed to successfully compete with multinational corporations. A small and medium enterprise that engages in strategic corporate social responsibility is able to meet the needs of its various stakeholders in such a way that its bigger counterparts are unable to, due to its close relationship with its society. It was observed in the case of House of Tara, that the organization established itself as a market leader in its industry, effectively competing and staying profitable even in a market that is saturated with international makeup brands, by fully engaging in CSR activities that helped build and nurture an army of committed employees and customers. It becomes imperative for small and medium enterprises to leverage on their close relationship with the society to attract customers, quality employees and good standing with their various stakeholders, thereby gaining business sustainability.

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Employment Status, Pay and Perceived Performance among Workers in Foreign-owned Industries in Southwest, Nigeria

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Abstract: This study examined employment status, pay and perceived performance of workers in selected foreign-owned manufacturing industries in south-west Nigeria. Adams Stacy Equity theory was used to give theoretical explanation(s) to the issues of interest. As a descriptive study, it adopted cross-sectional research design. Data was gathered using questionnaire and in-depth interview guide and was analysed through quantitative and qualitative methods respectively. The study revealed that aside the mode of recruiting casual and permanent staffs is similar; the former remuneration was against the Nigerian minimum wage. This outright disobedience prevailed mostly in Indian and Chinese owned industries, as British employers have better remuneration for casual workers. The study also discovered that there is a positive significant relationship between employment status, pay and workers performance. The study then concludes that workers dignity has come under attack by foreign industrialists despite local and international norms. The study recommends that all foreign employers must regularise the status of casual workers within an agreed time frame or as spelled out by the Nigerian Labour Act as it is a crucial ingredient for workers performance on the job. Casual workers are to acquire more education as it might determine the regularization of their employment and the pay that would accrue to them. Lastly, government and other policy makers should ensure that labour laws are carefully implemented and evaluated to protect, casual workers from the exploitation of foreign employers.

Keywords: Employment Status, Foreign employers, Manufacturing industries, Performance, Pay, and Remuneration.

Introduction

Human resources of any country are the most critical asset for the achievement of organizational growth and National development. This statement was buttressed by Habib (2012), who opined that the real treasure of any country is its human resources. This may be linked to the reason most developed nations of the world pay serious attention to the human factor when compared with other factors of production such as land and capital. Therefore, it may be safe to say that without the human factor, all other resources are useless. This is because production cannot be carried out without the supply of physical, mental and emotional efforts - labour. Hence, countries that do not protect the rights and dignity of its human resource may jeopardize its growth and development prospects.

Despite the importance of the human factor, there has been a spike in news reports around the continent about the workplace violations such as workers exploitation, physical abuse amongst others committed by foreign employers in African countries (Venture Africa, 2012). Although many of these stories tend to focus on the transgressions committed by Chinese firms due to their increasing economic activity in Africa, which according to estimates worth $50 billion in 2015. Allegations against other foreign investors from countries like Lebanon, India, and Germany mistreating their African employees have also been documented around the continent (Venture Africa, 2012).

One of the measures put in place to protect these set of employees from been violated are; the laudable objectives of the International Labour Organisation (ILO) work Agenda and Section 17 (e) of the Nigeria constitution of 1999, which guarantees "equal pay for equal work without discrimination on account of sex, or any other ground whatsoever". However, their applications by employers in Nigeria remain a source of concern (Jawando, 2015). In addition, it has been confirmed that employers now take advantage of the high level of unemployment (Onyeonoru, 2008); high level of poverty (Offiong, 2001) and the federal government attempt to boost foreign direct investment thereby overlooking or lowering some vital labour issues and standards so as to encourage the employers to maximize profit (Okafor, 2007) by continuously and reliably employing workers through non-standard employment platform like casual work arrangement, even on a quasi-permanent basis with the utmost intention to keep labour cost as low as possible through the engagement and performance of casual staff (Okafor, 2010; Fapohunda, 2012; Adenugba and Jawando, 2014).

Casualization as a form of labour practice is the process whereby employment shifts from a preponderance of full time and permanent positions to higher levels of casual positions, in an irregular or intermittent nature (Luswili, 2009; Fapohunda, 2012). Authors have argued that the use of casual workers does not only promote indecent work, but also violates minimum acceptable labour standards in Nigeria (Uvieghara, 2000; Okougbo, 2004; Onyeonoru, 2008; Adewumi, 2008; Okafor, 2010). It was against this background this paper examined employment status, pay and perceived performance of workers in selected foreign established manufacturing industries in southwest Nigeria, Thus, this paper examines various provisions in Nigeria's labour laws that expose the clear disobedience of these laws by foreign employers, without any check by the Government or its enforcement agencies, such as the Factory and Inspectorate Division of the Federal Ministry of Labour and Productivity. It also investigates the pay attached to different employment statuses and how it affects workers performance on the job.

Objectives of the study

The broad objective of this study was to examine employment status, pay and perceived performance of workers in selected manufacturing industries in southwestern part of Nigeria. The specific objectives were as follows:

1. To examine the nature of employment status of workers;
2. To investigate the remuneration of workers of different employment statues; and
3. To ascertain the relationship between employment status, pay and perceived workers performance in selected foreign owned manufacturing industries in south-west, Nigeria

Research Hypotheses

Ha1 - Remuneration of casual workers will differ significantly from that of permanent workers

Ha2 - The employment status of workers is likely to inform their remuneration/pay

Ha3 - Employment status and pay will be significantly related to perceived workers performance

Review of Related Studies

Employment status and pay of workers

In any well-established organization, individuals work under varieties of employment statuses. Working arrangement might be described in one or more of these terms, namely, permanent, part-time, fixed-time, contractor, consultant casual, zero hours, shift schedule, seasonal agency, office holder, and volunteer (Omolayo, Falegan, & Ajila, 2013). In addition Bamidele (2010) argued that there are three major forms of casual workers, they include, those directly employed by a firm on a casual occasions, season fixed term or temporary basis; those supplied by a labour broker (i.e., outsourcing firms) and; those that are characterized by dependent economy relations disguised and treated as commercial contracts. Independent contractors and home based workers fall into this category of atypical worker. Are these workers employed directly by the industries on permanent basis? Was it on a fixed term? Were they supplied by outsourcing firms? Do they fall under the independent contractor category? These are questions this paper intends to proffer answers to.

In furtherance of the foregoing, the Section 7 (1) of labour Act categorically states that: not later than three months after the beginning of a worker's period of employment with an employer, the employer shall give to the worker a written statement specifying:

i. The name of the employer or group of employers, and where appropriate, of the undertaking by which the worker is employed;
ii. The name and address of the worker and the place and date of his engagement;
iii. The nature of the employment;
iv. If the contract is for a fixed term, the date when the contract expires;
v. The appropriate period of notice to be given by the party wishing to terminate the contract;
vi. The rates of wages and method of calculation thereof and the manner and periodicity of payment of wages;
vii. Any term and conditions relating to:
a) Hours of work, or
b) Holidays and holiday pay, or
c) Incapacity for work due to sickness or injury, including any provision for sick pay; and
viii. Any special conditions for the contract.

Therefore, it is right to say that any employer engaging workers on casual basis exceeding duration of three months is illegal, unacceptable and punishable by the national norms

Furthermore, existing literature revealed that casual labour is seen as a cheap labour (Bamidele, 2010; Fapohunda, 2012; Kalejaiye, 2014; Okafor, 2007; O'Donnell 2004; Okougbo, 2004; Luswili, 2009; Wooden and Diana Warren, 2003). It is regarded as cheap labour and that their take home pay is below the current statutory wage (minimum wage) in Nigeria estimated to be eighteen thousand naira (₦18,000). In furtherance of this argument, the Employees Compensation Act (2010) specifically stress the provision of a comprehensive compensation to employees or their estate for death, injury, illness or any disability arising out of or in the course of employment. The aforementioned statement is applicable to all categories of employees, weather casual or permanent staffs (CIPM, 2014). Therefore, this study examines the wage/salary of casual workers side-by-side with the minimum wage law of Nigeria.

Performance of workers

Job performances are typically determined by the motivation to work hard and high motivation means greater efforts and higher performances (Mitchell, 1982). Thus, it can be said that motivation is to push workers towards improved performance and increased productivity (Tung, 1981). Also, the management concern has increased for the employees to keep them motivated on the job (Mitchell, 1973). Employers use a wide range of motivational techniques including monetary incentives, goal setting, job enlargement, behaviour modification, participation, award and recognition plans, discipline, and counseling.

Campbell (1990) explains that performance is not the consequence of behaviour, but rather the behaviour themselves. In other words, performance consists of the behaviour that employees actually engage in which can be observed. In the context of work settings, the performance of all individuals that makes up the organisation is targeted towards the achievement of the goals of the organisation. The overall productivity of the organisation is hinged on the performance of each individual within the organisation. Contemporary organisations in today‘s context are characterised by such constantly changing dynamics as complexity of customisation and competitiveness, importance of people rather than strategies; reliance on technology and the rise of knowledge economy both for the individual employees and the organisation as a whole among many other organisational issues abound (Ogunola, Kalejaiye and Abrifor, 2013).

Majority of past studies have focused on the effects of casualisation on productivity, organisation performance, workers welfare and economy, motivation, labour utilisation, unemployment, and skill shortages (Mitullah and Wachira, 2003; Forde and MacKensie; 2005; Bodibe, 2006; Hamilton, 2006; Anugwom, 2007; Well and Jason, 2010; Ibironke, Adedokun and Hungbo, 2011); or on certain sectors of the Nigerian economy such as the banking, construction, telecommunication and oil and gas sectors (Adeleye, 2011; Danesi, 2011; Okafor, 2012; Adenugba and Jawando, 2014; Okoye and Aderibigbe, 2014; Rasak, 2015; Rasak and Okafor, 2016), while little have been done to examine how employment statuses and pay of workers informs their performance in the manufacturing sector

Theoretical Exposition

Equity Theory

Equity theory relies on the notion that workers evaluate their situation in terms of perceived fairness in the workplace (Buunk and Gibbons, 2007 cited in Adenugba and Jawando, 2014). Therefore, if the workers feel they are not receiving what they think they deserve, this might generate a sense of deprivation and therefore, create a negative perception of the working situation (Turnley and Feldman, 1999). It is also possible that some may discount the rewards. One of the problems is that people may overestimate their own contributions and the rewards others receive. Certain inequities may be tolerated for some time by employees. But prolonged feelings of inequity may result in strong reactions to an apparently minor occurrence.

Human beings naturally dislike been cheated. Therefore, some workers make a comparison between the work they do (inputs) and what they get from the work (outcome) with those of other people within the same organisation and their counterparts in similar organisations. Those workers in and out of the organisation that the workers compare their inputs/outcomes with are the referent others. The equity theory holds that if the workers and the referent others have the same input, but the workers have lesser outcome (in terms of remuneration), the casual workers are likely to experience poor performance. Therefore, for the workers to enhanced performance, their inputs-outcomes must be equal to those of their referent others.

Method and Materials

Study Area: The study utilized three foreign-owned manufacturing industries located in the southwestern part of Nigeria. Specifically a Chinese (Industry X), an Indian (Industry Y) and a British (Industry Z) owned manufacturing industry located in Lagos, Ogun and Oyo state respectively were considered for the study.

Research Design: The study was descriptive in nature. It adopted a cross-sectional research design. Questionnaire and in-depth interview guide were used for the study. The questionnaire was administered to the larger part of the respondent, while in-depth interviews was conducted among selected few to further buttress the information elicited from the questionnaire.

Study Population and Sample Size: The population of the study was seven hundred and four (704) workers which comprised of the workers in Industry X, Industry Y and Industry Z respectively. It should be mentioned that these set of workers are all working in the factory, hence, they perform similar roles and functions. However, the sample size for the study was obtained using Taro Yemen (1980) Formula.

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

Where n = sample size
N = study population
e = Margin of error (i.e. 1- confidence level)
Since n =? N = 704 e = (1- 0.95) = 0.05.

Therefore, $n = \frac{704}{[1 + 1892 (0.05)^2]} = \mathbf{255}$ (Approximately)

The sample size for the study was two hundred and fifty-five (255) workers. However, an attrition rate of 20 percent was included across these industries to take care of unforeseen circumstances. As a result of this, the sample size for the study was three hundred and six (306) workers. Table 1.0 below displays the aforementioned.

Table 1.0

Industry	Workforce Strength	% of Industry in Total Population	Sample Size	Attrition (20%)	Study Sample Size	Response rate
Industry X	262	37%	94	19	113	111(98%)
Industry Y	212	30%	77	15	92	55(60%)
Industry Z	230	33%	84	17	101	59(58%)
Total	704	100%	255	51	306	225(74%)

Source: Field Survey, 2016.

Furthermore, the characteristics in terms of sex, age and size of the study population was put into consideration before the sample size was chosen. This was done to ensure the adequacy, un-biasness and representativeness of the sample size. However, in-depth interview was conducted among six (6) workers in order to buttress and add to the information that was obtained from the questionnaire.

Sampling Techniques and Procedure: The study adopted non-probability sampling techniques; specifically purposive and snowball sampling techniques. Purposive sampling was adopted as a direct way of obtaining requisite data since the researcher knew some workers facing pay issues in the selected study areas as at the time of the study. However, the researcher knew few of these workers' which were insufficient for the study bearing the study sample size in mind. To address this insufficiency, snowball sampling was adopted in such a way that the identified sample will help identify all other workers faced with similar challenges at their respective industries.

Instruments for Data Collection: The instruments for data gathering were questionnaire and in-depth interview guide. The questionnaire comprised of questions on socio-demographic features of respondents; questions related to the employment status of workers and the remuneration attached to these statuses. Furthermore, the Role-Based Performance Scale (RBPS) developed by Welbourne et. al. (1998) whose Cronbach Alpha stood at 0.94 (i.e., 94% reliable) was adopted to measure the level of work performance among workers of different employment statuses.

Method of Data Analysis: The method of data analysis was qualitative (content analysis) and quantitative in nature (descriptive and inferential statistics). The descriptive statistics made use of frequency distribution and simple percentage to represent data obtained from the field work, while inferential statistics made use of Chi-square, ANOVA and regression analyses. This was done with the aid of STATA 13.0. However, qualitative data was analysed through the help of Atlas ti 6.2.

Ethical Consideration: Lastly, ethical considerations such as anonymity, privacy, voluntariness and non-maleficence were adhered to during the course of the research work.

Data Presentation, Analysis and Interpretation

Table 2.0: Socio-Demographic Characteristics of Respondents

Questions	Options	Industry X		Industry Y		Industry Z	
		Freq.	%	Freq.	%	Freq.	%
Sex	Male	45	40.5	27	49.1	41	69.5
	Female	66	59.5	28	50.9	18	30.5
	Total	111	100.0	55	100.0	59	100.0
Religion	Christianity	47	42.3	25	45.5	30	50.8
	Islam	46	41.4	29	52.7	29	49.2
	Others	18	16.3	1	1.8	-	-
	Total	111	100.0	55	100.0	59	100.0
Marital status	Single	20	18.0	29	52.7	26	44.1
	Married	64	57.7	24	43.6	27	45.8
	Others	27	24.3	2	3.6	6	10.2
	Total	111	100.0	55	100.0	59	100.0
Ethnicity	Yoruba	70	63.1	18	32.7	38	64.4
	Igbo	33	29.7	16	29.1	19	32.2
	Others	8	7.2	21	38.2	2	3.4
	Total	111	100.0	55	100.0	59	100.0
Age	20 years and Below	27	24.3	1	1.8	2	3.4
	21 - 30 years	14	12.6	36	65.5	39	66.1
	31 - 40 years	38	34.2	18	32.7	15	25.4
	Above 40 years	32	28.8	-	-	3	5.1
	Total	111	100.0	55	100.0	59	100.0
Educational Qualification	No formal Education	54	48.6	13	23.6	2	3.4
	Primary school	51	45.9	4	7.3	5	8.5
	NECO/GCE/SSCE	6	5.4	34	61.8	20	33.9
	DIPLOMA/OND/NCE	-	-	-	-	27	45.8
	HND/BSC	-	-	-	-	2	3.4
	Others	-	-	4	7.3	3	5.1
	Total	111	100.0	55	100.0	59	100.0
Monthly income	Below ₦11,000	27	24.3	4	7.3	1	1.7
	₦11,000 – ₦17,000	40	36.0	18	32.7	8	13.6
	₦18,000-₦24,000	38	34.2	20	36.4	34	57.6
	₦25,000 and	6	5.4	13	23.6	16	27.1

	Above						
	Total	111	100.0	55	100.0	59	100.0
Duration in service	less than a year	19	17.1	19	34.5	2	3.4
	1 - 5 years	35	31.5	18	32.7	46	78.0
	6 – 10 years	39	35.1	13	23.6	9	15.3
	Above 10 years	18	16.2	5	9.1	2	3.4
	Total	111	100.0	55	100.0	59	100.0

Source: Field Survey, 2016

From gender section, it is evident that while the most who were surveyed in industry X and Y were largely females, the highest surveyed workers in Industry Z were Males. Religion section shows that the Christians constitute those who were mostly surveyed in Industry X and Z, while the Muslims dominate that of Industry Y. Furthermore, table above showed that the highest surveyed in Industry X and Z was married, those mostly surveyed in Industry Y were Single. More so, respondents' ethnicity shows that the Yoruba's dominates Industry X and Z, those who dominate Industry Y was Edo, Isoko and Igala by ethnicity.

Age section depicts that those between the ages brackets of 31- 40 years dominates industry X, while those between ages 21 – 30 years dominates Industry Y and Z. Meanwhile those with no formal education constitute the largest portion of surveyed respondents in Industry X (48.6%); those who dominate Industry Y and Z were NECO/GCE/SSCE (61.8%) and DIPLOMA/OND/NCE (33.9%) holders respectively.

It was evident from the table 2.0 that Industry Z workers earns more, followed by Industry Y and X respectively. Lastly, the table above also showed that industries Y and Z constitute the highest portion of workers who spent between 1 – 5 years working for their industries while Industry X constitute those who has worked for 6 – 10 years.

Table 3.0: Employment Status of Workers

Questions	Options	Industry X		Industry Y		Industry Z	
		Freq.	%	Freq.	%	Freq.	%
How were you recruited?	Through outsourcing firm	-	-	-	-	-	-
	Directly by your employer	111	100	55	100	59	100
	Independent contractor	-	-	-	-	-	-
	Total	111	100	55	100	59	100
If (ii) above, were you informed about the probationary policy?	Yes	111	100	55	100	59	100
	No	-	-	-	-	-	-
	Total	111	100	55	100	59	100
If "yes" to the above, were you placed on probation	Yes	111	100	55	100	59	100
	No	-	-	-	-	-	-
	Total	111	100	55	100	59	100
With regards to the above, what	3 – 6 months	-	-	-	-	-	-
	6 months – 1 year	2	1.8	1	1.8	10	16.

was the duration of the probation period as it was said by your employer?							9
	1 – 2 years	11	9.9	22	40.0	17	28.8
	2 – 3 years	23	20.7	31	56.4	13	22.1
	Period not defined	75	67.6	1	1.8	19	32.2
	Total	111	100	55	100	59	100
Were you given a permanent status after the pre-stated probation period?	Yes	36	32.4	54	98.2	40	67.8
	No	75	67.6	1	1.82	19	32.2
	Total	111	100	55	100	59	100
Have you taken any action as regards the non-regularization of your employment status?	Yes	75	100	1	100	19	100
	No	-	-	-	-	-	-
	Total	75	100	1	100	19	100
Was the action taken above successful?	Yes	-	-	-	-	-	-
	No	75	100	1	100	19	100
	Total	75	100	1	100	19	100

Source: Field Survey, 2016.

Table 2.0 revealed that all surveyed workers were directly recruited by their respective employers. In addition, all respondent were not only aware of their respective probationary policies but were also placed on probation. However, a participant explained in an IDI session that:

> What is probationary policy for? What is it about? I should confess to you that I am hearing that concept for the first time. No one has explained that to me as you just did. All am concerned about is to come to work and receive my pay at the end of the month. **(IDI/Male/Industry Y/December 2016)**

This is to conclude that not all workers are informed or aware of the probation policies of their respective industry. Meanwhile, none of the respondents in their respective industry was placed on a 3 – 6 months' probation period. However, 1.8%, 1.82% and 16.9% of the respondent in industry X, Y and Z respectively were placed on a 6 months to one year probationary period, 9.9%, 40.0% and 28.8% of respondents in industry X, Y and Z respectively were place on a 1 – 2 years' probation period while, 20.7%, 56.4% and 22.1% of respondent in industry X, Y and Z respectively were place on 2 – 3 years' probation period. However, 67.6%, 1.8% and 32.2% of respondents in industry X, Y and Z respectively confirmed that the period for probation was not defined in their place of work. To further corroborate this point, a participant in an IDI session said that:

> Almost all workers who are casual today are told by the employer to work for at least 3 years, so that the industry can consider them for permanent status. Almost all of us were not bothered about the duration. However, I have been working in this industry for over 24 years, and I still maintain my casual status. **(IDI/Male/Industry X/ December, 2016)**

This is to conclude that most workers were either placed on a 2 -3 years' probation period or placed on a never ending probationary duration. This was against the provisions of the section 7(1) of the Nigerian Labour Act which states that not later than three months; an employer must provide his employee a written statement which in practice confirms these workers as full staffs.

However, 32.4%, 98.2% and 67.8% of workers in industry X, Y and Z respectively were given a permanent status while the remaining 67.6% in industry X, 1.8% in industry Y and 32.2% in industry X were yet to be given permanent status as at the time of this study. Furthermore, all respondent who were yet to be confirmed as full staffs in respective industry claimed to have taken necessary action in a bid of regularizing their employment status but to no avail.

Table 4.0: Casual workers remuneration/pay

Questions	Options	Industry X		Industry Y		Industry Z	
		Freq.	%	Freq.	%	Freq.	%
Do you work overtime?	Yes	111	100.0	55	100.0	-	-
	No	-	-	-	-	59	100.0
	Total	111	100.0	55	100.0	59	100.0
Are you paid for working overtime?	Yes	24	21.6	54	98.2	-	-
	No	87	78.4	1	1.8	59	100.0
	Total	111	100.0	55	100.0	59	100.0
In your opinion, do you think that duties performed by casual workers similar to those of permanent staffs?	Yes	111	100.0	55	100.0	59	100.0
	No	-	-	-	-	-	-
	Total	111	100.0	55	100.0	59	100.0
Do you think the salary/wage of casuals is similar to that of permanent staffs	Yes	-	-	-	-	-	-
	No	111	100.0	55	100.0	59	100.0
	Total	111	100.0	55	100.0	59	100.0
Does your employer pay you as at when due?	Yes	99	89.2	52	94.5	51	86.4
	No	12	10.8	3	5.5	8	13.6
	Total	111	100.0	55	100.0	59	100.0
Have you taken any action as regards increment of pay in your industry?	Yes	18	16.2	4	5.4	9	15.3
	No	93	83.8	51	94.5	50	84.7
	Total	111	100.0	55	100.0	59	100.0
Was the action successful?	Yes	-	-	1		-	-
	No	18	100	3		9	15.3
	Total	18	100.0	4	100.0	59	100.0
Are you entitled to 13th month salary?	Yes	-	-	-	-	-	-
	No	111	100	55	100	59	100.0
	Total	111	100	55	100.0	59	100.0

Source: Field Survey, 2016.

Interpretation

All respondent in industry X and Y do work overtime. But in Industry X, about 78.4% of these casual who works overtime are not paid for the services, while only 21.6% are paid, but in industry Y, 98.2% of the casual workers claimed they are paid for working overtime while 1.8% of the respondents are not paid for overtime. However in industry Z, data gathered also indicated that none of the casual workers in

Industry Z does work overtime and of course, none of them received overtime pay. Furthermore, table 4.0 above indicated that all workers in industry X, Y and Z claimed they perform similar duties, but stressed that there is difference between the wages/salary received by them.

To corroborate the point made above, a participant in an IDI session said that:

> We casual workers and other permanent staffs do similar tasks, yet permanent workers earn almost twice of our income. The only difference is that casuals are not taxed while permanent are. **(IDI/Male/Industry Z/December, 2016)**

Another participant also stressed on the wide pay gap between the casual and regular staffs in her industry. She said that:

> I am paid as low as ₦9,000 for my services. My permanent counterpart receives ₦16,000 for the same set of task. That is not fair to me. But I could not leave the job because I considered that fact that I have no formal education, so it will be difficult for me to secure another job. **(IDI/Female/Industry X/December, 2016)**

Meanwhile, another participant stressed on the degrading job usually given to casual workers which are also not part of their duties in their industry. She particularly said that:

> Sometimes, casual workers whose duties are to be carried out in in respected units in the industry are instructed to clean/tidy up the working environment (both physical internal and external environment). When they are tired as a result of this cleaning task, they will be told to return to their factory work immediately and some get injured as a result of this**.** Besides, the service is not paid for**. (IDI/Female/Industry Y/December 2016)**

It is not wrong to conclude that casual workers do as much work if not more as the permanent but they do not receive pay commensurate with their efforts geared towards production processes vis a vis the pay of permanent staffs. More so, 89.2% of respondents in Industry X, 94.5% in Industry Y and 86.4% in Industry Z attest that their respective employers pays their wage/salary as at when due. However, 10.8%, 5.5% and 13.6% of respondents in Industry X, Y and Z respectively complained that their remuneration is not paid on time. Drawing from the data interpreted above, one could conclude that employers in their respective industries pays their casual workers as it when due. Furthermore, 16.2% of respondent in Industry X, 9.4% in industry Y and 15.3% in industry Z took necessary actions but however same portion of these respondents in respective industries claimed the action was not successful. Therefore, this is to say that casual workers are powerless in decisions related to wages/salary increment in foreign owned manufacturing industries in southwestern part of Nigeria. Meanwhile, no casual worker in respective study area is entitled to 13th month pay.

Test of Hypotheses

Table 5.1: Pay of casual workers will differ significantly from that of permanent workers

Factor	Pay		
	F Statistic	DF	Sig.
Employment Status	156.34	1	*0.000***

Source: Field Survey, 2016.

Table 5.1 shows that there is a statistically significant difference ($P_{0.00}$< 0.05) between the pay received by workers of different employment statuses. The table below further clarified this difference. Hence, the alternative hypothesis was accepted.

Table 5.1.1

Pay	Permanent	Casual	Total
Below ₦11,000	10	22	32
	31.3	*68.8*	14.2
₦11,000 – ₦17,000	13	53	66
	19.7	*80.3*	29.3
₦18,000-₦24,000	74	18	92
	80.4	19.6	40.9
₦25,000 and Above	33	2	35
	94.3	5.7	15.6
Total	130	95	225
	57.8	42.2	100.0

X^2 = 11.725; df = 3; Asymp. Sig. (2-sided) = 0.001< 0.05 (Level of Significance)
Source: Field Survey, 2016.

The chi-square table above shows that there is a significant association between the employment status of workers and the pay attached to the former. Specifically, table 5.1.1 shows that most workers whose employment status is casual in nature earn below ₦11,000 or between ₦11,000 and ₦17,000. However, their permanent counterparts are been paid ₦18,000 or more.

Table 5.2: The employment status of workers is likely to inform their pay

Pay	Coefficient	Standard Error.	T	P>/t/
Employment Status	0.957	0.4410	2.17	*0.002***

Source: Field Survey, 2016.

Table 5.2 shows that there is a positive significant relationship between employment status and pay. Specifically, as casual workers are been confirmed as permanent staffs, there will be a corresponding increase of workers' pay by 96%. As such, the alternative hypothesis is acce.

Table 5.3: Employment status and pay will be significantly related to workers performance

Performance	Coefficient	Standard Error.	T	P>/t/
Employment Status	0.0467	0.0295	1.58	*0.051**
Pay	0.5010	0.0880	5.69	*0.001***

Source: Field Survey, 2016.

Lastly, there is a positive significant relationship between Employment status, pay and workers performance. Specifically, the confirmation of a casual worker to a permanent employment status will increase the former performance by 5%. In the same vein, a unit increase in pay of a worker (whether casual or permanent) will increase their performance by 50%. Hence, the alternative hypothesis was accepted.

Discussion of Findings

The first objective of the study was to examine the nature of employment of the workers in selected industries; Findings revealed that all the workers were recruited directly by their respective employer, particularly at the factory gate. This prevailed in all surveyed industries. While some of the employment contract of workers has been regularized, others still maintain their casual status. This is to say that these industries recruits this form of casual workers directly by themselves against those recruited through outsourcing firms or that of independent contractor(s). Therefore, the category of casual workers in these industries are those who were directly recruited but not at peak periods but continuous. This was not among the categorization of Bamidele (2010) who argued that those who were referred to as casual workers are either employed directly by their employer at peak periods, supplied by labour broker or that of an independent contractor. Findings also reveal that these workers who were still casual in these industries where specifically told that they were on probation, after which they will be, regularized as permanent staffs. However, these set of workers were not confirmed after the pre-stated time. This is similar to the findings of Fapohunda (2012), who opined that casual workers work for long periods of revolving short term contracts under a never ending probation. This was also against the provisions of the section 7(1) of the Labour Act, and the International Labour Organization Conventions. It was further discovered that these form of workers could not leave their respective employers as a result of economic duress and lack of proper education needed to secure another job(s).

The second objective was to investigate the remuneration/pay of workers of different employment statues. Data gathered revealed that in Chinese, Indian and British owned industries, permanent workers receive more pay than the casuals even when they perform similar tasks and duties. Specifically, data gathered revealed that most causal workers, especially in Chinese and Indian owned industries are still paid below the statutory/minimum wage of ₦18,000. Also, causal workers are found to be receiving less than ₦18,000 while the permanent counterpart receives ₦18,000 or more as their monthly pay. This action is an outright exploitation of Nigerian workers by these foreign employers considering the economic value of Naira. This corroborate the assertion that casual workers are seen as a cheap labour (Bamidele, 2010; Fapohunda, 2012; Kalejaiye, 2014; Okafor, 2007; O'Donnell 2004; Okougbo, 2004; Luswili, 2009; Wooden and Diana Warren, 2003). This also corroborates the assertion of Uvieghara, (2000), Okougbo, (2004), Onyeonoru (2007), Adewumi (2008) and Okafor (2010) who opined that the use of casual workers violates minimum acceptable labour standards in Nigeria. This was also similar to the findings of Fapohunda (2012), who opined that casual workers perform many of the same technical and professional duties as regulars, but are not receiving the remuneration expected of them. In Chinese and Indian owned manufacturing industries, it was discovered that not all casual workers who work overtime are actually paid for the services rendered. It was also gathered that workers are not paid for some certain services rendered by causal workers. Findings also revealed that actions which are taken by casual workers as regards increment of wage/salary proved abortive. Therefore, the wage/salary of all surveyed industries lacked internal equality. This corroborates the findings of Mark Wooden and Diana Warren (2003, who opined that casual work tends to attract relatively low pay. Indeed, casual employees were more likely to respond favourably to a question about the fairness of their pay as they are not entitled to 13th month salary.

The third objective was to ascertain the relationship between employment status, pay and perceived workers performance in selected foreign owned manufacturing industries in south-west, Nigeria. The study discovered that there is a positive significant relationship between Employment status, pay and workers performance. Specifically, the confirmation of a casual worker to a permanent employment status will increase the former performance by 5%. In the same vein, a unit increase in pay of a worker (whether casual or permanent) will increase their performance by 50%. Therefore, it is right to say that the employment status will determine the pay received by a worker, and the aforementioned variables will determine workers performance on the job. This was in line with the assumption of Mitchell (1982) who argued that job performances are typically determined by the motivation to work hard and high motivation means greater efforts and higher performances. Hence, the regularization of the employment status of workers and a corresponding increase in pay will constitute a motivation to workers which will also lead to improved job performance. This finding also corroborate the assumption of ***Equity theory*** which holds that if the workers and the referent others have the same input, but the workers have lesser outcome (in terms of remuneration/pay), the casual workers are likely to experience poor performance. Therefore, for the workers to enhanced performance, their inputs-outcomes must be equal to those of their referent others.

Conclusion

The dignity of workers has come under heavy attack by foreign employers at the face of local and international laws. The category of casual workers identified in the study are not entitled to the statutory wage in most foreign owned manufacturing industries in Nigeria, as the management of these industries are not operating in consonant with the laws clearly spelled out by the Nigerian labour Act, the Employee compensation Act and several International Labour Organization (ILO) conventions ratified by Nigeria. These laws are however not taken seriously by foreign employers as they are not held responsible most times for labour offences and due to high unemployment rates in the country, employees often suffer in silence. This is specifically true in Chinese and Indian owned manufacturing industries. While British owned manufacturing industries have better remuneration for the various categories of workers including casual workers which might not be unconnected to the fact the Nigerian Labour Laws are essentially the reproduction of the English Laws. It could also conclude that the treatment of casual workers in the selected manufacturing industries is attributed to the level of educational qualification of these respective casual workers. Therefore, one could conclude that the higher the level of education of casual worker, the high the tendencies of enjoying enhanced pay and vice versa.

Recommendations

After careful empirical findings, the following recommendations were made:

1. All foreign employers must respect all provisions the Nigerian labour laws, thus, regularize the temporal status of all casual workers within an agreed time frame or as spelled out by the Labour Act;
2. The NUC and TUC must serve as a watch-dog to ensure that foreign employers operate in consonant with the provisions of the Nigerian Labour Laws;
3. The management of industries are advised to regularize the employment status and increase the pay of workers as both variables are critical to the performance of workers on their job;
4. Casual workers are to acquire more educational qualification(s) as it might determine their regularization and the pay that would accrue to them; and
5. Government and other policy makers must make, implement, properly evaluate and monitor legislations to protect these nonstandard workers from exploitation by these foreign employers'. Meanwhile, any industry who fails to respect the provisions of Nigerian labour laws must be dealt with.

Suggestions for Further Studies

Bearing in mind the poor remuneration offered to casual workers, future studies should look at the attitude developed by these casual workers towards their work. Is it positive or negative? How these attitudes have affected their commitment to work? What are the implications of these attitudes on industrial productivity?

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Determinants of Financial Inclusion in Sub-Sahara African Countries

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Abstract: As the exclusion of large percentage of population has been identified as major obstacle to inclusive growth and development in developing countries of the world it is against this background this study investigates the determinants of financial inclusion in Sub-Saharan Africa using Panel Autoregressive Distributed Lag (ARDL). The results from the study reveal that financial inclusion in the region is meaningfully influenced by both demand side factors (level of income and literacy) and Supply side factors (Interest rate and bank innovation proxy by ATM usage). Government in the sub region should put policy in place to promote financial literacy and other forms of innovative banking in their respective country as this will go a long way in promoting financial inclusion in the region.

Keywords: Financial Inclusion, Financial Access, Africa, ARDL, Africa, Dvelopment

JEL Classifications: G21, G0.N27

1. Introduction

The contribution of financial sector to an improved economic performance has been extensively discussed in the literature. But, there is a need to continuously discuss how better this sector can serve the economy especially such vulnerable economies of many

Sub-Sahara African countries. This bring to the fore the issue of financial inclusion and its determinants in developing economy. Specifically, this study empirically investigates several hypothetical factors that have been linked to financial inclusion as determinants in the recent time.

Financial inclusion as a concept is very difficult to define but generally it has been conceived in term of financial exclusion which is construed as the inability to access necessary financial services in an appropriate form due to problems associated with access, conditions, prices, marketing or self-exclusion (Mohan, 2006). According to the World Bank, in 2011 only 50% of all adults (aged 15+) in the world have an account at a formal financial institution. The exclusion of large population shares from access to comprehensive banking services has been discovered as a major obstacle to development in recent years (Govind and Marcus ,2012).

The implication of financial exclusion could be that poor segment of the population will have to rely on their personal saving to pursue growth agenda and this might have terrible implication for the existing income inequality gap especially in developing economies. As a result of this, it is worthy of empirical attention to analyse immediate and remote causes of financial inclusion. This is in an effort to bring about all inclusive growth through better financial spread. Apart from this introductory Section which is Section one; this paper is divided into five Sections: Section two discusses stylized facts about financial inclusion in Africa and sub Saharan Africa. Section three examines empirical literature on the subject matter, Section four discusses data and methodology while section five discusses the results and findings of study.

2. Stylized Facts of Financial Development and Financial Inclusion In Africa and Sub Saharan Africa.

African countries have performed tremendous well in financial development indicators in in recent times. Individuals and enterprises within the African continents now enjoy more financial services, especially credit, from financial institutions (Govind and Marcus,2012). Also, the recent exposure to ICT in the continent has brought about new technologies such as mobile money and point of sale (POS) and this has helped broadening access to financial services, savings and payment products alike.

However, the financial systems of many African countries still remain under-developed as compared to other developing economies even though most of these countries have undergone extensive financial sector reforms in recent time. Indicators of the use of financial products and services by adults and enterprises in the region comparing to other region of the world show that many challenges remain toward building a more financially inclusive financial system capable of engendering sustainable growth. Some of the challenges include poor infrastructure and low level of income. For instance, Africa has the lowest road density in the world, with the notable exception of South Asia which, in contrast, has a much higher population density (Honohan and Beck ,2007). Similarly, in Ethiopia, Sierra Leone, and Uganda, a sum equivalent to more than 50% of per capita ‘‘GDP’’ is needed to open a checking account. In Malawi, Sierra Leone, Uganda, and Zimbabwe, annual fees associated with a checking account amount to more than 20 percent of per capita GDP Compare this system with many developing and advanced financial systems that have no minimum balance requirements and no fees associated with routine checking account use (Beck & Demirgüç-Kunt, 2006)

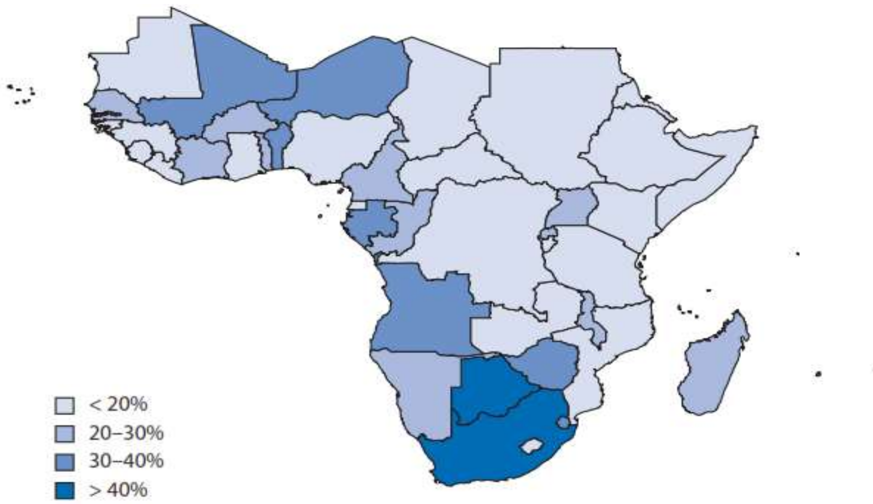

Figure 1: Level of Financial Inclusion in Africa
Sources: Honohan 2006:

The countries in sub-Saharan countries are also facing serious challenge towards their drive to financial inclusion. The figure two compares Sub-Saharan countries and the rest of the world on financial inclusion at the household level and it obvious that the gap is still wide..

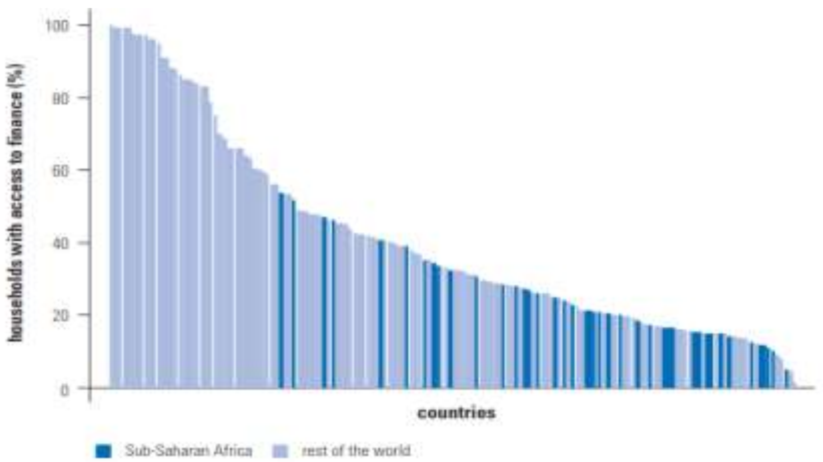

Figure 2: Financial Inclusion (Sub-Saharan vs rest of the world)
Sources: Honohan 2006:

Despite this, Sub-Sahara African countries have made steady progress in financial inclusion index though progress across countries differs. According to Finscope survey in 2008 starting with the country with lowest financial exclusion, 27 per cent of adults in South Africa were financially follow by countries like Nambia with 31% ,Botsawana 33 per cent, Lesotho 19 per cent though with more inclusion at informal level, Swaziland 37 per cent, Rwanda 28 per cent and up to the last country covered in the survey which has the highest financial exclusion of 78 per cent in the region and that Mozambique. Though Finscope survey was carried out at different year in the selected countries ranging from 2008 to 2012 but largely it shows the level of disparity in financial inclusion in the region especially in terms of structure of financial inclusion. While country like Uganda has the highest inclusion (42 per cent) at informal level despite its low formal financial inclusion, Nambia has the least in this category (4 per cent).

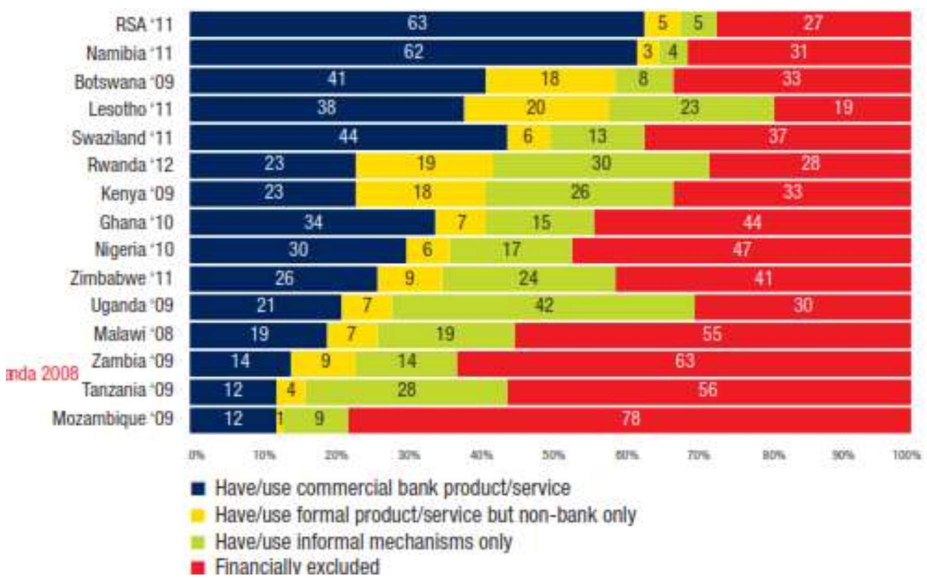

Figure 3: Inclusion Effort in Sub-Saharan African countries
Source: Finscope 2011 survey

3. Literature Review

Financial inclusion is relatively a new way of broadening the concept of financial development as it helps in overcoming the harmful consequences of financial exclusion. Financial exclusion which hindered access to formal credit and forced investors to patronise informal sector at very high interest rates characterised financial sector accounted for the low financial investment and development in most African countries, (Beck et al. 2004; Levine, 2005; Galor &Zeira 1993 and Honohan 2004). Klapper et el., (2004) argued that a well-developed financial system is highly important for economic development as entry of new firms is likely to ease the constrains imposed on access to credit and financial intermediation ultimately promoting economic growth.

In the economic literature several reasons have been advanced for financial exclusion. Starting with the recent report of Demirguc-Kunt and Klapper (2012, p. 19), seven important reasons were identified for financial exclusion: They are, Not enough money, too expensive, family member already has account, too far away, lack of necessary documentation, religious reasons and strong informal sector. These reasons follow a descending order of importance. Similarly, Kempson and Whiley (1999a, &1999b), also distinguishes between five factors that can account for financial exclusion (1) Access exclusion due to geography and "risk management of the financial system", (2) Conditional exclusion "due to conditions that are inappropriate for some people," (3) Price exclusion due to non-affordability of financial services, (4) Marketing exclusion due to the non-attractiveness of conducting business with certain groups within society (lending risk), and (5) Self-exclusion, due to "fear of refusal or due to psychological barriers."

Also, Goodwin et al., (2000) identified employment as another factor that can be linked with financial inclusion. They submitted that people that are unemployed or have irregular and insecure employment are less likely to participate in the financial system. Furthermore, some studies have linked mode of payment of employee's remuneration to financial inclusion. Specifically, Kempson and Whyley, (1999) argued that the continued payment of social security benefits and the state pension in cash is significantly related to financial exclusion. Among the developed nations, UK was one of the earliest to realize the importance of financial inclusion (Collard et al., 2001).

In another study, Kempson (2004) found payment of wages through automated cash transfer (ACT) to have served as a source of influence on financial inclusion in the UK. In addition, Mihasonirina and Kangni (2011) strongly linked advancement in information and communication technology and provision of infrastructural facilities as another way of influencing financial inclusion. Beck et al. (2007) submitted that telephone network is positively associated with banking outreach. Buckland et al, (2005) also argued that countries with low levels of income inequality tend to have relatively high level of financial inclusion. In Sub Saharan Africa, Chibba (2009) found "fear of complications" as a psychological factor that caused financial exclusion.

Recent study in China by Fungáčová & Weill (2015) argued that education and higher income are associated with higher usage of formal accounts and formal credit in the country. This position is corroborated by another country specific study in Argentina by Tuesta, et al (2015) found that income and education are all significant factors for financial inclusion. Studies elsewhere by Chithra & Selvam (2013) and Camara, Peña & Tuesta (2014) also provide substantial argument that income levels and education are significant variables for the level of financial inclusion.

More recent studies in Africa by Olaniyi and Adeoye (2016), Zins & Weill (2016), Soumaré, Tchana Tchana & Kengne (2016) posit that variable such level of education, GDP per capita, mobile banking, population and interest rate can positively influence inclusion in the sub-region though without categorizing the variables into demand

and supply side of the financial inclusion.

4. Data and Methodology

Data

Several financial services ‘‘exist’’ some of them include deposit, credit, insurance, money transfer and each of them could be of importance to economic growth and development. As a result of this, different measures of financial inclusion exist and there is no consensus in the literature on their relative importance. Following the practice in the literature on financial inclusion and in line with Beck et al. (2007) and Sarma (2008) access to and use of banking services are used either as explained or explanatory variables. Specifically financial inclusion is measured by Borrowers from commercial banks (per 1,000 adults) and Depositors with commercial banks (per 1,000 adults) as explained variables. More importantly, these variables are available for many Sub-Sahara African countries and thus providing opportunity to have large cross sections which also compensate for short time duration of the study (2004-2015).

The explanatory variables are divided into two main categories: They are banking variables and social-economic variables. Banking variables include, Automated teller machines (ATMs) (per 100,000 adults), Point-of-sale terminals (per 100,000 adults), liquidity liability, Commercial bank branches (per 100,000 adults), and commercial bank branches per 1000km. Social-Economic variables include: Gross Domestic product (per capita), Mobile cellular subscriptions (per 100 people), Secondary school enrolment, Government expenditure and Employment to population ratio, 15+, as per cent of total population. Also, social-economic variables such as per capita income, level of education and nature of employment have been argued in the literature to reflect the demand side of financial inclusion (Demirguc-Kunt and Klapper 2013).

Due to non availability of data, our data span from 2004 to 2015 and we focused on 26 Sub Saharan African countries selected based on data availability. The countries are; Botswana, Burundi, Cabo Verde, Cameroon, Chad, Comoros, Congo, Dem. Rep., Equatorial Guinea, Ethiopia, Gabon, Ghana, Guinea, Kenya, Lesotho, Madagascar, Mozambique, Namibia, Nigeria, Rwanda, Seychelles, Sierra Leone, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

Methodology

Following Pesaran, Shin, & Smith, (1999), the Pool Mean Group (PMG) method of Panel ARDL is employed to investigate the determinants of financial inclusion due its capability to impose homogeneity in the long-run coefficients while still allowing for heterogeneity in the short-run coefficients and error variances. Several studies have used this method to carry out dynamic panel analysis with tremendous success especially in term of efficiency (Kim and Lin, 2010 and Lee & Wang, 2015). The choice of the dynamic ARDL panel is based on the fact that the dataset has a short time dimension (T =11) but relatively large country dimension (N =26). This method has proven to be an efficient estimator as pointed out by (Pesaran and Shin, 1999). Further, ARDL with sufficiently long lags can as well tackle the issue of endogeneity problem which is another concern in this study. However, this is preconditioned on the fact that the regressors are not cointegrated among themselves, and where interest focuses on the long run parameters.

The PMG and its varied estimators are based on the following assumptions: the error terms are serially uncorrelated and are distributed independently of the regressors; there is a long-run relationship between the dependent and explanatory variables; the long-run parameters are the same across countries. The general form of Pooled Mean Group (PMG) can be constructed thus

$$y_{it} = \sum_{j=1}^{n} \lambda_{ij} y_{i,t-j} + \sum_{j=0}^{q} \delta_{ij} x_{i,t-j} + \mu_t + \varepsilon_{it} \quad (4.1)$$

From equation one above, the number of cross section is denoted by i= 1, 2,......N and t = 1,2,……T. Similarly, $x_{i,t-j}$ is a vector of K * 1 regressors. λ_t and δ_t represent the coefficients of vectors for scalars and exogenous variables and μ_t is a group specific effect. Also, ε_{it} captures the disturbance term and If the variables are I(1) and co-integrated then the disturbance term is an I(0) process. This characteristic infers error correction dynamics of the variables in the system are swayed by the deviance from equilibrium thus equation one can be re-parameterized to account for error correction as follow:

$$\Delta y_t = \phi_i y_{i,t-1} + \theta_t^* X_{i,t-j} + \sum_{j=1}^{p-1} \lambda_{ij}^* \Delta y_{i,t-j} + \sum_{j=0}^{q-1} \delta_{ij}^* \Delta x_{i,t-i} + \mu_t + \varepsilon_t \quad (4.2)$$

The error correction parameter is indicated by ϕ and it shows the speed of adjustment. If the parameter is zero, then there is no evidence that variables have long run association. Also, this parameter is expected to be negative and statistically significant to indicate long run equilibrium in case of any disturbance.

Inserting both dependent and independent variables required for linear ARDL estimation in equation (2): Specifically, two Pooled Mean Group (PMG) /ARDL are specified and estimated one for each measure of financial inclusion (Borrowers from commercial banks per 1,000 adults and Depositors with commercial banks per 1,000 adults). Apart from financial inclusion generally, these two variables also capture usage of financial institution.

$$\Delta depositor_{ij} = \lambda_0 + \sum_{j=1}^{n1} a_{ij} \Delta school_{t-j} + \sum_{j=1}^{n2} b_{j_i} \Delta interest_{t-j} + \sum_{j=1}^{n3} c_{ij} \Delta GDP_{t-j} + \sum_{j=1}^{n4} d_{ij} \Delta ATM_{t-j} + \sum_{j=1}^{n5} e_{ij} \Delta internet_{t-j}$$
$$+ \theta_1 school_{t=1} + \theta_2 Interest_{t=1} + \theta_3 GDP_{t=1} + \theta_3 ATM_{t=1} + \theta_3 Private +_{t=1} \varepsilon \quad (4.3)$$

$$\Delta borrower_{ij} = \lambda_0 + \sum_{j=1}^{n1} f_{ij} \Delta school_{t-j} + \sum_{j=1}^{n2} g_{j_i} \Delta interest_{t-j} + \sum_{j=1}^{n3} h_{ij} \Delta GDP_{t-j} + \sum_{j=1}^{n4} i_{ij} \Delta ATM_{t-j} + \sum_{j=1}^{n5} j_{ij} \Delta internet_{t-j}$$
$$+ \theta_1 school_{t=1} + \theta_2 Interest_{t=1} + \theta_3 GDP_{t=1} + \theta_3 ATM_{t=1} + \theta_3 internet +_{t=1} \varepsilon \quad (4.4)$$

Where equation 4.3 comprises of '$depositor_{ij}$'' which represent the depositor from commercial banks per 1,000 adults in 26 Sub-Sahara African countries. $school_{t-j}$ is annual secondary school enrolment , $interest_{t-j}$ is depositor interest rate on saving account GDP_{t-j} is the gross domestic product per capita, ATM_{t-j} is the number of ATM users per 1000 adults and $internet_{t-j}$ is the number of internet users per 1000 adults. All the variables have been linked to financial inclusion in different studies, specifically (Beck et al., 2007& Sarma ,2008). In the same manner, equation 4.4 comprises of similar variable with equation three, apart from the dependent variable which is $borrower_{ij}$ and interest rate which capture lending rate as against depositor interest rate in equation 4.3. The introduction of all these independent variables is predicated on assumption that a good model of financial inclusion should capture both the demand and supply side of financial Inclusion. Variable such as ATM, INTEREST and INTERNET capture the supply side of financial Inclusion, GDP per capita, School enrolment capture the supply side of the variable.

Results

The results in table one gives the descriptive statistics of the variables employed for estimation. The average value of one of the dependent variables is low (borrower) and the other one is high (Depositor) with the maximum being 78.11015 and 519.3147, minimum 24.99358 and 519.314. This quickly suggests that the average values of the two variables are not equal. Out of the dependent variables, GDP per capital has the highest average values followed by school enrolment and automated teller user comes last in term of the average value. Standard deviation results reveal that GDP is the most volatile of all the exogenous variables number.

Table One: Descriptive Statistics of Variables Used for Estimations

	BORROWERS _FROM_COM MERCIA	DEPOSITORS_ WITH_COMME RCI	DEPOSIT_I NTEREST_ RATE___	LENDING _INTEREST _RATE___	GDP_PER_ CAPITA_ _CONSTANT	AUTOMA_T ED TELLER_ MACHINE	COMMERCI L_BANK_ BRANCHES	SCHOOL _ENROLLM ENT	INDIVIDUA LS_USING_T HE_INTERN ET
Mean	45.93315	296.7543	8.760694	22.86730	2949.580	9.744079	6.407841	107.3279	8.861710
Median	41.57952	266.0923	7.367713	18.54337	2993.023	9.685117	6.300400	107.2820	7.185558
Maximum	78.11015	519.3147	15.74185	41.19237	3215.868	15.77401	8.940460	110.6456	19.62227
Minimum	24.99358	174.1249	6.030142	16.57571	2463.118	4.414027	4.577409	101.5661	2.437606
Std. Dev.	17.23106	106.4337	2.956371	8.086037	234.1486	3.627013	1.414378	2.740092	5.456734
Skewness	0.718621	0.755044	1.101752	1.253621	-0.736369	0.118057	0.277858	-0.656760	0.578808
Kurtosis	2.246307	2.335495	3.053625	3.119378	2.396000	1.871397	1.835142	2.508014	2.066418
Jarque-Bera	34.23835	35.38513	63.15797	81.90667	32.93909	17.28341	21.65427	25.57599	28.75144
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000177	0.000020	0.000003	0.000001
Sum	14331.14	92587.35	2733.337	7134.597	920268.9	3040.153	1999.247	33486.29	2764.853
Sum Sq. Dev.	92338.78	3523050.	2718.179	20334.42	17050745	4091.274	622.1444	2335.021	9260.321
Observations	312	312	312	312	312	312	312	312	312

Source. Author's Computation

The results of unit root tests are presented in table two. We specifically employed three panel unit tests techniques to test for robustness. The results indicate that generally the variables are mixed in their order of integration across all the test techniques. One of the dependent variables is stationary at level (Borrower) and the other one (Depositor) is stationary at first difference. This divide is also extended to the independent variables. All variables are integrated of order one excerpt Automated teller users and Bank branches. This situation makes ARDL an appropriate method of estimation (Pesaran et al., 2001).

Table two: Panel Unit Root Results

Variables	Level			First Difference		
		With intercept	With trend & intercept		With intercept	With trend & intercept
Borrowers	LL & C	0.997	0.000*	LL & C		
	IP &S	0.999	0.002*	IP &S		
	ADF	0.99	0.009*	ADF		
Depositor	LL & C	0.997	0.922	LL & C	0.999	0.000***
	IP &S	0.999	0.997	IP &S	0.999	0.000***
	ADF	0.999	0.999	ADF	0.999	0.000***
Internet users	LL & C	0.922	0.997	LL & C	0.999	0.000***
	IP &S	0.997	0.999	IP &S	0.999	0.000***
	ADF	0.999	0.999	ADF	0.999	0.000***
School Enrolment	LL & C	0.000***	0.000*	LL & C		
	IP &S	0.001***	0.999	IP &S		
	ADF	0.002***	0.999	ADF		
Lending Interest rate	LL & C	0.000***	0.000***	LL & C		
	IP &S	0.815	0.001***	IP &S		
	ADF	0.997	0.002***	ADF		
Borrowing Interest rate	LL & C	0.997	0.000***	LL & C		
	IP &S	0.999	0.002***	IP &S		
	ADF	0.999	0.009***	ADF		
Automated Teller Users	LL & C	0.963	0.000***	LL & C	0.000***	0.000***
	IP &S	0.999	0.778	IP &S	0.000***	0.221
	ADF	0.999	0.984	ADF	0.000***	0.199
GDP Per Capita	LL & C	0.00*	0.000****	LL & C		
	IP &S	0.02***	0.973*	IP &S		
	ADF	0.17	0.999	ADF		
Bank Branches	LL & C	0.997	0.000*	LL & C	0.000***	0.000***

	IP &S	0.999	0.081**	IP &S	0.000***	0.007***
	ADF	0.999	0.234	ADF	0.000***	0.001***
Domestic Credit	LL & C	0.75	0.000***	LL & C		
	IP &S	0.99*	0.023***	IP &S		
	ADF	0.99*	0.076**	ADF		

Note:***,**,* indicate significant at 1%;5% and 10% . IPS= Im, Pesaran and Shin; LLC= Levin, Lin and Chu

Source: Author's computation

Estimates of ARDL Panel Models

Table three and four show the results of the two models estimated with depositors with commercial banks per 1,000 adults, and borrowers from commercial banks per 1,000 adults as dependent variables. Majorly, the results reports in these tables are that of long run estimation and this short time nature of the data employed in this study. Across the two models, Deposit interest rate and Lending Interest rate show significant positive effect on Financial Inclusion variables. While the positive nexus between the depositor interest rate and depositors with commercial banks per 1,000 adults is line with theory that of Lending Interest rate and borrowers from commercial banks per 1,000 adults seems to contradict negative relationship theory suggests. Above all, interest rate proves to be a critical variable in financial inclusion process in sub region and increase in deposit interest rate especially can improve financial inclusion in the region. This evidence is corroborated by similar study by Olaniyi and Adeoye (2016), but unlike their study where the variable is insignificant the variable is statistically significant in this study.

Focusing on the demand side of the financial inclusion, Primary School Enrolment a proxy for literacy provides useful explanation for financial inclusion in the two models estimated. There is significant positive relationship between literacy and inclusion variables. The more literate an individual is the higher the likelihood of such individual being financially included in the sub region especially for borrowing purposes. This suggests that there are several formalities in banking process in the region and this seems deter the less educated people from demanding assess to banking services. Thus, making banking activities simple and less formal can increase financial inclusion in the sub-region. This is similar to the findings by (Zins and Weill,2016; Tuesta et al, 2015; Camara et al ; 2014 Beck et al., 2007 and Sarma, 2008).

Contrary to expectation, GDP per capita does not exert positive effect on financial inclusion in the two models estimated. This is a bit surprising but it could be that the people majorly assess financial services to guarantee financial security and as soon as income increases they stop assessing main stream financial services providers. This contradicts some of the findings in this area (Tuesta et al., 2015 and Fungáčová & Weill, 2015). This might also point to the fact that the proxies for financial inclusion focus more usage than inclusion.

Looking at the supply side of inclusion again, variable such as ATM usage exerts a significant positive effect on financial inclusion. This suggests that ability of financial institutions to provide their customers with ATM, Internet and mobile banking services can be very important to improving financial inclusion in the sub-region. This position has been widely argued favorably in similar studies especially micro studies at the country specific level Honohan & Beck (2007) and Sarma & Pais (2011).

Panel ARDL (1, 1, 1, 1, 1) Long Run Results (DEPOSITOR_ TO_ COMMERCIAL)

Variables	
DEPOSIT_INTEREST_RATE___	4.356354(0.00)***
SCHOOL_ENROLLMENT__PRIMA	1.123966(0.238)
GDP_PER_CAPITA__CONSTANT	-0.03339(0.01)***
INDIVIDUALS_USING_THE_IN	19.83228(0.00)***

*** 1% Significance level ** 5% Significance level & *10 % Significance level

Panel ARDL (1, 1, 1, 1, 1) Long Run Results (BORROWERS_FROM_COMMERCIAL)

Variable	
LENDING_INTEREST_RATE___	0.948704 (0.00)***
GDP_PER_CAPITA__CONSTANT	-0.110240(0.00)***
AUTOMATED_TELLER_MACHINE	6.101035 (0.00)***
SCHOOL_ENROLLMENT__PRIMA	5.953660(0.02)***

*** 1% Significance level ** 5% Significance level & *10 % Significance level

5.0 Conclusion and Recommendations

The study concludes that financial inclusion in Sub-Saharan African can be meaningfully influenced by both demand factors (gross domestic per capita and literacy level) and supply side factor also known as
Interest rate and ATM service. Government in the sub region should put policy in place to promote financial literacy and other form of education in their respective country as this will go a long way in promoting financial inclusion in the region. Also, the financial institutions should be innovative and flexible in the way and manner they render their services to community.

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