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# The Causes and Effects of Rural Poverty in Rivers State: Ikwerre Communities' Perspective

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**Abstract:** The study examined the basic characteristics of the rural poor as well as the causes and effects of rural poverty in rural Ikwerre communities of Rivers State, Nigeria within the period of 2000-2018. Primary and secondary sources of data were used for this study. Social exclusion theory was adopted as the theoretical framework of analysis on the causes and effects of rural poverty. The study classified the rural Ikwerre poor as cultivators and non-cultivators in the society and characterized rural Ikwerre poor as peasant farmers, hunger prone people, less educated, cheap labour, vulnerable people among others. The study identified the activities of oil multinationals; cult groups and gangs; over dependence on the family heads; gender inequality; discriminating state economic policies; poor orientation and education of the youths among others as the causes of rural poverty in rural Ikwerre communities with its attendant effects on the rural poor and the communities. The study made some recommendations on how to alleviate poverty in rural Ikwerre communities of Rivers State, Nigeria.

**Keywords:** Poverty, rural poor, rural areas, Ikwerre communities

## Introduction

Rural poverty is a typical poverty usually found in the rural areas, which expresses inability of the rural poor within the context of socio-cultural, political and economic inequality. Khan (2001) states that rural poverty accounts

for about 63% of poverty in communities of the developing states, including Ikwerre communities of Rivers State in Nigeria. Rural Ikwerre communities are characterized by the indices of poverty as observed in the lack of basic infrastructure, inaccessible

earth road with poor network, inadequate market for their farm products, poor health and educational facilities, constant conflict arising from struggle for the few available resources, poor drinking water, and absence of security leading to human insecurity in such communities. The indices of poverty in the rural communities convey the inability and relative deprivation, which they suffer and which classify them as the rural poor. Hence, in this research, the rural poor are those living in rural Ikwerre communities, who are predominantly farmers and classified as cultivators and non-cultivators, and migrant labourers, who lack the basic needs necessary to live well in the communities. Mosely & Miller (2004) see the rural poor as the class of rural people who are largely deprived and disadvantaged relatively to their counterparts in the urban communities. The deprivation and disadvantage of the rural poor affects their condition of living and by extension the development of the community. Incidentally, rural poverty is not the wholesome creation of the rural Ikwerre poor, but can be attributed to the forces of social inequality, capitalist market structure, and inadequate state policies. This prompts the rural Ikwerre poor to persistently search for a better condition of living, either through migration to the urban Ikwerre communities or demand for state intervention programmes, as every Ikwerre person desires to live and survive, without the fear of hunger, scarcity, and human insecurity prevalent in the communities. The prevalence of poverty in rural Ikwerre communities has placed the rural poor as helpless class of people in Ikwerre communities. This motivated our research to examine the basic characteristics of the rural Ikwerre poor as well as the causes and

effects of the rural poverty on rural Ikwerre poor and communities of Rivers State, Nigeria.

### **Scope of the study**

This research was carried out within the period of 2000-2018 in rural Ikwerre communities. The study conceptualized rural poverty, and covers the issues of the causes and effects of rural poverty in rural Ikwerre communities of the four Ikwerre ethnic local government areas in Rivers State

### **Methodology**

In our study on the causes and effects of rural poverty in Rivers State : Ikwerre communities' perspective, we used primary and secondary data. We used interview and observation methods to collect primary data, and documented facts from journals, books, newspapers, reports etc., as secondary data on the subject matter, and content analysis as a tool to analyse the study data. The study population consisted of the people of the rural communities in Ikwerre ethnic nationality, covering four (4) local government areas in Rivers State, namely Port Harcourt City Council; Ikwerre Local Government Area; Obio Akpor Local Government Area; and Emohua Local Government Area.

### **Conceptual Framework**

#### **Rural Poverty.**

To understand rural poverty, it is important to firstly explain rural area and poverty separately, and later rural poverty as a concept. Rural area within the context of community existence is explained as the area geographically located outside the frontiers of the urban areas/cities. Ojukwu (2013) explains rural area as the area that is prominently a natural environment with basic characteristics of low population density, low income, and lack of basic social infrastructure, with the indigenes

predominantly farmers. The above characteristics apply in Ikwerre communities located outside the urban area/cities of Ikwerre ethnic nationality of Rivers State. Many scholars, including Khan (2001) state that a large population of people in developing states, including Nigeria, are living in rural areas with its attendant development challenges. In rural Ikwerre communities for instance, large population of the people live in conditions where they lack basic infrastructure, access to basic needs of life, have low income and consumption rate, and are predominantly peasant farmers, who employ crude farm tools in their farming. Indeed, these are the rural poor in rural Ikwerre communities. The rural Ikwerre communities include Rumu-Odogo 1, Rumu-Odogo 2, Evekwu, Ovogo, Agba-Ndele, Egamini-Ndele, Akpabu, Ozuaha, Omademe, Omudioga, Ubimini, Egbeda, Odoha-Emohua, Ibaa, Rumuekpe etc., and are more located in Emohua and Ikwerre Local Government Areas than Obio Akpor Local Government Area and Port Harcourt City of Ikwerre ethnic nationality in Rivers State.

In this research, poverty is explained from different perspectives. Fields (1994) sees poverty as the inability of an individual or family to sufficiently possess resources to satisfy his or her basic needs of life. This proves that poverty is the inability of both individual and groups, and is basically in area of poor standard of living. The above view explains poverty within the context of socio-economic inability in the society, and is more of absolute terms. Similarly, Engelama and Bamidele (1997) state that poverty is all about the individual not being able to cater properly for his/her basic needs

such as food, shelter, clothing, as well as not meeting his social and economic objectives, lacks gainful employment and is deprived of the social, health and educational infrastructure. Poverty deprives people, usually the poor, the opportunity of participation and advancement in life, and reduces their dignity in the society. Ekpo (2000) in Wilson (2011:67) adds that poverty is a situation of inability characterized with low income and low consumption in the society. The above views explain the prevailing conditions of the rural poor in Ikwerre communities, as they are often classified as people with low socio-economic, political, and technological ability, who suffer low income and consumption rate, and are not gainfully employed, and lack basic needs of life in their communities. The poverty creates a wide gap of socio-economic and political inequality between the rural poor and urban people.

Sequel to the above, rural poverty is explained as the poverty commonly found in rural areas, including rural Ikwerre communities, occasioned by such factors as rural economy, and rural political system, with the victims classified as the rural poor. Rural poverty is further explained within the context of low income capacity, and low production and consumption rate of the rural people and accounts for their inequality. Rural poverty in rural communities reflect in such areas as inaccessibility to good drinking water, poor health care and sanitation, poor housing facility, poor educational facility leading to high illiteracy rate, large number of inaccessible earth road, poor communication facility, and absence of good market. Mashika, Haan & Baden (1997) add that the social indicators of rural poverty include low

life expectancy, high infant mortality, poor nutrition, low household budget on food, high illiteracy, poor access to health care etc., and see the above indicators as common index of social and material welfare associated with the rural poor. Rural poverty accounts for the high incidence of rural- urban migration in Ikwerre communities. The rural poor in rural Ikwerre communities in search of improved standard of living, basic infrastructure and basic needs of life, migrate to urban Ikwerre communities such as Eneka, Woji, Choba, Port Harcourt City, Rumuodumaya, Rumueme, Rumuigbo, Rumuola, Ozuoba etc., and create urban challenges in the state. Although the government has made several attempts to alleviate rural poverty in rural Ikwerre communities. However, it appears the attempts were inadequate, as the indicators of rural poverty are still high.

### **Theoretical Framework**

#### **Social Exclusion Theory**

Social exclusion theory became prominent in poverty studies in 1990s after the economic crisis that affected France and subsequent European policy agenda on social exclusion. Ever since, different scholars have giving different perspectives on social exclusion. Hillary (1994) sees social exclusion as the process whereby some set of persons are “systematically” prevented from having access to their desired rights and privileges that are normally available to every member of the community. Such rights and privileges are seen from the point of right to good accommodation, health care and services, access to education, employment opportunity, democratic participation etc. The deprivation is made possible due to the inherent social class structure and

inequality in the society. Young (2000) states that those who are often socially excluded are classified as the poor, and are denied access to participate fully in socio-economic and political activities in the society. Vroom & Hoff (2013) identified the major areas where the exclusion occurs as “insufficient access to social rights; material deprivation; limited social participation; and lack of normative integration”. In most cases, those deprived carry out collective actions to resist their deprivation, but always loss due to their inability. In their study, Haralambos & Heald (1980) corroborate with the above perspective on the cause of poverty, and adds that the social exclusion of people in activities of the society results to poverty of the people, and identifies social exclusion as the main cause of poverty. This study adopts the above explanation on the causes and effects of rural poverty, and notes that the root cause of rural poverty in Ikwerre is the social exclusion of some people from active political, social, and economic activities leading to the emergence of the rural poor in the community.

#### **Area of the study: Background information on Ikwerre Ethnic Nationality.**

Ikwerre is one of the prominent ethnic groups in Rivers State within the Niger Delta region of Nigeria. Ikwerre is the single largest tribe in Rivers State, but one of the minority ethnic groups in Nigeria. The ethnic group is strategically located in the heart of Nigerian economy as one of the oil and gas producing ethnic groups in Nigeria.

Geographically, Ikwerre as a tribe is made up of four (4) Local Government Areas (LGAs), namely Emohua, Ikwerre, Obio Akpor, and part of Port Harcourt City Council, and is located

within the Rivers East Senatorial District of Rivers State ( See Appendix 1). National Population Commission (2006) holds that the Ikwerre ethnic group has a total population of 1,390,895 people, with Emohua LGA - 210,057 people, Ikwerre LGA -188,930 people, Obio Akpor LGA - 460, 350 people, and Port Harcourt City - 538,588 people, having different villages and clans. The Ikwerre ethnic group houses the capital city of Rivers State (Port Harcourt), and many higher educational institutions in the state, such as University of Port Harcourt, Rivers State University, Ignatius Ajuru University of Education, Elele Campus of Madonna University, Elechi Amadi Polytechnic, Rivers State School of Nursing, Rivers State School of Midwifery, and Rivers State School of Health Science and Technology. The ethnic group shares boundary at the East with Etche, Eleme, Okirika and Oyigbo Local Government Areas of Rivers State, at the West with Ahoada - East and Abual Local Government Areas of Rivers State, at the North with Ogba/Egbema Local Government Area of Rivers State and Egbeme/Ohaji Local Government Area of Imo State, and at the South with Asari-Toru, and Degema Local Government Areas of Rivers State. See Appendix 1.. The River Sambrayo demarcates the Ikwerre people and their neighbours at the western and southern parts. Ikwerre is blessed with large farm lands, mangroves, forests and rivers.

Economically, the combination of large forest, mangrove, river and farmlands in Ikwerre provide opportunity for the people to be fishermen, farmers, herbalists, and traders. With the advent of the western education, some of the people are now engaged in public

service, jobs and other economic activities (Wilson, 2016). As a tribe with several communities in the Niger Delta region, some Ikwerre communities are oil and gas producing. Ikwerre ethnic group is the economic hub of Rivers State, as the area house several oil multinationals, oil servicing companies, and other industrial concerns. With the high presence of the companies in the area, the area accommodates the highest number of migrant workers in Rivers State, seeking for greener pasture and better economic living, thereby leading to population explosion, particularly in Obio Akpor Local Government Area and Port Harcourt City Council of the state. The increase in population also provides market for both small and large scale traders. With the oil and gas exploration and exploitation activities, the Ikwerre people like other Niger Delta people are facing environmental and economic challenges in their communities.

Socio-culturally, Ikwerre people speak Ikwerre language, although with some minor dialectical differences, but easily understood among them. Due to the high presence of strangers in the area, English language is used as the second and official language for communication, and a good number of the Ikwerre people speak their neighbouring tribes languages' such as Igbo, Eleme, Kalagbari, Okirika, Ekpeye, and Etche. The Ikwerre people are peaceful and accommodating, thereby accounting for the high migration of people to the Ikwerre communities of the state. The people have rich cultural heritage and respect for their elders. Some of the Ikwerre cultures include new yam festival holding every August and September of the year in their respective communities,



traditional marriage ceremony, burial rites, age grade initiation, wrestling competition within and between the communities, etc. Some of the people carry out different ancestral worship, thereby making them to be African religion worshipers, while many are Christians, with few Muslims among them. There are mix sources of origin of the Ikwerre people. A popular source has it that the Ikwerre people migrated from the Old Benin Kingdom and has the Ekpeye and Ogba ethnic groups as relations (Nyegonum, 2016). Another source has it that the Ikwerre people migrated from the Igbo land (Chigere, 2001) and (Udeani, 2007). However, whatever the source, the fact remains that Ikwerre is an independent ethnic group with some cultural relativities with both the Igbo, Ekpeye, Benin and Ogba ethnic groups in Nigeria.

Traditionally, the Ikwerre people have well respected traditional administrative institutions for ease of political and administrative activities at all units. Such institutions are family, village and clan youth forum, women association, men association, age grade, general assembly, council of chiefs, and council of village heads (Owho holders). These institutions oversee the affairs of people in their communities, settle disputes where necessary, and carry out development projects. Wilson (2016:52) holds that each of the institution is charged with specific responsibility to ensure political and administrative stability, peaceful co-existence, and development of their communities. Unfortunately, there is no central head, traditionally controlling the affairs of the Ikwerre people as obtainable in other tribes like the Eze Ekpeye of Ekpeye Kingdom, Oba of Ogba land, Gbeneme of Ogoni land etc., but for convenient

purposes, there is Ikwerre General Assembly called Ogbakor Ikwerre, where every adult Ikwerre son and daughter assemble to discuss Ikwerre development, and thereafter, policy decisions reached in the assembly is implemented by the constituent units.

Politically, Ikwerre communities have traditional political and administrative system and structures with the families, villages and clans serving as the constituent units for administrative convenience, and each headed by the oldest man as the traditional Prime Minister in charge of the unit. The chief in each of the unit serves as the administrative head of the unit. There is a separation of power between the chief and traditional Prime Minister in administration of their areas. The traditional Prime Minister is the Oha (Owhor holder) and is in charge of traditional and ancestral matters including libation and sacrifices to the ancestors, and mediates between the people and their ancestors. He serves as the Supreme Court in judgment of disputes between individuals, families, villages, and clans. The chief is the administrative head in charge of daily affairs of the people and liaises between the people and government for development purposes in the area. Chiefs in most cases serve as the paramount ruler in their communities, as they are usually younger and more educated. However, there is a strong synergy and administrative collaboration between the chief and traditional Prime Minister in Ikwerre land.

### **The Characteristics of Rural Poor in Rural Ikwerre Communities**

The rural poor in Ikwerre communities are those residing in rural Ikwerre villages, who have limited access to the

basic needs of life. They are mostly women, elderly ones and children (usually fatherless, motherless or orphan), and are predominantly farmers, fishermen/women, small scale traders, herbalists, and others who provide cheap labour services in the communities. They are classified as the poor on account of their inability to afford their basic socio-economic and political needs. Generally, the rural poor in Ikwerre communities are broadly classified as Cultivators and Non-cultivators. The Cultivators are the group of rural poor who are directly involved in crops and livestock production and management, although in small quantity. The cultivators have limited access to the farmland, either as land owners or tenants (rented) to enable them farm and earn a living. Farmlands in Ikwerre community are owned and controlled by the families, and therefore are shared to the adult family members annually, usually in small quantity while the surplus is sold to others. Due to inadequate farmland shared to the family members and inability of the poor to acquire the desired quantity of farmland, they resort to provide their labour for others to hire.

Non-cultivators form the largest part of the rural poor in Ikwerre communities, and are considered as the poorest of them all. The Non-cultivators are those without access to farm lands, either as farmland owners or as tenants, and therefore depend solely on their labour power (usually on dry season demand for their labour in farming) and other domestic activities for a living. Many of them are not financial members of the family and therefore are not given farmlands due them. Non-cultivators become victims of fluctuation or change in labour demand, change in wage rate

and food price in the communities. Their inability is expressed in their lack of basic needs of life and inaccessibility to basic infrastructure. In their quest for better living, they often migrate to other parts of Ikwerre and neighbouring communities, usually urban communities where their labour will be hired and paid for. This accounts for high indices of rural -urban migration in the state. The rural poor in Ikwerre communities are further characterized as follows:

**Peasant Farmers :** The rural Ikwerre poor in Ikwerre communities are predominantly farmers, who largely farm for household consumption, and less for the market. Our field finding proved that over 90% of the rural Ikwerre poor are peasant farmers, who have less access to both private and family farmlands, and therefore lack capacity to achieve high productivity, thereby leading to low income and consumption.

**Cheap Labour and hunger prone people :** The rural poor provide cheap manual labour services in the communities. They work longer than the normal working hours, yet are paid peanut. They carry out all sorts of farming activities for others, and yet have no access to the products, and remain dependent on others for survival. This results in low income which they spend largely on household food items, yet cannot afford the needed food for the household and therefore they remain always hungry.

**Own less physical properties and lack access to infrastructure.** The Ikwerre rural poor, particularly, the non-cultivators have little or no property to their credit in the communities. All they own as property is their manual labour, which they hire as services to others at a

cheap rate. The study noted that over 70% of the Ikwerre rural poor lack sufficient property to attend to their daily needs. Due to this inability, they are easily manipulated by others during political and socio-cultural activities in the community. They lack good accommodation, good drinking water, have no access to electricity, lack basic needs of life and access to social infrastructure.

**Limited participation in community decision making:** The rural poor are not given equal opportunity to participate accordingly in Ikwerre community decision making process. They are often excluded in the process on account of poor education, inferiority complex and other disabilities. In the community general assembly, they are neither recognized nor identified to participate in political activities other than using them for manual labour works. All they participate in is in their immediate household decision affairs. This limitation creates more inability in them, thereby increasing the socio-cultural inequality of the rural poor in Ikwerre.

**Depend largely on charity and public facilities:** Our interview with some of the rural Ikwerre people indicates that the Ikwerre rural poor have a unique poverty character of high dependence on free donation and support from the multinationals and can only access those facilities provided by charity individuals, organisations, and the state such as public schools, health centers, water, etc. This is on account of their inability to afford such facility privately.

**Less educated:** The rural Ikwerre poor and their children face the risk of less educational opportunity due to high cost of education in the state. The rural Ikwerre poor have no access to quality education. They only attend the ill

equipped public schools in their rural communities and are often deprived access to educational opportunities from oil multinationals and state scholarship programmes, due to their inability to access information concerning the scholarship. In most cases, their children are not even admitted to certain public schools on account of inability to pay fees/levies. The study noted that 62% of the rural poor children have no access to equipped schools in the state

**Have no access to bank facilities :** The rural poor have no access to bank facilities, due to their inability to afford bank collateral. Physically, no bank is situated within the rural Ikwerre areas, indicating 100% absence of banking facility in rural Ikwerre communities, and therefore accessing information about bank facility becomes a problem. This makes the rural poor in Ikwerre communities to operate on limited economic infrastructure leading to their low productivity.

**More vulnerable to risk :** The rural poor in Ikwerre communities are exposed to all kinds of risk in the communities arising from their inability. The rural poor, particularly the women and children become victims of trafficking and in most cases get involve in prostitution for a living. Their children abandon school for casual labour to earn income to support the family for a living, and in return are exploited by their masters. The rural poor are usually the first to suffer any epidemic and disease in rural Ikwerre communities. They are the worst hit in event of any communal violence and exposed to hazardous economic and political challenges in Rivers State. They suffer intimidations and all forms of discriminations from others in the communities.

## **The Causes and Effects of Rural Poverty in Rural Ikwerre Communities**

This section of the study analyses the causes and effects of rural poverty on rural Ikwerre communities of Rivers State.

**The activities of oil multinationals in the communities.** Wilson (2013) stated that on several occasions, the inability of oil and gas multinationals - Shell BP and Agip Oil companies to manage its oil installations led to the oil pipe line explosion and pollution of River Sambrayo, which affected the riverine Ikwerre communities such as Agba-Ndele, Rumuekpe, Ogbakiri, Emohua, Rumuodgo 2, Rumuewhor etc. Wilson (2013) sees the activities of the oil and gas multinationals in Ikwerre communities as the cause of environmental pollution in the area with its attendant implications on both the people and the communities. Nsirim-Worlu (2012) adds that the operation of the multinationals in the area have negative impact on the environment of the area. The upland communities such as Ibaa, Omudioga, Iguruta, Elele etc were not excluded from the oil pollution of their farmlands. As a result, fishing and farming activities are cut short in these communities, leading to low food production, low income, and hunger and scarcity in the Ikwerre communities and culminating in the poverty for the rural Ikwerre people.

**The activities of cult groups, gangs and militants in Ikwerre communities.** Rural Ikwerre communities, like other Niger Delta communities, are not devoid of cult groups, street gangs and militancy activities. Wilson (2017) classified the cult groups, gangs and militants as Non-State Security Actors in Niger Delta

communities. These groups carry out several activities and operations that are inimical to community development, particularly rural communities. They facilitate communal crisis and violence, rape women, kidnap people for ransom, and in the process, the rural Ikwerre people run away from their communities to other communities in search of peace and security. In their new settlement, due to inadequate farmlands and poor economic resources, the people are neither opportune to farm adequately to cater for their family food needs nor are they able to carry out trading activities to earn income. Even when they are willing and able to hire out their labour as services to others, they are hired at a price not commensurate to their labour input, and therefore cannot earn adequate income to afford their basic needs. The people of Rumuekpe, Ibaa, Omudioga, Ogbakiri, Rumuji, Obelle, Elele Alimini communities, etc were casualties of the such groups' activities in their communities, and suffered food scarcity and human insecurity at several times.

### **Large family system and dependency for livelihood on the head of the family.**

Ikwerre culture encourages the man to marry as many wives as he desires, and attribute the wives as the man's assets. The man (father) becomes the head of the family and is saddled with the responsibility of feeding the wives and children and providing their basic needs. This makes the large family to depend solely on him for survival. In most cases, due to the large capacity of the family, the man hardly can afford to provide the basic needs of all the family members, including some children, thereby depriving such children access to basic education, good food, good accommodation, health care, etc and this

is responsible for the poverty in the family, and by extension the communities.

**Gender inequality in enforcement of right of inheritance and possession of farmlands and other properties.**

Ikwerrebo (2015) holds that Ikwerre people have rich cultural heritage, with some harmful practices. In Ikwerre culture, all farmlands are owned and controlled by the families. In the family, the men are considered first in farmlands allocation during farming season. However, the women may be given small portion if the farmland remains after extensive sharing to the men. In most cases, the women are not considered at all, despite the available quantity of farmlands for the season. On event of death of the head of the family (husband), only the male children are recognized and considered to inherit the farmlands and other properties of their father, with the first son possessing the largest portion of the farmlands and the highest properties. The female children, irrespective of their number and age are landless members of the family. This traditional inequality accounts for the deprivation of the women and female children in rural Ikwerre communities. They are deprived access to adequate farmlands even when they are willing and able to farm in large quantities. This results in poverty, as they cannot afford to provide the needed food for their families, particularly the widows in rural Ikwerre communities.

**Discriminating State Economic Policies.**

Some of the State economic policies are against the rural Ikwerre poor and account for their poverty. The bank policy on obtaining bank loan with collateral is against the rural poor, who have no collateral to present. Their inability to afford the bank collateral

deprives them access to bank loan to enhance their farming and other economic activities. This contributes to poor agricultural productivity and low economic activities in rural Ikwerre communities, and increases the list of the poverty of the rural Ikwerre poor.

**Activities of Corrupt Politicians and Public Bureaucrats.**

Corrupt politicians and public bureaucrats in the state services use the instrumentalities of the state power to deprive the rural Ikwerre poor of infrastructure. Every year, the government at all levels make budgets for the development of the rural areas, including rural Ikwerre communities in such areas as provision of good and accessible roads, electricity, drinking water, health care facility, education for all, affordable accommodation, economic empowerment of the poor, etc. At the end of the year, the monies budgeted for these development items are expended by the politicians and bureaucrats without any development in the rural areas, as the rural poor remain the same. Despite the regular annual budget for drinking water projects, health care, affordable accommodation through state housing, electrification and construction of motorable roads in Rumuodogo 1&2, rehabilitation of Agba-Ndele road, Rumuekpe road and electricity, Akpabu road, Ibaa road, etc, these and other rural Ikwerre communities exist without good roads to transport their agricultural products to the urban markets. This denial of the basic infrastructure to the rural poor accounts for their poverty.

**State Acquisition of Rural Ikwerre Farmlands for State Projects.**

The State through its Lands Reform Policy acquired large portions of Ikwerre farmlands and converted same for its projects. Farmlands were acquired in

Choba, Aluu and Rumuekini communities for University of Port Harcourt and its allied institutions; Nkpolu Oroworukwo farmlands for Rivers State University and its allied institutions; Rundele, Rumukalagbor and Rumuorlumeni communities farmlands for Ignatius Ajuru University of Education; Ogonigba, Rumuomasi and Ogbum-N'abali communities farmlands for industrial layout (Trans-Amadi), Elele, Ipo, Ozuaha, Omademe, Omerelu, Akpabu, and Ubimini farmlands for Palm Estate (SIAT) etc. These large portions of farmlands acquired by the state deprives the rural farmers' the opportunity of farming adequately for their survival, and encourages idleness and poverty in such rural communities.

**Cultural Value, Poor orientation and Education of the Youths :** Ogoloma (2003) sees the Ikwerre culture as a rigid entity that is not dynamic enough to accommodate modernization, thereby affecting the people orientation and growth. Culturally, the strength and value of Ikwerre men/women are determined by the capacity of farmlands he/she is able to possess and farm effectively. This prompts many youths, particularly in the rural areas to engage themselves in large farming activities, although in crude farming system in order to be recognized and attain the needed cultural status, thereby keeping away from western education. The long-run effect is that most of the rural-youths are poorly oriented and educated, but highly valued culturally due to their physical strength and farming activities. This poor orientation and education of the rural youths account for their poverty of the mind, and deprives them access to greater opportunities. Indeed, it leads to their socio-economic poverty even in their communities.

**Crude Farming Equipment and System:** The rural Ikwerre poor, who are predominantly farmers still use crude farming equipment, usually knife and hoe and operate on land tenure system. These crude equipment and system limit them from carrying out farming activities in large scale for large scale productivity, and therefore account for their low productivity and low income in the community.

### **Strategies to Reduce Rural Poverty in Rural Ikwerre Communities**

This section states the strategies to alleviate the rural poverty in rural Ikwerre Communities of Rivers State.

- The state in collaboration with the affected Ikwerre communities should engage the rural youths in educational programmes and regular orientation on the need to adapt to change in the communities. This will enhance the educational capacity of the youths and their productivity in Ikwerre communities
- The rural development agencies should enforce its policy objectives for the development of the rural areas, including Ikwerre communities.
- There should be opportunity for the rural Ikwerre poor to access bank facility for farming activities without much restriction through collateral. The state should encourage the banks to establish at least a branch in rural Ikwerre community, particularly in Emohua Local Government Area of the state.
- Government at all levels should implement rural development budget for the development of

the rural areas, including Ikwerre communities to reduce rural poverty in Ikwerre communities.

- There should be a reform on Ikwerre cultural right of inheritance and access to farmland and other properties to give equal and better opportunity to both male and female children.
- The oil and gas multinationals operating in Ikwerre communities should maintain their oil facilities to avoid pollution of the host communities and seriously

involve in corporate social responsibility projects for rural Ikwerre communities' development.

- Activities of the ethnic militias and cult groups/gangs should be checked and controlled by the State Security Agents to reduce violence and suffering of the poor.
- The government should empower the rural Ikwerre poor, who are farmers with improved seedlings, farming equipment and train them on new farming skills to improve their farm yields.

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Appendix 1 : Map of Rivers State showing the Geographical location of Ikwerre Ethnic Local Government Areas . Featuring Numbers 10, 11, 14, & 14.



# Reward System and Public Secondary School Teachers' Performance

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**Abstract:** This paper investigated the challenges facing public secondary school teachers in Ogun State. Nigeria education is faced with lots of challenges which are so enormous and inhibit the meeting up with the advanced quality of education. The study adopted expectancy theory. Six (6) officials of the Ministry of Education, Science and Technology in Ogun State, the Teaching Service Commission, Ogun State and, six (6) executive members of Nigerian Union of Teachers and the Academic Staff Union of Secondary Schools were interviewed through key informant interview and in-depth interview respectively. Results revealed teachers were not satisfied with their pay and are not motivated by rewards in which the state played a prominent role in agitating for good wages and working condition for teachers. In addition, participants stated the drastic fall in federal allocation to the state which reduced by 60% as the reason for it. The study recommended that the government should allow principals, vice principals and experienced teachers direct the affairs and activities in the Ministry of Education, Science and Technology and TESCOM, Ogun State.

**Keywords:** Challenges, Rewards, Public Secondary Teachers and Ogun State.  
Word count: 181

## Introduction

Globally, the United Educational, Scientific and Cultural Organisation (UNESCO), their main vision is to contribute to peace and security among nations through education, science, culture and communication for universal

respect for justice, rule of law and more importantly on human rights. However, to achieve the best education and good standard of living, the UNESCO recommended all nations to budget 26% on education. This recommendation was strictly complied with by the developed

countries across the globe while in some developing countries like Nigeria failed to yield and this invariably is affecting or perhaps affected the educational growth in Nigeria. For instance, the Nigeria budgetary allocation to education between year 2010 to 2016 include N234.8billion, N306.3billion, 400.15billion, 493.53billion, 392.2billion, 369.6billion respectively, with all these figures less than 13%, and recently this year (2017) the Nigeria budget on education amount to 448billion representing just 6% on funds devoted to education which is expected to cut across all the three tiers of education (Primary, Secondary and tertiary institutions). This adversely put Nigeria to continuing witnessing tremendous decline in the academic performance of public schools. This continues to happen at a faster rate and the trend may not be abated until the government changes its attitude to school management (Ogunlade, 2011). Public schools have been left unattended to by the government as it has been argued by Sistus (2008) who laments the dilapidation that characterize the primary and secondary school buildings in all parts of the country. There are no available chairs for the students to receive lessons. The quality of education delivered by teachers and the academic achievements of pupils of any school is dependent on several factors and, availability of school facilities is paramount. School facilities are material resources that enhance teaching and learning, by making the process meaningful and purposeful. It is the belief of teachers that public schools are being neglected and teachers are not reckoned with.

The Nigeria Union Teachers (NUT) under which the public secondary

schools belong to was set up in July, 1931. The purpose of the union was to foster unity and progress, have spirit of co-operation and to raise the status of the teaching profession through improved quality of education, welfare and condition of service among teachers. The poor remuneration of teachers, and more importantly, failure of the state government to implement the agreed 27.5% increment could be contributory factors to teachers' absenteeism, late-coming, failure to assess students' works, lack of sense of belonging and redundancy at work. All these are indicators of poor level of job commitment.

The public secondary school teachers under the umbrella of Nigeria Union Teachers (NUT) in Ogun State often go on strike because of poor conditions and inadequate reward system. For instance, in Ogun State, between 2009 and 2015, the public secondary school teachers who are affiliated to the Nigeria Union of Teachers (NUT), went on strike in February 2009, October 2009, September 2012, October 2013 (Adesulu, 2012), January 2015 and October 2016 owing to fluctuation in gross net pay of staff salaries; delayed promotion and non-adjustment of salaries after acquiring additional qualification; failure of the state government to pay the agreed 27.5% increment; the poor condition of service and delay in payment of teachers salaries. Arising from these, the reports of students' performance in WAEC in the last few years in Nigeria, as reported in the Premium Times (2014), are not encouraging. Each year comes with a gradual decline and this is worrisome. As indicated by the Nigerian Federal Ministry of Education, Examination Malpractice Blacklist, Volume 1 (2011),

the top five states out of the thirty-six states of the federation and the Federal Capital Territory involved in educational malpractice are Edo (19.4%), Benue (11.1%), Lagos (8.3%), Enugu (7.1%) and Ogun State (6.8%). If this is not adequately arrested, public secondary schools in the states will completely lose their prestige.

Looking at this pathetic situation is the proof that the last eight years have recorded 80 per cent failure in WAEC, NECO and JAMB examinations. Students now have a popular term to describe examination malpractices. There exists a special WAEC examination centre where examination malpractices are "officially" allowed at the payment of certain amount of funds. These centers are known for "miracle centres". It is based on these that the study intends to investigate the roles of unions and challenges faced by the government in enhancing teachers pay for public secondary schools teachers in Ogun State.

### **Aim and Objectives of the Study**

The aim of this research is to identify the main challenges in enhancing good reward management for teachers as well as the state and conditions of facilities in public secondary schools in Ogun State. The objectives of the study include:

- to identify the challenges faced by the state government in enhancing a good reward management.
- to know the role of union in teachers pay and remuneration in their service delivery

### **Literature Review and Theoretical Framework**

To ensure efficient and prudent use of educational funds, and to satisfy taxpayers calling for sound results for their invested taxes, educational policymakers must understand, analyse,

and wisely dispense teacher pay. The most recent policy trend in education is accountability. The world has moved from the excellence movement of the 1980s and the restructuring movement of the 1990s to the age of accountability. (Kobojunkie, 2011). As experts and stakeholders discuss teacher accountability, they also discuss teachers' pay structures. Qualified teachers should given salaries that are commensurate with their levels of competency.

Recent reports have found out that one in three teachers leaves the profession within the first three years and almost half leave within the first five years. The world in general is experiencing a crisis in teacher retention. Some might think that smaller class sizes and teacher retirements are causing the shortage. The fact is that since the 1990s, colleges and universities are graduating enough teachers to meet demands, but too many of them are leaving within the first three to five years (National Center for Educational Statistics, 2006). In Nigeria, graduates see teaching profession as a stepping stone due to unemployment in the labour market. For close to twenty years in Nigeria, most of those who went in for the teaching profession at the elementary or foundational level were those who could not make five credits at their West African School Certificate Examination (WASCE) exams and who could not get into the universities or polytechnics to pursue other professions (Akande, 2000). This inadvertently could lead to why the image of teachers and their rating within the Nigerian society plummeted rapidly within the period. Effective school reform demands that the government should replace these teachers with the best and brightest. To attract the best and retain

them, the teaching profession must be financially rewarding and intellectually satisfying (Hershberg, 2005 and Goldhaber, 2006)

Secondary education being the link between primary and tertiary education is unique for the educational development of a child. The knowledge, skills and values which a child acquires during this period will complement those acquired at the primary level. When these are combined, they will prepare such a child for tertiary education. In spite of the important role of secondary education, Ajayi, (2002) and Omoregie, (2005) reported that this is spread with crises of various significance and dimensions all of which combine to suggest that it is at crossroads. The poor motivation of teachers arising from more than a generation of poor rewards, despite the condition of service, is largely responsible for the debilitating standard of education. Teacher's rewards are never forthcoming; salaries and wages are denied; and promotion of teachers is only in the air and subjected to political variables.

A lot of scholars, intellectuals, researchers, administrators and educational planners have confirmed that school facilities in Nigerian schools are inadequate and a few available ones are fully used in excess owing to the astronomical increase in school enrolment. Ikoya and Onoyase, (2008) claim that about 26% of secondary schools in Nigeria have school infrastructures that are inadequate in both quality and quantity. Ajayi (1999) observes that most of the Nigerian public schools are dilapidated due to inadequate funding while most tertiary institutions are living on their past glories. These pathetic situations hinder

effective teaching and learning. Thus make the process of education rigorous and uninteresting to both students and teachers. The argument of public schools teachers over the years has basically been that they are dissatisfied with unfavorable working environment, and the poor pay given to teachers.

Owuamanam (2005) argues that the lack of infrastructural facilities and lack of maintenance for available facilities are the major problems facing Nigerian educational system. Owoeye, (2000) is of the view that the insufficient, deterioration and lack of maintenance of these facilities often spell doom for the teachers and students in the teaching and learning activities. Negligence in the maintenance of school facilities has many negative consequences.

The poor remuneration of teachers is a major challenge facing education in Nigeria. To make ends meet, teachers' resort to 'individual help projects'. Most primary and secondary teachers engage in petty trading in their various schools, most especially teachers in the rural areas. Some other teachers demand 'money for scores'. High grades and scores are reserved for the highest bidders. Thus, most teachers spend little time helping students to learn. This has led to most institutions been compromised. Another great challenge to education is the problem of disruptions of academic programmes at all levels of Nigeria education. At the heart of these disruptions is the issue of funding of education. Academic staff at all levels (primary, secondary and tertiary) declare industrial actions for improved funding, better and improved working conditions and upgrading of teaching and learning facilities. These disruptions affect school calendar and often led to school closure for weeks or

months. Most times, students are denied the opportunity to make up for lost times. This results in low students academic accomplishments and performance.

### **The Economic Functions of Nigeria**

#### **Union of Teachers**

As stipulated in the NUT constitution and mini handbook, the union executives' members are expected to perform the following economic functions in moving the union forward to achieve the purpose of its establishment. These activities may be grouped under the following headings:

1) Welfare activities: These are provided to improve the quality of work life, such activities include organisation of mutual funds and cooperative credit societies for providing housing, cooperative stores, cultural programmes, banking and medical facilities and training for women in various crafts to help them to supplement their family income.

2) Education: This has to do with the education of members in all aspects of their working life including improving their civic life, creating an awareness of the environment around them and enhancing their knowledge, particularly with regard to issues that concern them, their statutory and other rights and responsibilities and workers participation in management.

3) Schemes and Procedures for Redressing their Grievances: Some central union organisations are also assisting the government in implementing the workers' education schemes.

4) Publication of Periodicals: Newsletters or

magazines are published to establish communication with their members, make the latter aware of union policies and stand on certain principal issues and personnel matters concerning members, such as birth, death, marriage, promotion and achievement.

5) Research: Recently, research has gained importance and is often intended mainly to provide updated information to union negotiators at the bargaining table. This type of research is more practical than academic; they are more concern with problems relating to the day-to-day affairs of the union. Some of the research activities are:

(i) collection and analysis of wage data, including fringe benefits, and other benefits and services through surveys of comparative practices, data on working conditions and welfare activities;

(ii) preparation of background information like making a short notes for court cases and also position papers for union officials; and

(iii) collection and analysis of enormous data relating to the economy and specific industrial sectors.

All the above mentioned activities and services are considered as the normal activities and duties of unions as stipulated in the Trade Unions Act, which state the objectives on which general funds of the union can be spent. However, it should be noted that all these economics functions of the union are duly performed by their members, the series of incessant strikes by public secondary school teachers in Ogun state witnessed between 2009 and 2016 can

be attributed to the union economic functions.

### **The Role of the NUT in National Development**

The NUT, in pursuance of its professional and trade union objectives undertakes various activities that ultimately contribute to human resource development in Nigeria. Some of them are summarised below:

- (1) Service in government educational bodies: The NUT help to contribute towards the standpoint of policy formulation and execution of educational programme through direct interaction with government or by serving in various bodies set up by government, which affords it the opportunity of participating in taking decisions concerning education.
- (2) Economic service: The NUT encourages and does not run cooperative services which have very salutary effect on the economic welfare of its members and vicariously of the nation. This is a growing trend that is experiencing great expansion throughout the country. Seminars held on cooperative matters enable teachers to organise cooperative societies outside the realm of NUT.
- (3) Leadership education: Although this is confined to the NUT leadership, it is the expectation of the union that the new orientation and leadership skills acquired will certainly transform participants to union leaders, leaders of schools, cooperatives societies and community endeavours.
- (4) Union education: A nation torn in turmoil cannot progress, industrial disputes if improperly handled, dwindle productivity and cause

psychological disturbances. Education has help trade unionism in handling scientific related matters such as issues that are related to devastating industrial upheavals. NUT embraces dialogue, systematic and methodical to resolve industrial disputes.

- (5) In-Service Education for Members: The NUT holds different professional and in-service programmes aimed at upgrading teachers' skills to meet innovation in the content and structure of education and to facilitate the understanding of members' attitudes to government policies on education so as to facilitate understanding and effective execution. Besides, it is clear that the NUT makes various kinds of contribution to the pool.

Arising from the above on the roles of the union towards national development, the union had been doing the needful to ensure national development in the country by providing the necessary support to ensure that there is effective and efficiency in the running affairs of secondary school except when government failed to fulfill the agreement with the union.

### **Theoretical Framework**

Vroom (1964) emphasises the idea that individuals are motivated by expected outcomes that they value. Expectancy is the process that an individual undergoes to make choices. The theory emphasizes the need for government to relate rewards directly to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipient. The theory explains the behavioural process through which individuals choose one behavioural option over another. It also explains

how they make decisions to achieve the end they value

This expectancy-value model states that a behaviour is motivated by the subjective probability of successfully reaching the behavioural goal. The theory states that three perceptions can affect a person's motivation: valence, instrumentality and expectancy. Valence refers to the degree to which an individual values the consequences of the specific goal. Instrumentality refers to the connection between achieving the goal and experiencing the consequences. Expectancy refers to belief that the person has about whether he or she can reach the goal (Vroom, 1964).

Expectancy theory has implications for teacher pay changes. The changes in pay must be valued by teachers. Any monetary reward or incentive must be consequential enough so that teachers regard it as being worthwhile. Teachers must perceive that they can and will attain the positive rewards before they will be motivated. Increase in pay or bonuses must be funded in a stable way such a weak economy does not affect the payment process. Teachers must understand the criteria for receiving a reward and, believe they have the skills and ability to meet the criteria. And also important here is the issue of teachers working conditions, relationship, and self-actualization are also very significant to teachers in discharging their duties accordingly for better performance most especially for students in the terminal classes.

### **Methodology**

This study used the descriptive survey research design which according to Cooper (1996), is concerned with the in-depth analysis of a phenomenon. Thus, the design is appropriate for the study as it will allow for the investigation of the

challenges faced by the Ogun State government in enhancing good reward management system for public secondary school teachers in the state.

The population of this study includes the executive members of the two unions representing the interest of teachers in the state, the Nigeria Union Teachers (NUT) Ogun State Chapter and the Academic Staff Union of Secondary Schools, (ASUSS) Ogun state chapter and the officials of the Ogun State Ministry of Education, Science and Technology, and Teaching Service Commission, (TESCOM).

The NUT was purposively chosen since the union has the mandate to protect the interest, welfare and also give support to the teachers. It also serves as the umbrella union of teachers recognised by the law. TESCOM is the agency saddled with the responsibility of managing public secondary education in the state. The study is purely qualitative, deploying Key Informant Interview (KII) and In-depth interview. However, six (6) KIIs and six (6) IDIs were conducted for the study. The two qualitative methods involved face to face interaction between the researcher and the respondents in order to elicit information for this study. Data were analysed using thematic analysis. Every effort was made to observe relevant ethical issues on human subjects in social scientific research work.

### **Results**

Types of reward enjoyed by teachers from Government-owned School  
The study examines the type of rewards enjoyed by the teachers from the state government-owned schools. One of the respondents commented thus:

Primarily, every worker needs to be motivated for effective productivity, teachers needs to



be motivated both financially and non-financially. Teachers that are not happy can't perform or discharge their duties effectively. We, teachers prefer the financial rewards because there is nothing like non-financial rewards in the teaching profession. All we know and see is our salaries. (IDI, Male ASUSS Official, 2016)

Another union official also clamoured for financial rewards thus:

Teaching profession is a noble profession. Teachers need to be rewarded by both financial and non-financial means. But in our situation we actually prefer the monetary reward. Given any teacher a recognition award will only be with ordinary certificate and no funds or cash prizes are attached to such awards. Teachers generally prefer the financial rewards (IDI, Male NUT Official, 2016).

The Influence (role) of the unions on public secondary schools teachers pay enhancement

The study attempted to obtain the views of the unions on the role being played towards public secondary schools teachers' pay enhancement by them.

Responses from the IDIs avers thus:

The union had been having series of meeting with the state government on numerous issues bothering the educational sector in the state. Among them are teachers not been rewarded adequately, the poor state of facilities across the state, the non-promotion of teachers at due time, teachers welfare in general and policies on education in the state and so on. We continue to engage the government of the day but little

of this will they do (IDI, Male ASUSS Official, 2016).

As a union member, we are obliged to enhance the social and economic well-being of our members and establish welfare funds for the benefits of members. It is a constitutional obligation to embark on economic and welfare schemes for our member, and more importantly, to represent the interest of our fellow members in rewarding teachers adequately. For instance, this present government owes us 11 months' deductions of our salary and he had only managed to pay just 1 month. Presently, the state is paying half salaries for teachers. The balance of our salary is the deductions I'm talking about. We continue to engage government in discussions as regard this (IDI, Male NUT Official, 2016) .

Another respondent argued thus:

We continue to have problem with our pay because of the fact that round peg are put in square hole. This is because those managing and directing the affairs of the Teaching Service Commission are core civil servants which are wrong, an experienced teacher or perhaps vice principal or principal are to be the Directors and Permanent Secretaries in the Teaching Service Commission. Take for instance, the activities of the Civil Service Commission managed and directed by core civil servants, the Local Government Service Commission is also managed and directed by retired local government chairman. The Judiciary Service Commission is managed and directed by a renowned lawyer, the head of

state hospital management board also is a medical doctor. If other professions are controlling their sphere why should teachers not control their management bodies instead of putting a core civil servants to direct the acting of teaching service commission. This is unfair, but we are doing our best, we believe a messiah will soon come and liberate us from this mess (IDI, Male ASUSS Official, 2016).

Change in teachers' pay by the government of the day

The respondents were asked about any changes seen in teachers pay by the government as compared to the past administrations. One respondent commented that:

There has been a consistent and "give to all" rewarding process for teachers since the inception of this administration. This is traceable to 27.5% approved Teachers Peculiar Allowance for all (though 15% is being paid currently with a view to receiving the balance very soon from our amiable Governor, more power to his elbow). Payment of Rural Allowance to all teachers at the outskirts schools is also commendable (KII, Male TESCOM Official, 2016)

One of them equally noted that:

The government is really trying its best to reward teachers adequately. After all, since the commencement of his administration, he has been giving awards to best teachers in primary and secondary schools across all the senatorial districts in the state and this is highly commendable and applauded even by the teachers

in the state (KII, Female TESCOM Official, 2016).

A respondent averred that:

The only rewards I've seen so far here, to be frank and candid, is that salaries of teachers are paid at the appropriate time but deductions are not paid. What do we call this? To public servant and civil servants, deductions are more important and paramount to teachers than salaries. Teachers are not all that interested in awards or whatsoever, from my findings, getting their full salaries is more germane than giving them half salaries (IDI, Male ASUSS Official, 2016).

Delay in implementing the 27.5% teachers' special structure by the state government.

The study also examined what is delaying the government in implementing the 27.5% teachers' special structure by the government, as agreed to by the Nigerian Governors Forum, since August 2008. One of them commented thus:

Our teacher-friendly governor has successfully implemented a larger part of the agreement (that is 15%). So it would not be difficult for the state government to balance it soon. I guess the huge financial commitment and crisis of the state is a must-win war (KII, Female, TESCOM Official, 2016).

Another respondent argued that:

The state is not taking the issues of 27.5% as a priority, the position of the state government was that there is no money but they have money to do other things that are not relevant to the teachers' peculiar allowance (KII, Male, Min. of Education Official, 2016).

Another respondent averred that:

Schools are not productive financially, the incessant strikes by the NUT/ASSUS in the last 5 years would not have gotten a significant adverse effect but I think with what the governor said recently in one of his interviews, the financial position of the state is not all that encouraging. Although he has increased the state IGR tremendously, there are also other sectors as important as education that he also takes care of. (KII, Male, Min. of Education Official, 2016).

The financial position of the state in rewarding teachers

The study also sought to know more about the financial position of the state in rewarding teachers in relation to the incessant strike by NUT and ASUSS officials in recent times. A respondent averred thus:

The issue of strike cuts across the country and is not only peculiar to Ogun State. Tell me which sector in Nigeria has not experienced incessant strike in the country. Strikes are not peculiar to Ogun State alone, with the present economic meltdown and crude oil price dwindling, one should expect such to happen and Ogun State always ensures that the strike doesn't last by making sure students return to work as soon as possible (KII, Female, TESCOM Official, 2016).

A respondent described the situation thus:

I can't really say; but from the look of things, I'm of the opinion that it is insufficient, in the case of our state, salaries may be delayed like one or two weeks but the government surely ensures that workers

salaries are paid and also ensure that they do not owe any workers salaries (KII, Male TESCOM Official, 2016).

Senior male respondents from the State Teaching Service Commission commented thus:

Well, probably lack of enough funds, like distribution of federal monthly fiscal allocation, for instance, has dropped tremendously so the state is using the state IGR to augment what comes from Abuja. The federal allocation and local allocation must be upgraded (KII, Female, TESCOM Official, 2016).

No comment. This is because I don't know anything about the state monthly allocation. The best man to give you an appropriate answer to that is the state Accountant-General, or perhaps, the Governor himself. Do you want the government to suspend me or dismiss me from service? Did you hear of what happened recently? (KII, Male, Min. of Education Official, 2016)

To the best of my knowledge and from what I heard within the ministries, it is absolutely not sufficient. The government is even struggling to pay workers salaries and it is because the Governor has a conscience and has proven to be a father to all civil servants (KII, Female TESCOM Official, 2016).

Advise for the government on improvement for teachers pay

The study also attempted to inquire into the kind advice for the government on the improvement for the public secondary schools teachers pay. The participant spoke thus:

Teachers need to be rewarded, just like their counterparts in other professions like doctors, nurses, pharmacists and engineers. Teachers also want to give the best education to their children, so they need to be rewarded like other professions. There is other alternative route than to motivate teachers effectively. Increasing teachers allowance in rural areas is a necessity for actualisation of good performance from the students. They will have interest to stay in rural areas and the urban centres will be decongested. For instance, nurses are being paid shift allowances, doctors are paid call duty allowances, and journalists are paid dressing allowance. What will you use to distinguish teaching as a profession? It is teachers' peculiar allowance. Government needs to find a means to compensate and motivate teachers (IDI, Female ASUSS Official, 2016)

This was buttressed by another respondent:

Yes, it can be improved upon, provided either retired school teachers/principals with vast knowledge and experience in the public secondary schools are allowed to steer the leadership in both Ministry of Education and Teaching Service Commission, not what we have now. In the last dispensation, imagine a barrister was in charge of the Ministry of Education and Science and Technology. Where do we go from there? How do you set out a good policy on education, talk less of proper monitoring and implementation? Government needs to go by putting a round

peg in a round hole and not a round peg in a square role. (IDI, Male NUT Official, 2016)

### **Discussion of Findings**

On the rewards enjoyed by teachers from the government, the study showed that teachers see their monthly salaries as the only financial reward granted to them. The respondents' views complement the view of Ogomorach, (1994) which refers to financial rewards as money incentives offered over and above employees' salaries with the view to motivating them and enhancing their job commitment. But this is also contradictory because there are also other allowances that motivate workers perhaps than monthly salaries. The financial allowances, like housing allowances, transport allowances, medical allowances and welfare allowances should be offered if job commitment is to be enhanced. Kazeem (1999) argues that teachers and other school workers tend to remain contented and reasonably motivated as long as salaries are paid on time and they are promoted regularly. School principals often complain about teachers not being willing to work because of delay in the payment of their salaries (Ayeni, 2005). In Nigeria, prompt payment of salaries induced greater commitment to teaching (Ubom, 2002).

The study also revealed that the unions in the state are up and doing and had being engaging the state government on the plights of teachers and numerous issues that bother on the development and promotion of educational goals in line with the mission and vision statement of the Nigeria Union of Teachers. The participants' revealed that teachers are dissatisfied with their remuneration package. The study revealed that public schools teachers are

not satisfied with the remuneration package of the state government. In September 2012, the Nigeria Union of Teachers ordered teachers to go strike over the failure of the government to pay the 27.5% increase agreed upon by the Governors Forum in 2008 (Taiwo, 2012). And the government owed teachers several deductions which are yet to be paid. The unions have also been engaging the government in discussions on this. The above suggests that there should be an alliance between governments and unions to bring about the institutionalization of qualitative education in the state. In some cases, these discussions lead to ideas about creating a kind of alliance between government and unions on any matters relating to teachers' plight. Fredriksson, Fumador and Nyoagbe (1999) aver that it could be important for unions to reflect on how they can improve the situation for their members, in terms of being well remunerated, and developing the education system in the long run. To do this, it would be necessary to adopt a long-term programme. Such an approach includes formulating a vision of the desired development of the education system. Essential elements in such a vision are likely to be: education for all, equal opportunities and improving the quality of education

On the change in teachers pay by the present government, the findings buttress the 2014 report of the of Research, Planning and Statistics Department in the Ministry of Education, Science and Technology that the state government pursued its quality and affordable education for the citizens of the state by making it a point of responsibility to reward teachers adequately yearly. This is also supported by the report from the TESCOM 2014

that the present governments have also implemented the 15% out of the 27.5% of Teachers Peculiar Allowance as agreed by the National Union of Teachers in Ogun State and the state also promised to commence the full payment of Teachers Salary Structure as soon as the state revenue increases. Ubom (2002) asserts that prompt payment of salaries induces greater commitment to teaching. But the deductions are also part of the salary of teachers. To the respondents, the deductions are key because they are saving some part of their salaries for future needs.

The officials of TESCOM and the Ministry of Education, Science and Technology, revealed that the financial position of the state has been difficult. Hence, the state has not been able to adequately reward teachers and other workers. These findings support Taylor (2016) who opines that the Ogun State allocation dropped tremendously and that the state had lost over 60% of statutory allocation due to the financial meltdown being experienced in the country. The state used to collect between ₦3.5 billion and ₦4.8 billion in a month but with the recent drop in the price of oil in the international market, it is now ₦1.3 billion and the state wage bill is in excess of ₦7 billion in a month. Although, the allocation of budget to educational sector between year 2011 to 2016 are 19.8%, 20%, 21%, 21%, 20.6% and 21.28% respectively (Ogun Ministry of Budget and Planning, 2017). The study showed that secondary school teachers are not treated like other professionals and also competent hands are not in charge of affairs in education. The study is of the opinion that if the right people are in the affairs of education in the state, the issue of

teachers pay and rewards would not be an issue to the extent that unions will be embarking on incessant strike which invariably affects students' performances. Nakawacha (2005) avers that rewards and job performance are economic gains one secures from a job, and include things like salaries, job bonuses and fringe benefits. Cole (1997) emphasises that the provision of stable monetary rewards contributes to employees' commitment, high job performance and stability on the job. Armstrong (2001) claims that monetary rewards have a powerful effect on freedom from worry, fear and contamination by the organisation environment. If fair monetary rewards are given to employees and their basic needs are met, their levels of commitment will rise.

### **Policy Implications and Recommendation**

The study concluded that teachers in the Ogun State public secondary schools were not satisfied with their remuneration packages. It was established that public secondary school teachers are only rewarded with their salaries. The Nigeria Union of Teacher and the Academic Staff Union of

Secondary Schools in the state have been having series of meetings with the state government on teachers pay for public secondary schools in the state and issues relating to teachers welfare, improved educational standard in the state as well as on the policy on education as prescribed by the state government. The teachers are of the opinion that in the formation of any policies on education, selected school principals and vice principals and experienced teachers needs to be involved. The study recommended that the government is enjoined to ensure that principals, vice principals and experienced teachers direct the affairs and activities in the Ministry of Education, Science and Technology and the Ogun State Teaching Service Commission. This means that senior school principals and experienced teachers should be allowed to direct the affairs as commissioner, permanent secretaries and chairman in the state Ministry of Education and Teaching Service Commission for proper implementation, monitoring and evaluation of policies in the education sector.

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# Experience and Reactions to Psychological Contract Breach among Nigerian University Academics

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**Abstract:** The objective of this study was to find out university academics experiences and reactions to psychological contract breach. In order to achieve this goal 297 academics from two (2) universities located within Benin City, Edo State were selected for inclusion in the study. A total of 554 questionnaires were administered to academic staff from both universities and 297 questionnaires were returned and found useable. The data obtained, due to its nature was analyzed using content analysis and from that analysis we found that academics experienced psychological contract breach in two main areas: the working environment and training & development. The study also found that academics resorted most frequently to “self-help” strategies in order to address breaches of their psychological contracts. We recommended that, among other things, academic institutions take the necessary steps to improve the working conditions of academics.

**Keywords:** academics, psychological contract, psychological contract breach, Nigerian universities.

## 1. Introduction

Since first being introduced by Argyris (1960), and after more than fifty years of development, the concept of the psychological contract has come to be accepted by academics and professionals as an important tool for understanding the employment relationship. This acceptance of the

concept is largely due to both qualitative and quantitative studies detailing such aspects of the psychological contract as its: *Formation and Operation* (Rousseau, 1995; Robinson, Kratz & Rousseau, 1994; Knights & Kennedy, 2005 and Schalk & Roe, 2007), *Content* (Conway & Briner, 2009; Coyle-Shapiro & Kessler, 2002; Shen, 2010

and Kirovokapic-Skoko, O'Neil & Dowell, 2010) and *Types* (Rousseau & Parks, 1993 and Uen & Chien, 2010). Another important area that has emerged from the research into psychological contracts is what happens when an employee perceives that his / her employer has failed to live up to its obligations. This is referred to as Psychological Contract Breach (PCB) and some authors (Rousseau & Robinson, 1994; Morrison & Robinson, 1997; Chen, Tsui & Zhong, 2008; Sutton & Griffin, 2004; Knights & Kenedy, 2005; Oluwafemi & Balogun, 2008; Pierce, Desselle, Draugalis, Spies, Davis & Bolino, 2012 and Reimann & Guzzy, 2016) have studied this aspect of psychological contracts, focusing on how these breaches occur, what areas of work life breaches occur, how employees react to these breaches when they occur and also the effect of breaches on both employees and their organizations. While utilizing different methods, samples & locations and thus arriving at diverse findings, one similar conclusion from these and most likely other studies is that the experience of PCB can have negative consequences for both organizations and employees.

Despite the importance of psychological contracts, there have been few discussions of the concept within the context of the Nigerian university system. The importance of such discussions becomes apparent in the light of the current state of and dissatisfaction with the quality of education provided by higher institutions in Nigeria (Ajayi & Ekundayo, 2010; Ige, 2013; Olayemi, 2011 and International Organization for Migration, 2014). This study attempts to generate the much needed literature on the subject by studying the experiences

of and reactions to psychological contract breach among academics from two (2) Nigerian universities.

## **2. Literature Review**

### **2.1 The Psychological Contract**

Seen as an application of the philosophical concepts of social contract theory to organizations (Schein, 1980 and Roehling, 1997), the psychological contract is a representation of workplace expectations that exist between employers and employees as perceived by the employee. Freese (2007) defines the psychological contract as “an employee’s beliefs regarding mutual expectations and obligations, in the context of his relationship with the organization, which shape this relationship and govern the employees behaviour”. These expectations between employers and employees represent those which cannot be stated in contracts or job publications and sometimes are even difficult to express but nevertheless are very influential on employee and employer behaviour (Anderson & Schalk, 1998). Krivokapic-Skoko, O'Neil & Dowell (2010) further assert that psychological contracts have the potential to enhance organizational performance, facilitate engagement of employees, help employee alignment with organizational decisions and planned organizational changes. Psychological contracts have also been identified as useful tool for understanding the employment relationship and its impact on key work attitudes and employee performance (Robinson, Kraatz, & Rousseau, 1994; Shore & Tetrick, 1994). As stated earlier, psychological contracts are concerned about perceived mutual obligations and expectations within the context of the employment relationship. These expectations and obligations

constitute the contents of psychological contracts and according to Makin, Cooper & Cox (1996) will generally include the employee obligations of hard work, loyalty & commitment and the employer obligations of high pay, advancement, training & development and job security. Psychological contracts can also to be considered to have both transactional and relational elements. Transactional elements are associated with pay, working hours, the employment time-frame, short-term relationships and mutual self-interest. Relational elements on the other hand associated with career prospects, responsibilities, work place opportunities, trust and loyalty (Shen, 2010 & Dainty, Raiden & Neale, 2004).

Due to the subjective nature of psychological contracts, the content and elements of contracts will vary from person to person and Rousseau (1995) states that contracts and hence their contents are shaped by messages that communicate intentions about the future and as such represent commitments to future actions. These messages can come in a variety of forms, such as: Overt statements (statement by a HOD about training and development); Observations (observing how promotion exercises are carried out); Expressions of organizational policies (brochures, rule books, prospectuses or hand books) and Social constructions (reminding a colleague that certain positions have always been filled from within the organization).

## **2.2 Psychological Contract Breach (PCB)**

According to Morrison and Robinson (1997) PCB is the cognitive comparison of what the employee perceives was offered by the organization and what was actually offered. It occurs when

workers perceive that their organisation has not lived up to their expectations and failed to meet one or some of its promised obligations to them (Robinson, et al, 1994; Zhao, Wayne, Glibkowski & Bravo, 2007). Consistent with the nature of psychological contracts, PCB is subjective, resulting from an individual employee's interpretation of how well his/her organization has fulfilled its obligations. Thus different employees are likely to have different reactions to similar situations involving an organizations inability to meet its obligations. Rousseau (1995) identified 3 factors that stimulate the occurrence of PCB: divergent interpretations of obligations in the employment relationship, mitigating circumstances preventing one or both parties from fulfilling its obligations and the renegeing or refusal of one party to honour its obligations despite being capable.

Studies (Robinson & Rousseau, 1994; George, 2009) have sought to identify specific areas within organizations that employees experience PCB. Their studies identified job security, promotion, compensation, training and development, intrinsic motivation, nature of the job and intrinsic recognition as the major areas in which employees experience PCB. Studies within academia reveal slightly different results. Krivokapic-Skoko, O'Neil & Dowell (2010) studied PCB among academics in an Australian University and identified promotion, job security, profession autonomy, workload and poor management as areas in which academics reported experiencing PCB. Another study (Pierce et al, 2012) found teaching load, freedom to select taught courses, adequacy of support staff, support for personal development, office

space, annual salary adjustments and moving expenses as the areas in which academics reported experiencing PCB. These studies suggest that employees are likely to experience irrespective of their location or line of work.

### **2.3 Reactions to Psychological Contract Breach (PCB)**

In analyzing responses to the breaches psychological contracts, the framework of Hirschman (1970) is often employed by authors. Building on this framework several authors (Farrell, 1983; Whitey & Cooper, 1989; Shore & Tetrick, 1994; Robinson, Kraatz & Rousseau, 1994; Herriot & Pemberton, 1996 Van de Ven, 2004 and Schalk & Roe, 2007) have focused on the issue and while different terminologies have been used by these authors to describe employees actions following PCB, all such actions may be summarized into 4 responses: Exit, Voice, Silence & Revision. *Exit* involves a complete withdrawal from the organization by the employee due to experiencing PCB; *Voice* involves actions on the part of the employee to reinstate the psychological contract back to its original or better terms. With *Silence*, the employee appears to do nothing and accept the breach. *Revision*, involves the employee altering either perceived employer or employee obligations or both.

Numerous studies have identified factors moderating the experience of PCB and the resulting reactions by employees. These, factors can generally be grouped into two categories: *Situational* & *Content Factors*. The *Situational* factors suggests that situational variables such as age, sex, nature of the labour market, ability & willingness of the employer to fulfil obligation, possibility of punishment,

prior experiences of PCB & marital status play a crucial role in determining employee responses by modifying the relationships between PCB and employee reactions. The *Content* factors on the other hand posits that the area of work life in which the breach occurs (wages & benefits, fairness of procedures, interpersonal treatment, promotion, training & development) will determine how employees will respond.

Studies on employee reaction to PCB, show some support for these theories on employee reaction to PCB. Increased turnover and turnover intentions, which fall within the *Exit* categorization, were shown to have a positive relationship with PCB (Freese, 2007; Umar & Ringim, 2015; Malik & Khalid, 2016). Similarly, *Revision*, in the form of reduced Organizational Citizenship Behaviour (OCB), productivity and organizational commitment were also found to be positively linked to PCB (Knights & Kenedy, 2005; Sutton & Griffin, 2004; Oluwafemi & Balogun, 2008; Chen et al, 2004; Coyle-Shapiro & Kessler, 2002; Lester et al, 2002; Gulem, 2007). Several factors have also been shown to moderate PCB and employee reactions. Adebayo, Akanmode and Udegeb (2007) found spirituality affected how police officers reacted to PCB and Milward (2006) found experiencing motherhood affected how female employees, evaluated the terms of their psychological contracts.

## **3. Methodology**

### **3.1 Subjects & Methods**

To achieve the objective of this study, 554 academics, made up of 316 from the state owned university and 138 from the private university were selected and questionnaires administered on them. Respondents were randomly chosen and

inclusion was based on availability and willingness of respondent to participate in the study, however we made attempts to ensure that all ranks within the academic cadre were represented. Out of the 554 questionnaires administered, 297 questionnaires, were returned and found useable. 213 (72%) of these were from the federal university, while 84 (28%) were from the private university. Analyzing the 297 questionnaires revealed that 187 (63%) of the respondents were male, while 110 (37%) were female. Assistant lecturers 80 (27%) represented the largest block of respondents.

The questionnaire utilized for the study consisted of closed-open-ended of

questions, asking lecturers to identify instances in which they believed, their institutions failed to live up to its obligations and the actions, they took to rectify the situation. A conventional approach to qualitative content analysis, in which coding categories are derived directly and inductively from the raw data was utilized to analyze responses simple percentages were used to quantify these different categories.

#### 4. The Data

##### 4.1 Perception of who the Employer is

The first objective of this study was to identify who academics perceived their employer to be. The results relating to this inquiry are shown below in Table 1

Table 1 – Perception of who the Employer is

| S/N | Employer                          | Frequency | %   |
|-----|-----------------------------------|-----------|-----|
| 1   | The Federal Government of Nigeria | 98        | 33  |
| 2   | The Vice Chancellor               | 65        | 22  |
| 3   | The University Council            | 59        | 20  |
| 4   | President of the University       | 33        | 11  |
| 5   | Head of Department                | 27        | 9   |
| 6   | Dean of the Faculty               | 15        | 5   |
|     | TOTAL                             | 297       | 100 |

Source: Authors Fieldwork, 2017

##### 4.2 Experience of Psychological Contract Breach

Respondents were asked to describe an incident in which the employer failed to

live up to its obligations. The various responses to this question are shown below in Table 2.

Table 2 – Experience of Psychological Contract Breach

| S/N | Nature of Experience     | Frequency | %   |
|-----|--------------------------|-----------|-----|
| 1   | Working Conditions       | 146       | 49  |
| 2   | Wages and Benefits       | 53        | 18  |
| 3   | Training and Development | 50        | 17  |
| 4   | Promotion                | 33        | 11  |
| 5   | Work / Life Balance      | 15        | 5   |
|     | TOTAL                    | 297       | 100 |

Source: Authors Fieldwork, 2017

Table 2 shows that the majority of lecturers (49%), reported experiencing PCB in the work area we classified as "**Working Conditions**". Responses

grouped under this category, included instances in which lecturers detailed instances in which they felt their institutions had failed to provide an

adequate working environment or provide the necessary tools for them to perform their jobs. In analyzing the responses, several themes emerged from this area, including: poor or lack of proper work tools, lack of office furniture, poorly furnished offices, overcrowded offices, lack of office space, poor departmental support in achieving results, poor internet facilities and insufficiently lit classrooms, Below are some of the responses provided by the respondents.

In describing attempts at furnishing his office, one lecturer wrote:

*"I was allocated to a new office but all attempts to get the office furnished failed, because we were told the application was still being treated and despite a lot of time passing we were still being told the same thing. I had to make do with chairs and tables from other places".*

Another staff had this to say about office accommodation and the number of occupants in an office:

*"When I started work, initially I had no office allocated to me, so I had to stay with friends or in the Departmental office. When I was eventually allocated an office, it was with 4 other staff and in an office that seemed too small for all of us. It often led to the office being overcrowded with different students or no space to move around".*

Still related to the issue of office accommodation, was this:

*"Due to heavy rain fall, a part of my office now leaks when rain falls, I have been told to write letters which I have done but the problem has not been fixed, so I try to avoid the office during the raining season".*

For instance with, regard to preparing results, one lecturer stated:

*"Results needed to be typed and printed out for a board of studies meeting and the printer in the department was out of ink. I was told by the HOD that I would be held responsible for failure to produce the results and that I could not do it in a business centre because of security reasons. I had to get a colleague to bring his printer to my office so I could print the result".*

Another response we classified under this category was provided by a lecturer describing conditions under which invigilation of examinations occurred:

*"Invigilating exams in some classrooms beyond 5pm is impossible, because the classrooms are not properly lit and sometimes lights don't even work. When NEPA takes light, there is no backup generator".*

Yet another response we grouped here, was this by a lecturer describing, lack of internet facilities:

*"I was put on a team, charged with clearing new students who had gained admission into the university. To do this, we needed internet connection but that provided by the university was unavailable most times or slow in connecting. I had to use my own modem in order to clear the students".*

A final example of one of the responses we put in this category was from a lecturer, who detailed his experience with toilet facilities:

*"In my faculty we have few toilet facilities that work. I end up having to go to other floors, off campus or even holding it till I get home. This is very disappointing for an institution like this. Working toilets should be basic provisions".*

The second highest area in which academics reported experiencing PCB

was in connection with their "**Wages and Benefits**" (18%). Responses included in this category, revealed instances in which academic's believed that their institutions, failed to meet its financial obligations to them. Some of the themes covered include: failure to pay promotion arrears, non-payment of certain benefits, failure to pay salary and lack of reimbursement for expenses. Some of the actual responses included the following:

In describing non-payment for courses taught, one lecturer wrote:

*"I taught certain courses and was promised that I would be paid for doing it, but nothing has happened so I have stopped teaching on the programme".*

Another lecturer, in describing issues related to promotion arrears stated the following:

*"Despite being promoted to a new rank, my salary has not yet reflected this promotion. I have written to the bursary, but all I hear is that the matter is being treated. It is quite disappointing".*

Another response, we included in this category, was this from a lecturer describing failure on the part of his institution, to reimburse him for expenses, he incurred carrying out official assignments:

*"I had to take students out of the jurisdiction of the University for a Competition. However my employer, made the release of the necessary funds for the trip pretty difficult. I had to spend my own money to promote the image of the school".*

The final response placed in this category, was one explaining non-payment of salaries:

*"At the end of a particular month, I was not paid my salary.*

*They claimed it was because I had not submitted a particular letter, which I actually had. I had to personally trace the whereabouts of the letter and ensure that it got to the right office before I was finally paid after about 2 months. Salary is very important and institutions should always ensure that everybody gets paid".*

The third area academics reported PCB was related to "**Training and Development**" (17%). Within this area academics reported instances which their institutions failed to provide proper training, induction and development opportunities. 4 major themes emerged from our analysis: failure to support self-development efforts & failure to deliver financial assistance for self-development, lack of induction programmes and denial of admission.

One response we picked which represented the failure to support self-development include the following:

*"I was issued a query by my HOD because I missed an exam invigilation. I missed the exam because I was preparing for a professional exam but the department does not even encourage this so I had to do it secretly which is sad because we are in a university where learning is supposed to be encouraged".*

Another example of the lack self-development theme was this:

*"There was a time I applied for financial assistance to attend a conference to present a paper outside the state that my organization is in. the process of processing the money took ages, though I went for the conference expecting to be reimbursed later by presenting the conference receipt. However this did not*

*happen, despite my submission of the necessary documents”.*

Another response which we included in this category, was this by a lecturer, suggesting failure of the universities to provide induction programmes:

*“When I started this job, there was no formal training or induction whatsoever. I had to ask around about teaching techniques and rules and regulations of the university. No form of training is provided, you are just expected to know how to lecture and you are put straight into teaching of classes”.*

A final example of one of the responses that repressed admission denial theme was this:

*“I started the job with the belief that I would be given admission into the M.Sc programme and I applied. But I was denied admission, because I was told that I needed to wait a full year before applying. This is contrary to what goes on in other faculties”.*

The fourth area in which lecturers reported experiencing PCB was in the area of **“Promotions”** (11%). Themes that emerged from our analysis of the responses from the academics include: changes in promotion criteria and failure to get promoted as at when due.

Examples of responses that fit into the change of promotion criteria theme include:

*“I was up for promotion and I assumed I had the right spread of articles but I was informed my application was not successful because I did not meet the new criteria for the rank I applied for. I was not aware that any changes had been made because there was no prior information”.*

Another stated:

*“I had a really unpleasant experience during one promotion exercise. I was not going to be around during the period but I had prepared my documentation and handed it to a colleague to submit when the time came. I was informed by him that I would not be successful because of some changes to which journals were now acceptable. I had to make a lot of changes to my CV and submitted journals. If such changes had been known to me before, I would not have had to go through all the stress”.*

Responses we put that lead to the emergence of the failure to get promoted theme, included:

*“I was due for promotion and therefore filled all the necessary forms and made the photocopies that were required of me. However I did not scale through and when I made enquiries about why, I was told it was because I was “troublesome”.*

The final example of one for the responses was this:

*“Due to delays in the system, it took a longer than expected time for me to complete my M.Sc and I couldn’t apply to be converted from a GA to an AL. At some point my salary was stopped and nobody seemed to care about it. Eventually, I got the result, was converted and my salary resumed”.*

The fifth and final area that emerged from our analysis of responses was **“Work / Life Balance (WLB)”** (5%). This category of responses revealed academics perceived their institutions had failed in its obligations of ensuring academics have enough flexibility within their work to be able to balance the demands of their personal lives & work lives and also to show concern for the personal lives of workers.



Some of the responses that fit in this category include:

*“No provision is made for the personal lives of workers. I have had to keep my children waiting in school or ask a colleague to help me pick them because I was threatened with a query if I left the exam hall to go and pick them”.*

Another stated:

*“I had an incident of an ill relation which prompted my coming to work late for an invigilation of an examination and without contacting me to find out the probable cause of that, I was issued a query by the Dean”.*

Similar to the above example another lecturer stated:

*“There was a time my HOD needed me to do an assignment but I had an accident on my way to work, instead of having empathy he was really angry and he threatened me with quarries”.*

Also related to issues of ill health, one lecturer added issues of financial difficulty, stating:

*If one is sick, one is on his own. I was out sick for a period of time and the HOD did not even bother*

*to check up on me. Also if you are having financial difficulty, you are on your own. There are no provisions for staff welfare, within the Department or Faculty”.*

The final example of responses from this category, was this by a lecturer, describing accommodation issues:

*“When I newly picked up my appointment, I was told I could request for temporary accommodation at the guest house, if I had nowhere to put up. But I got to find out that this offer was not genuine and that a lot of politicking was involved. I had to put up with relatives of mine, until I was able to sort things out”.*

### 4.3 Reactions to PCB

Respondents were also asked to state what actions they took to rectify the instances, in which their institutions had failed up to live to its obligations. Table 3 below, shows how the various categories that emerged from our analysis of the responses that were provided.

Table 3 – Reactions Psychological Contract Breach

| S/N | Reaction  | Frequency | %   |
|-----|-----------|-----------|-----|
| 1   | Self-Help | 127       | 43  |
| 2   | Silence   | 118       | 40  |
| 3   | Voice     | 52        | 17  |
|     | TOTAL     | 297       | 100 |

Source: Authors Fieldwork, 2017

Table 3 shows that dominant reaction to PCB by academics was to engage in **“Self-help”** (43%). This was followed by **“Silence”** (40%) and **“Voice”** (17%). **“Self-help”**, represented actions undertaken by academics aimed at eliminating or at least mitigating the outcomes of PCB. For example, when their institutions failed to provide

satisfactory working conditions, most academics resorted to providing these items like printers, tables, chairs, laptops, modems, and light-bulbs by themselves. Other forms of self-help actions included: applying to other schools, resubmitted letters, personally carried files/letters to the required offices, paying for conferences out of

their pockets, resubmitting or altering promotion applications, seeking interventions from senior colleagues, getting colleagues to pick up children and borrowing money from cooperatives.

“**Silence**”, represented inaction on the part of academics to rectify outcomes related to PCB. From our analysis, “Silence” took two forms. First, academics simply did nothing and accepting the results of the PCB. Some academics who were denied admission for example, waited for the next admission periods and others accepted their offices the way they were and made the best of the situation. The second form in which "silence" manifested among academics, was by their expression of displeasure or anger regarding the experience of PCB, however these expressions were to colleagues and seemed more to serve as a venting of anger or frustration process, rather than genuine attempts to seek redress for PCB.

“**Voice**” was used to characterize the third and final groups of responses. “Voice” from our study involved academics attempting to seek redress for PCB and it was manifested in various forms. Some academics expressed displeasure directly to those in managerial positions, for example, their Head of Department, the Dean of their Faculty, the Bursar or the Registrar of the Institution. For some academics displeasure was expressed via an intermediary, usually a higher ranking or more influential colleague, who then took their complaints to the relevant authority figure. A final form of "Voice" identified among the academics, involved the utilization of the staff's union to express displeasure resulting from PCB.

## **5. Discussion**

The purpose of this study was to study PCB among academics in Nigerian universities. Specifically, we sought to identify who respondents perceived as their employer, areas in which they experienced PCB and their reactions to PCB.

Our study found no consensus among the academics about who they considered their employer to be. This is in line with arguments made by several authors (Marks, 2001; Morrison & Robinson, 1997; Rousseau & Tijoriwala, 1998; Yan, Zhu, & Hall, 2002) about the difficulty and complexity of identifying who the organization / employer is in studies on psychological contracts, since the contracts exist essentially in the minds of the employees. One possible implication of this for PCB, is that aggrieved employees due to PCB, may voice their grievances, to different individuals, depending on whom they perceive as the employer. The differing perceptions on who the employer is, could also lead to mixed and conflicting messaging within the organization. Rousseau (1995) has argued that only messages from individuals, employees consider to powerful / influential in the organization are interpreted as reliable promises or commitments to future actions. Given the different sources of power found within organizations (French & Raven, 1959; Igbinomwanhia, 2011) it is very likely, that employees will have different views on the power and influence of individuals and certain messages will be interpreted differently as either constituting commitments/promises or not even when originating from the same source.

This study further revealed that academics experienced PCB in the areas of working conditions, wages, training

& development, promotion and WLB. This is consistent with findings from other studies (Robinson & Rousseau, 1994; Turnley & Feldman, 1999 and George, 2009) which focused on the experience of PCB in organizations. However when compared with studies that focused on academics (Krivokapic-Skoto & O'Neil, 2010 & Pierce et al, 2012) some differences emerge. For example, while autonomy & job security were found in those studies, they were not found in our study. The finding of WLB related PCB, is not all that surprising because several authors (Adisa, Mordi & Mordi, 2014 and Iyayi & Igbinomwanhia, 2017) have highlighted the apparent disregard for WLB, issues in Nigerian organizations. The experiences of PCB related to working conditions, promotion and training & development seem to lend support various assessments of the education sector (Ajayi & Ekundayo, 2010; Ige, 2013; Olayemi, 2011 and International Organization for Migration, 2014), all of which indicate that it is in a sorry state. It is however still surprising, that despite the poor conditions present, academics still perceive obligations in these areas.

The final objective of this study, was to examine, actions academics took to restore balance to their psychological contracts, after experiencing PCB and 3 of such actions were identified: silence, voice and self-help. The findings of silence and voice, fit into the typologies identified by different authors (Hirschman, 1970; Robinson, Kraatz & Rousseau, 1994; Shore & Tetrick, 1994; and Schalk & Roe, 2007) and discussed earlier in the work. The findings from this study of silence, in addition to the utilization of intermediaries in voice, might also suggest the existence of

factors within academics institutions that encourage silence and discourage direct approaches to authority figures. In their studies of academics institutions (Umar & Hassan, 2013 & Fapohunda, 2016) identified these factors as to include: the fear of being labelled negatively, reluctance to damage esteemed relationships, expectations of absolute loyalty from superiors, respect for the superior and prevention from rising to top positions. The utilization of self-help strategies to address PCB within academics institutions, was found to be the most prevalent form of employee reactions to PCB. This might not be unconnected to the issues of silence in organizations discussed above, such that, in order to avoid some of those negative consequences, academics just make attempts to solve problems by themselves. Self-help strategies might also be a reflection of the poor state of education as identified earlier and will most likely also result in revision or destruction of psychological contracts, as obligations previously considered to be the responsibility to the employer, are undertaken by the employees.

Finally it is worth noting, that exit or the threat of exit was not found in our study as a response to PCB. Two reasons might account for this: the first being that no breach was considered severe enough to warrant exiting the institution and second, being external factors such as the economic situations present in the country (National Bureau of Statistics, 2017) prevent such academics from existing their institutions. While the lack of employee turnover due to PCB, might appear positive, it could also have long-term negative consequences for both academic institutions and their staff because research on PCB suggests that

the psychological contracts of employees who continue working after experiencing PCB become more transactional (Atkinson, 2007 & Pate, Martin & McGoldrick, 2003). This could also lead to several of the consequences, such as reduced OCB, productivity and organizational commitment discussed earlier in this work.

## 6. Conclusion

The primary objective of this study was to identify areas in which academics reported experiencing PCB and also their reactions to rectify such situations. Working conditions, wages, training & development, promotion and WLB were the areas that emerged from our study. This landed support to the numerous pronouncements about the poor state of education in Nigeria. Three (3) responses by academics to PCB were also identified: voice, silence and self-help. While voice and silence fit into already identified reactions to PCB, self-help strategies appear to be a new reaction to PCB and one that might be unique to countries with similar

economic conditions as Nigeria. In order to mitigate some of the negative consequences associated with PCB, Nigerian tertiary institutions need to not only improve the physical working conditions of staff but ensure the processes and procedures associated with promotions, training & development and wage administration are not only properly streamlined but are also fair and transparent.

Although this study has contributed to the literature on PCB in general and PCB within the context of Nigeria specifically, 2 limitations exist which might prevent the extent to which these findings can be generalized. The first, of which was the sample size utilized for this study and the second, was the moderate response rate recorded. Future studies on PCB within academia can expand the number of institutions utilized. Such studies can also cover the sources of perceived employees obligations, emotional reactions of academics and the actual work-related impact of PCB on tertiary institutions.

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## The Value Added Tax (VAT) Administration in Nigeria and the Practice of Estate Surveying and Valuation

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**Abstract:** Value Added Tax (TAX) is a consumption tax chargeable on the value added to a product in the process of production. Like all other indirect taxes, it is a tax that targets the final consumer of goods and services. The purpose of VAT in Nigeria is to increase governments' (federal, state and local) revenue from non-oil sector thereby reducing the government's dependence on oil revenue majorly. This study evaluates the effect of VAT on Estate Surveyors and Valuers practice and their clients. Based on secondary data and personal interviews with eight principal partners of Estate Surveyors and Valuers firms in Ikeja axis of the Lagos metropolis, the study revealed that VAT has a significant effect on the spendable income accruable to the clients of the practising Estate Surveyors and Valuers and by extension the income of the Estate Surveying and Valuation firms since these clients often see the firms as the agents of government being the channels through which government collect VAT on the services they render to clients. The study recommends adequate enlightenment of property owners and by extension all whose goods and services are VATable.

**Keywords:** Estate Surveying and Valuation, Value Added Tax, Revenue, Taxation, Nigeria



## **1. Introduction**

Taxation, generally, is the imposition of levies by governments on individuals, groups, corporate bodies and services for the purpose of generating revenue for the defrayment of government expenditures (Igwe-Kalu, 1998). The importance of taxation lies in its ability to generate revenue for the government, influence the consumption pattern of the people, regulate the economy by influencing such vital economic variables such as income, employment, prices and other parameters in the economy. Tax can therefore be defined as a means by which government appropriates part of the private sector's income. Regardless of how tax or taxation is defined, the concept has its implicit functions. Slinger (1995) and Ola (1985) identified revenue generation, income and wealth redistribution and fiscal policy as the three basic functions the introduction of tax/taxation are meant to accomplish in any economy. However, Umeh (1975) listed revenue raising, social justice, income redistribution, capital formation, planning and economic development as the functions of taxes. Therefore, tax and indeed taxation is important and serves as source of revenue on which the life of government and indeed societies are sustained. The ability of government to generate enough revenue from this sector often affects services being rendered as the political, economic and social development of any country depends on the amount of revenue generated. One of the major means of generating revenue for providing the needed infrastructure and services in any economy is through a well-structured tax system. However, in Nigeria one of the criticisms often levelled against the country's tax system

centres on its structure and administration. At the structural level, it has peculiar socio-economic character, goal and problem of the country. While at the administrative level, it is argued that the machinery and procedures for implementing the tax system are inadequate and therefore accounts for the consistent low yields and inter group inequality.

It is against the aforementioned defects that the Federal Government of Nigeria introduced a new tax system known as Value Added Tax with the promulgation of Decree No. 102 of 1993. The new tax system came into effect on 1<sup>st</sup> January, 1994. Value Added Tax (VAT) is collected by the Federal Government and shared amongst the three tiers of government in the country in the following proportion; Federal Government 50%, States 35% and Local Governments 15% to augment their other sources of revenue. Even though the rationale behind the introduction of VAT in the country is laudable but its collection tends to impinge on the operations of practising Estate Surveyors and Valuers as well as their clients who are made to bear the effect of the tax by way of reduction in their incomes. It is on the premise of the above that the study sets out to examine the operation of the Value Added Tax system as it affects Estate Surveying and Valuation practise in Nigeria

## **2. Review of Related Literature**

Literatures germane to taxation are hereby reviewed. It is structured into three sections namely; conceptual theory of taxation, concept of value added tax (VAT) and VAT administration, Registration and Vatable services/products in Nigeria.

## **2.1 Conceptual Theory of Taxation**

Taxation can be defined as a “compulsory levy imposed by the government through its agent on income, capital and consumption of its subjects” (Adegboyega; 1998). Taxation is also defined as kind of levy imposed by government against the income, profit or wealth of an individual, partnership or corporate organisation. Business Dictionary on the other hand defines taxation as “a means by which governments finance their expenditure by imposing charges on citizens and corporate entities”. Ariwodola (2001) described tax as a compulsory levy imposed by the government authority through its agents on its subjects or his property to achieve some goals. Arnold and McIntyre, (2002) define tax as a compulsory levy on income, consumption and production of goods and services as provided by the relevant legislation. Tax is a charge imposed by government authority upon property, individuals, or transactions to raise money for public purposes. The Nigerian tax administration is in line with the British model of tax administration since 1960 and has been operating this up to 1990 when the self-assessment scheme came into play which seems similar to the American model of tax administration system (Adesola 2004). The British model of tax administration assumes tax payers are incompetent as to the tax process and as such tax authorities do not always rely on information supplied by tax payers. Hence, returns of the tax payers are carefully verified through the application of the set standards and models to ensure the information and data supplied by the tax payers are genuine and correct. The American model, despite the advantages that can be derived from its application, has not

found a good place in Nigeria because all the phenomenon that made it a success in America, such as voluntary compliance system, competence of tax payer, efficient data processing system which aids detection of fraud, are not present in the Nigeria context. Consequently, this disadvantage has adversely impacted on local government tax system in the country. Such impact has generally been based on problems associated with collection, assessment and returns procedures in each local government council area. There is doubt on how efficient the tax authority and other bodies participating in the collection of tax and make returns to the local and State government. In an economy, such as in Nigeria, where great reliance is placed majorly on allocation from Federal government as source of revenue by both State and local governments, the understanding and appreciation of the significance of tax, as a source of revenue, is of paramount importance. This is to enable those at the helm of affair the opportunity to examine potential revenue generated in the State but to enable the decision makers and government to appreciate the need for administrative changes within the context of tax system.

Many countries of the world today have been striving very hard to achieve rapid overall development through optimum tax collection and expanded revenue base. New forms of taxes are selectively being introduced, particularly by the less developed countries. One of such modern forms of taxation is the Value Added Tax (VAT) introduced into the Nigeria tax system as a replacement to the sales tax. The Federal Government of Nigeria introduced Value Added Tax by virtue of Decree No. 102 of 1993, but the implementation of the law did not

commence until 1<sup>st</sup> January, 1994. Prior to the introduction of the tax, a committee was set-up by the Federal Government in 1991 to review the entire tax system in the country and one of the recommendations of that committee was introduction of Value Added Tax in the country. Presently, the Federal Inland Revenue Service (FIRS) is saddled with the responsibility of collection of the value added tax.

**2.2 Concept of Value Added Tax (VAT)**

Value Added Tax is a tax on the supply of goods and services which is eventually borne by the final consumer but collected at each stage of the production and distribution chain. VAT is a consumption tax on economic operations which include imported goods and services and are borne by consumers of goods and services. History has it that VAT originated from

the Rome Treaty signed by European Union Countries in the late 1960s. Value Added Tax is practiced in more than 60 countries of the world cutting across Europe, Latin America, Asia and Africa. Some of these countries include Japan, Argentina, Switzerland, United Kingdom, the Netherlands, France and Zimbabwe among others. For Instance, Burgess and Stern (1993) argue that the structure of taxation in developing countries differs from that of developed. For developing countries, we have roughly two-third of tax revenue coming from indirect taxes like VAT while for developed countries two third come from direct taxes. The duo suggested that tax structure can change over time to maximize economic growth rate. Table 1 provides information about VAT regarding date of introduction, tax rates and mode of application in some countries of the world including Nigeria

Table 1: Details about VAT Introduction and Application in Some African Countries

| Country        | Year Introduced | Mode of Levy  | Tax Rate (%)  |
|----------------|-----------------|---------------|---------------|
| Cote D’ivoire  | 1960            | Wholesale     | 5,11,25,35    |
| Guinea         | 1960            | Retail        | 6,13          |
| Kenya          | 1960            | Retail        | 5,18,30,50,75 |
| Madagascar     | 1960            | Retail        | 15            |
| Senegal        | 1961            | Retail        | 7,20,30,34    |
| Mauritius      | 1983            | Retail        | 5             |
| Togo           | 1984            | Retail        | -             |
| Morocco        | 1986            | Retail        | 7,14,19       |
| Niger          | 1986            | Retail        | 10,17,24      |
| Tunisia        | 1988            | Manufacturing | 1,17,29       |
| Malawi         | 1989            | Retail        | 10,35,55,85   |
| Benin Republic | 1991            | Wholesale     | 18            |
| Mali           | 1991            | Wholesale     | 10,17         |
| South Africa   | 1991            | Retail        | 14            |
| Algeria        | 1992            | Retail        | 7,13,21,20    |
| Tanzania       | 1994            | Retail        | -             |
| Nigeria        | 1994            | Wholesale     | 5             |

- Sources: 1. Feria, R. and Schoeman, A. (2016)  
 2. Bodin, J.P. and Koukpaizan, V. (2009)

A cursory look at Table 1 indicates that there is variation in the mode of application and administration in the

African countries. While the tax is charged at the wholesale level in some countries, majority of the countries

apply the tax at the retail level while in a country like Tunisia, the application of the tax is at the level of manufacturing. In the same vein, the rate (i.e per cent) of the taxation equally varies.

In Nigeria, VAT is computed at a flat rate of 5 per cent of prices of goods and services but a zero rate on exports. The rate is imposed on goods and services at various stages of distribution from manufacturing, importation through whole sale to retail and then consumers of such goods and services.

VAT was adopted in Nigeria as a sales tax in 1994 to:

- i. Broaden the country's revenue base;
- ii. Effect an equitable tax;
- iii. Provide incentive for export oriented production;
- iv. Shift taxation towards consumption rather than savings; and
- v. Reduce the incidence of tax evasion

The introduction of VAT in the country:

1. Covers a wide range of goods and services and as a result, provides an avenue for high revenue generation for the government at all levels in the country.
2. Being a consumption tax, makes it impossible to avoid or evade as could be commonly done with income tax and some other form of taxes.
3. VAT is progressive in nature, since the more goods or services consumed, the more the tax the consumer of such goods or services pay.
4. It is tied to consumption, thus helping government to rationalize the consumption pattern of the society.

### **2.3 VAT Administration, Registration and VATable Services/Products in Nigeria**

The Decree that established the introduction of the tax bestowed the administration and management of VAT on the Federal Board of Inland Revenue and specifically empowered the Board with the responsibility for the assessment and collection of the tax and account for the entire amount so collected in accordance with the provision of the Act.

With regards to VAT registration, this is a process of identifying those who are expected and/or required under the provisions of the VAT Decree to be registered or liable to be registered and consequently required under the Decree to be charged and account for VAT collections and subsequent remittance to the government appropriate authorities. Hence, all domestic manufacturers, wholesalers, distributors, importers and suppliers of goods and services in Nigeria are expected to register for VAT.

A taxable activity for the purpose of VAT includes any activity, other than those in exempt list, conducted as business, vocation, trade and profession. It includes the activities of public or government authorities, associations and clubs. It does not matter whether or not the activity is carried out on a profit, but it should involve the supply of goods and services to another person for consideration. Besides those expressly exempted by law, a number of activities are not taxable activities. These are:

- a. Salary or wage from employment;
- b. Hobby activities;
- c. Private transactions such as the occasional sale of domestic or household articles, furnishings, personal effects etc; and

d. House rent.

Some of the exempted goods from VAT payment include:

- i. Medical and pharmaceutical products;
- ii. Basic food items;
- iii. Books and educational materials
- iv. Baby products
- v. Commercial vehicles and their spare parts; and agricultural equipment and products, fertilizer and veterinary medicine.
- vi. All exports;
- vii. Plant and machinery imported for use in the Export Processing Zones;
- viii. Plant, machinery and equipment purchased for utilization of gas down-stream petroleum operations;
- ix. Tractors, ploughs and agricultural equipment purchased for agricultural purposes.

Exempted services from VAT include:

- a. Medical services; and
- b. Services by Community/Peoples (now Microfinance) banks and Mortgage Institutions;
- c. Plays and performance conducted by educational institutions as part of learning.

Below is a breakdown of the schedule of the VATable goods and services as spelt out in the law that established the introduction of Value Added Tax in Nigeria and a flat rate of 5% is charged on all.

All goods manufactured or assembled in Nigeria

All goods imported to Nigeria

All second hand goods

Household furniture and equipment

Petroleum and all petroleum products

Jewels and jewelleryes

Textiles, clothing, carpets and rugs

Beer, wine, spirit, soft drinks and bottled water

Perfumes and cosmetics (including toiletries)

Cigarette and tobacco

All vehicles and their spare parts

All air crafts, air crafts bodies and their spare parts

Soaps and detergents

Mining and minerals

Office furniture and equipment

Electric materials of all description

Such other goods as may be determined by the Board from time to time as taxable goods

All services rendered by financial institutions (excluding mortgage institutions)

Accounting services including any type of auditing, book-keeping or any other related services

Legal services including services supplied there with

Computer including the provision of bureau facilities, system analysis, software design, site development and training

Services supplied by Architects and other allied services such as Estate Surveying and valuation

Services supplied by Brokers

Services supplied by Security companies and enterprises

Courier services

Repair, alteration, processing or any other services provided in connection with designated goods by designated dealers

Telecommunication equipment installation and maintenance services

Letting of video tapes or any audio visual recording or hiring, copying, rewriting of video tapes and other similar services

Entertainment services including plays and performance, crime shows and

music concerts including plays and performance conducted by educational institutions as part of learning

Air travels and car hires

Any other services as may be determined by the Board from time to time as taxable services

## **2.4 Estate Surveying and Valuation Profession**

The profession of estate surveying and valuation is defined as the art, science and practice of:

- (a) Determining the value of all description of property and of the various interest therein;
- (b) Managing and developing estates and other businesses concerned with the management of landed property;
- (c) Securing the optimal use of land and its associated resources to meet social and economic needs;
- (d) Determining the structure and condition of buildings and their services and advising on their maintenance, alteration and improvement;
- (e) Determining the economic use of land resources by means of financial appraisal for the building industry; and
- (f) Selling (whether by auction or otherwise) and buying or letting (as agent) of real and personal property and any interest therein.

The Nigerian Institution of Estate Surveyors and Valuers which is a non-profit voluntary, professional organisation set up in 1969 to cater for the interest of the landed profession in Nigeria. The Institution and by extensions, the profession was accorded official government recognition in 1975 with the promulgation of Estate Surveyors and Valuers (Registration, etc.) Decree Number 24 of 1975. The decree also established the Estate Surveyors and Valuers Registration

Board of Nigeria (ESVARBON), as a corporate body empowered to regulate the profession of Estate Surveying and Valuation in Nigeria.

## **3. Methodology**

The methodology used involved review of relevant literature on the subject of study and interview with eight principal partners of selected Estate Surveying and Valuation firms having their offices located within Ikeja axis of Lagos Metropolis with a view to ascertaining their views on the effects of Value Added Tax on their practice and by extension, the effects of the law on their clients.

## **4. Value Added Tax and Real Estate Practice in Nigeria**

Professionals such as Accountants, Lawyers, Engineers, Architects, Quantity Surveyors, Estate Surveyors and Valuers, etc, who provide professional services to their clients are required to register under the law establishing the tax. Estate Surveying and Valuation firms as a profession, essentially provide services such as property valuation, estate agency, feasibility and viability appraisal, property management, property development, project management, etc and for these services, fees are charged or chargeable. Therefore, Estate Surveyors and Valuers, in their professional capacities provide services and these services are VATable or subject to payment of VAT. It is worthy of note for professional Estate Surveyors and Valuers to realise that:

- i. VAT is a tax on spending and as such, the tax is borne by final consumer of goods and services because it is included in the price paid for goods and services under the law authorising the tax;
- ii. The tax is flat rate of 5 per cent;

- iii. The tax is collectable on behalf of government;
- iv. A business or organisation which has registered for VAT is classified as a “registered person”;
- v. The registered person has to make regular returns monthly to the local VAT office; and Records and accounts have to be kept.

The Estate Surveyor and Valuer have an obligation under the Value Added Tax Decree 102 of 1993 to register at the nearest VAT office. As a VATable person, Estate Surveyor and Valuer is required to keep proper records and books of all transactions, operations, importance and activities sufficient enough to calculate the correct amount of VAT payable at every material time. These records include cash books, sales and purchases day books, ledger accounts, balance sheets etc. In addition, VAT accounts need to be kept. This can be in form of ledger card. To make VAT returns, Estate Surveyor and Valuer is required by law establishing VAT to render a return to his or her local VAT office on monthly basis using VAT Form 002.

Failure to comply with the provisions of the VAT Decree (Act) by any practising Estate Surveyor and Valuer or any professional constitutes a serious offence attracting various degree of punishments. Some of the acts that constitute offence under the provision of Decree (Act) establishing VAT in Nigeria include: failure to register; failure to furnish required information; making false claims; failure to keep proper records and accounts; failure to collect tax; obstructing VAT inspectors; and failure to submit VAT returns.

### **5. The Role of Estate Surveyors and Valuers in the Administration of Value Added Tax (VAT) in Nigeria**

Schedule 2 of the Decree (Act) under items 7 and 9 identified the services rendered by Estate Surveyors and Valuers as VATable services. Therefore, an Estate Surveyor and Valuer is regarded as taxable person. Section 8 of the Decree also requires that Estate Surveyors and Valuers who engage in private practice are required to register with any of the VAT offices of Federal Inland Revenue Service for purposes of tax. Sections 14, 15 (1), 28 and 31 of the Decree (Act) amongst others spelt out penalties that await defaulters and/or offenders under the law. In line with the provision of the law establishing Value Added Tax in the country, any Estate Surveyor and Valuer just like other professional organisations who knowingly or intentionally fails to register under the Decree (Act) is guilty of an offence which is punishable in accordance with the dictates of the law. Also, an Estate Surveyor and Valuer who fails, to collect VAT or submit returns, is equally liable to pay penalty.

In accordance with Section 1 of the Decree (Act), the value of taxable goods and services shall be determined as follows:

- (a) If the supply is for a monetary consideration, its value shall be deemed to be an amount which, with the addition, of the tax chargeable, is equal to the consideration;
- (b) If the supply is for non-monetary consideration, the value of the supply shall be deemed to be its market value.

Therefore, all fees receivable for various services being rendered by practising Estate Surveyors and Valuers (Estate Agency, Valuations for various purposes, Property Management and Property Development, including all

rents and Service Charges payable on all type of properties as well as well property lettings) are VATable. Estate Surveyors and Valuers just like other professionals are not expected to build VAT into their fess as they are expected

to be treated separately. Rather they are required to indicate their fees and VAT separately. The typical way of preparing professional fees and VAT account is shown in Table 2:

**Table 2: Typical Statement of Value Added Account in Respect of Fees Chargeable on Management Property by Estate Surveyor and Valuer**

| Particulars/Details of Services Rendered  | Subtotal Total (N) |
|---|--------------------|
| Collected Rents   | 500,000.00         |
| Professional Fees @ 10% of Total Rent   | 50,000.00          |
| Value Added Tax deductible at source as mandated by Federal Government of Nigeria being 5% of the Professional Fees | 2,500.00           |
| Total Amount to be remitted to the Client   | 447,500.00         |

From Table 2, it can be seen that the deduction of 5 per cent for VAT purposes has led to reduction of the spendable income of the landlord with the sum of N2,500.00 which the Estate Surveyor and Valuer managing such properties is expected to deduct from the rent collected on behalf of the landlord.

The conclusion that can be drawn from the introduction of Value Added Tax is that the law, has in a way, added to the tax burden of house owners or anyone employing the services of Estate Surveyors and Valuers or any other professional for any services.

**Table 3: Typical Statement of Value Added Account in Respect of Fees Chargeable for Valuation Assignment by Estate Surveyor and Valuer**

| Particulars/Details of Services Rendered  | Fees Chargeable (N) | Total (N)    |
|---|---------------------|--------------|
| Valuation figure/estimate   | -                   | 5,000,000.00 |
| Professional Fees based on the Nigerian Institution of Estate Surveyors and Valuers Scale of Fees                                   | 750, 000            |              |
| Value Added Tax payable to Federal Inland Revenue Service by the Estate Surveying and Valuation firm that carried out the valuation | 37,500              |              |
| Total Amount Payable by the Client  | 787,500             |              |

Table 3 reveals the scenario of the situation in the case of typical valuation assignment undertaking by Estate Surveyors and Valuers for their client. On a valuation assignment whereby the Valuers arrive at valuation figure of five million naira (N5,000,000.000.00), based on the approved scale of professional charges, the Valuers that carried out the valuation assignment is obliged to charge seven hundred and fifty thousand naira (N750,000.00) as

his professional charge and on the basis of the law which established value added tax in Nigeria, the Valuer involved is expected to pay five per cent (5%) of his professional charges in the sum of thirty seven thousand, five hundred naira (N37,500.00) as tax to the Federal Inland Revenue Service. The additional 5% payable to the Federal Inland Revenue Services by the firm of Estate Surveying and Valuation as VAT constitute additional burden which in



most cases, clients do complain about as additional expenditure and burden impinging on their spendable income.

## **6. Conclusion**

The introduction of Value Added Tax (VAT) has since been negatively impacting the practising Estate Surveyors and Valuers due to the fact that their clients are not favourably disposed to the implementation of the

tax as it tend to result into reduction in their spendable income and as such often vent their anger on their consultant Estate Surveyors and Valuers whom they often perceived as being responsible for adding to their financial burden since they (Estate Surveying and Valuation firms) are responsible for collection of the tax from their clients on behalf of the government.

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# **Victims of Medical Errors in Osun State, Nigeria: A Qualitative Study**

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**Abstract:** The Nigerian health care system has recorded unimaginable incident of medical errors. This is partly attributable to difficulty in accessing responsive health facilities by many Nigerians. When accessed, patients receive compromised health care from ill-equipped health facilities, thus, exposing patients to suffer medical errors. The study utilized the political economy approach in its theoretical and analytical thrust. Using a qualitative approach, this study sought to determine profiles of the victims, types, factors responsible for medical errors suffered by victims in Osun State. The findings revealed that medical errors manifest in various ways. These include diagnostic, medication, surgical, procedural and injection errors, among others. The study revealed that low socio-economic status of patients forced them to patronize incompetent health practitioners and ill-equipped hospital facilities and subsequently exposed them to suffer medical errors. Aligning its recommendations to the Political Economy of Medical Errors in Nigeria, this study recommended that the public healthcare system in Nigeria should be rejuvenated in order to address the challenges posed by medical errors in the country. In addition, victims of medical errors or their relatives should be encouraged to report erring healthcare providers to appropriate authorities.

**Key Words:** Compromised Health Care, Incident, Erring, Victims and Challenges

## **Introduction**

Despite advances in medicine, hospitals and other health facilities have become places where patients suffer medical

errors. Thus, as health workers deal with the life and health of patients, they also face the challenge of medical errors. Incidents of medical errors therefore

constitute global health problem. For the purpose of this study, medical errors are considered as unintended, negative outcomes (injuries, disability, prolonged hospitalization or death to the affected patients) directly linked to the healthcare services provided to clients. Medical errors are also considered as unplanned mishaps resulting from health practitioners' carelessness, either unawareness, ignorance or a combination of these factors, causing either injuries, losses or increase in disabilities (Adegboyega, 2016). To understand the problem of medical errors, this study situates its analysis within the context of the political economy of health care in Nigeria. This is because the individual patient's wellbeing is influenced by the prevailing social, economic, political, cultural and environmental factors where such care is provided. The application of this approach means that the occurrence of medical errors in patient care is due to the modern medical system failures. This is because the actions of individual healthcare providers play a central role in healthcare outcomes, but their immediate working environment and wider organizational processes influence their thinking and behavior. These manifest in form of poor communication, unclear lines of authority among some healthcare providers and poorly staffed healthcare facilities (Adegboyega & Hellandendu, 2014).

Abioye and Adeyinka (2002) had earlier reported that many patients have suffered medical errors in Osun State because of unsafe vaccinations, injections, blood transfusions, counterfeit drugs or unreliable medical equipment. Therefore, the need for

empirical and reliable data necessitated the researcher's interest to identify the victims in order to analyze and document the challenges associated with the incidence of medical errors. Investigation into the victims of medical errors is important because beyond their cost in human lives, medical errors exert other significant tolls on patients and society. This argument corroborates that of Vincent (2006), who advocated that the victims' perspective of medical errors is informative in the development of initiatives designed to improve patient safety, public confidence and satisfaction with healthcare. This study therefore aimed at gaining a deeper understanding of medical errors suffered by victims in Osun State, Nigeria.

### **Statement of the Problem**

Occurrence of medical errors constitutes serious concern for health researchers and members of the public. This is because medical errors expose victims to hardships, which may manifest in forms of loss of work, permanent disability, poorer quality of life, and other calamities. Other costs are expenses incurred such as those for special food or diet. Similarly, the victims of medical errors may not be able to perform other activities such as routine religious recreation, sports and family obligations. Additionally, fear of incurring medical errors may lead patients to procrastinate in searching for medical help, which may allow their illnesses to worsen. The doctor-patient relationship may be characterized by a morbid fear on the side of the patient.

In terms of responses, medical errors come to the attention of the law through the complaints that arise from the victims or their relatives. However, the healthcare environments do not encourage voluntary reportage of

medical errors by health practitioners who committed them. In addition, because of religious and other sentiments, relatives and victims seldom institute court actions or lodge complaints to regulatory bodies for redress. The identified factors among others, contribute to low public awareness about the challenge of medical errors in the Nigerian health sector. However, Chuwunike (2015) established that victims of medical errors in Nigeria, are mostly the less privileged, who also do not have the wherewithal to file legal actions against the hospital or medical practitioner in the event of medical errors. He stressed further that in an environment where ignorance and poverty are common, people's fundamental rights are often violated, as poor victims may not have the means to seek redress against erring practitioners.

Even though cases of medical errors are common in both privately and publicly funded health facilities, it is worthy of note that most of the cases only appear on the pages of the Nigerian newspapers. While appreciating the roles of mass media in creating public awareness on medical errors, it is important to state that mass media lack capacity to provide comprehensive knowledge about the magnitude of the problem in the country. The importance of the identified knowledge gap must not be underestimated as it is considered a serious limitation to understanding the extent of the challenge posed by medical errors on victims in Nigeria. This study is relevant for implementing measures capable of enhancing the safety of clients, as data generated from it will enhance victims' and healthcare practitioners knowledge the causes of medical errors, the types and

consequences of medical errors suffered by victims. This study therefore is capable of contributing to the stock of knowledge by analyzing the victims' profiles, types of medical errors experienced by the victims and; factors responsible for the errors.

### **Review of Literature and Theoretical Orientation**

Studies have indicated that medical errors exist all over the world's health systems, compromising the patient safety. Report from the United States Institute of Medicine (1999) emphasized that most medical errors are systems related. The identified system failures include poor communication, unclear lines of authority of physicians, nurses, and other care providers. Others are disconnected reporting systems within a hospital, inadequate systems of information about errors etc. Consequences of a poor workplace culture, such as a lack of communication and teamwork, therefore have serious implications for patient outcomes. A study conducted by Alemdar & Aktas (2013) in Turkey found that the causes of medical errors among healthcare providers were tiredness, increased workload and long working hours. Paul (2014) reported that a 3.46 medication related error per prescription due to poor handwriting and recording among healthcare personnel in Bangladesh. The study also identified poor documentation in prescription as a major cause of patient morbidity and mortality in the country as at the time of study.

Khoo, et al. (2012) reported incidence of medical errors among patients on admissions between 2008 and 2011 in different clinics in Malaysia. The distribution of the reported errors were as follows; documentation errors

(18.0%), medication errors (21.1%), investigation errors (21.7%), decision-making errors (14.5%) and diagnostic errors (3.6%). The study also established that most of the errors were preventable and 40% of errors were viewed as having a potential for causing serious harm. Examining the physician and public perceptions of the causes of medical errors, a study conducted by Blendon and Robert (2002) revealed that both differed in their judgments. The study highlighted that the physician believed that the two most important factors contributing to medical errors were the understaffing of nurses in hospitals while the few on duty at shift who are overworked, stressed are fatigue on the part of healthcare professionals. On the other hand, the study established that members of the public identified the shortage of nurses and the overworking of healthcare professionals generally as contributing factors to medical errors. These were important findings because they showed that practicing physician and the public view medical errors differently. Similarly, Warren (2015) revealed that misuse and flaws related to medical equipment and mistakes in the laboratory are common causes of medical errors. The study highlighted that more than 50% of errors are caused by a mistake during the use of devices because the person using the device was not adequately trained on how to use it. Findings from this study contributed to the stock of knowledge on medical errors, as it provides various dimensions on the drivers of medical errors.

Recognizing the importance of patients' socio-economic backgrounds and vulnerability to medical errors, a study conducted by Atiyeh, Gunn & Hayek (2010) attributed the occurrence of

medical errors among patients in sub-Saharan Africa to poverty and low level of education. The study opined that most patients live in rural and semi urban areas and are not able to get to hospital quickly in an emergency. The study further found that these patients were malnourished, could not afford the cheapest medicine and were reluctant to travel long distances for routine checkups and screenings in centralized services of tertiary health institutions in urban area. The study concluded that the socio-economic factors mean that some patients were not likely to afford multiple interventions necessary as part of their care. A critical look at this study shows that poor socio-economic statuses among patients affect their health seeking behavior negatively as the poor patients delay medical treatment and in some cases, patronized quacks.

A study conducted by Chukuezi & Nwosu (2010) identified reasons for surgical errors in a tertiary health facility in Nigeria to include delay in treatment, error in judgment, limited hospital resources and poor infrastructure on the ground. Ojerinde, Olabisi and Adejumo (2014) also attributed the incident of medication errors among nurses in a public health facility in Nigeria to multiple factors, which include exhaustion due to work pressure, wrong dose calculation, inadequate knowledge about the drug, poor documentation, wrong prescription, poor labels/packaging, distraction and failure to match patients name with prescription. Others are misinterpretation of prescriptions, confusion between two similar terms, illegible prescription, absent-mindedness and wrong time of administration. Ajemigbitse, Omole, Ezike and Erhun (2014) attributed the

occurrence of medication errors among health workers in Obafemi Awolowo University Teaching hospital, Ile-Ife, Nigeria to many factors, such as workload, multitasking, rushing and tiredness. Other factors were distraction, low morale, unfamiliar patient, lack of support from senior colleagues and nervousness.

Other studies also reveal that medical errors pose negative consequences for victims, relatives and friends. For instance, Duclos, Eichler, Taylor, Quintela, Main, Pace and Staton (2005) found that patients experienced physical, emotional and financial trauma because of medical errors they sustained in medical errors. Gallagher, Waterman, Ebers, Fraser and Levinson (2003) also found that patients described feeling sad, anxious, depressed and often angry that their hospital stay was prolonged due to the medical errors. Gilmour (2006) expressed that the incident of medical errors suffered by victims in Canada resulted in permanent disability, while some victims die because of the errors. A study conducted by Starfield (2000) in the United States found that medical errors are the third leading cause of death. The study also showed that there were 2,000 deaths/year from unnecessary surgery; 7,000 deaths/year from medication errors in hospitals; 20,000 deaths/year from other errors in hospitals; 80,000 deaths/year from infections in hospitals; 106,000 deaths/year from non-error, adverse effects of medications. Osmon, Harris, Dunagan, Prentice, Fraser and Kollef (2004) studied the reporting of medical errors in an intensive care unit experience where it was concluded that medical errors are common among patients in the intensive care unit and that an error can result in the need for

additional life-sustaining treatments, which can contribute to patients' death.

Miller and Zhan (2004) reported that medical errors in hospitalized children are associated with significant increases in length of stay, healthcare costs and deaths. A study conducted by Sousa, Uva, Serranheira, Nunes and Leite (2014) revealed that 58.6% of patients who experienced medical errors prolonged the length of stay in hospital on average for 10.7 days, with additional direct costs of €470,380.00. A study conducted by Orkuma and Ayia (2014) in Nigeria revealed that the effects of medical errors on victims include economic and non-economic damages. Economic damages include lost wages and medical expenses on the part of victims. On the other hand, the non-economic damages include pain, sufferings and physical impairments, emotional torture, inconveniences, loss of companionship and humiliation.

### **Theoretical Orientation: The Political Economy of Medical Errors in Nigeria**

This study adopts the Marxian Political Economy framework to explain the intricacies of medical errors, which manifest in Nigeria's health sector. The Political Economy of Medical errors hinges on the materialist conception of the history of healthcare delivery in Nigeria (Falola & Ityavyar: 1991; Milward: 2010; Ticktin: 2010). The Marxian Political Economy approach has three basic theoretical thrust. Firstly, the approach takes as its starting point the assumption, that human society is materially rooted and constituted. The implication of this is that relations of power permeate the way in which a society conducts its economic life, in terms of the production and distribution of scarce resources. This is what is

referred to as relations of production. Secondly, relations of production determine the life chances of individuals and social classes in society in terms of those who benefit from economic transactions, and those who loss out. Thirdly, the Marxian political economy approach posits that the material world has dialectical relations with social existence. This holds that social realities cannot be grasped outside the realms of economic realities. In effect, the Marxian political economy theory sees the economy and politics as dialectically linked (Marx, 1976).

Contributing to the debate, Alubo (1995) opined that political economy is a tool for the analysis of mode of production; which also helps us to understand social stratification, the role of State and the dynamics of production and reproduction in human society. Tuohy and Glied (2012) also provided a descriptive narrative of the role of government in the health care system by identifying the factors and forces that determine the direction of that role. They examine the extent to which the political economy applies to our understanding of the challenges associated with healthcare delivery. Their analytical strength draws from both economics and politics to understand the intricacies inherent in the health sector. They emphasized that government policies play a critical role in health care delivery in a polity. This is because the failure or success of healthcare has a dialectical link to existing socioeconomic system. These include the extent to which health care expenditure and quality of health infrastructure is considered as a public good and priority. In an extended contribution, Ohwona (1991) also argued that the British colonial welfare services were restricted to the needs of

the colonial military and other officials. This discriminatory approach to health care in favor of elite became the operating principle in Nigeria even in the post-colonial era, and resulted in the denial of healthcare access to the less privileged. Nigeria's post independent national healthcare policy continues to reflect a health system modeled along the colonial pattern (Ityavyar, 1983). This partly explains why in the 21st century Nigeria, government general hospitals are still poorly staffed and equipped and still primarily serve the poor population who cannot afford anything better. In a similarly study, Adegboyega & Hellandendu (2015) submitted that the challenges associated with the Nigerian health sector predisposed the privileged Nigerians to go for medical tourism abroad.

Similarly, the political economy theoretical approach is useful to explain the correlations between hyper-unemployment, increasing level of poverty among Nigerians and its implications on patients' health seeking behavior and the potential for their vulnerability to medical errors. The paradox of the deepening crisis of mass poverty in Nigeria and the enormous wealth in the country is pathetic. It further shows that indicators of health are a mirror of what goes on in the wider society as majority of the population are deprived of the material benefits of the economy. Balancing this equilibrium is therefore a function of history, politics and economic policies (Stuckler, Feigl, Basu, & McKee, 2010; Gish, 1979). It is within such a context that the volume 'the Political Economy of Health in Africa' by Falola & Ityavyar (1991) is situated. The book took a historical review of major phases of health services in Africa. Their study

analyzed health as an integral part of the deepening crises in Africa's underdevelopment, pointing out that the Western paradigm of health care delivery systems have not only made health care less accessible for most African people, but that it has also created countless number of problems for the health sector. Part of the problems as identified by Ezejiolor, Okafor & Okoro (2013) is that most of the public health facilities in Nigeria have fewer physicians and lack essential tools such as drugs, syringes, needles, coolers and beds. They also explained further that gaps and dysfunctions exist in the area of clinical services, specifically clinical audits, performance appraisals, educational training and re-training of health care personnel, and quality improvement of patient safety. This makes it difficult to enhance or evaluate healthcare performance and patient safety. With these scenarios, the health care environment becomes a fertile ground for the occurrence of medical errors.

Political economy theory enables us to understand the social and economic contexts of medical errors in Nigeria, provides the key to un-lock, and analyzes other components of the problems, such as corruption in the Nigerian health sector and its impact on the quality of services received by patients. Over the years, provision of health services has always been an avenue for primitive accumulation and corruption. Situating how the provisions of health care encourage corruption in the post-colonial Nigeria, Abba, Abdullahi, Abubakar, Kwanashie, Abubakar, Oculli, Kyari and Usman, (1985) opined that health policy in Nigeria was pre-occupied with capital construction, and expensive medical

equipment, some of which could not be installed or adequately operated. The significant of this can be located in the economic contribution of hospital construction to primitive accumulation, corruption, award of inflated contracts for profiteering. This laid the foundation for the problems that continue to ravage the health sector, including the preponderance of medical errors. To buttress this point, the World Health Organization (2011) reports indicates that total public expenditure on the Nigerian health sector which stood at 7.05% in 1995 dropped to a low of 4.22% in 2000, rose slightly to 6.41% 2005 and dropped again to a low of 4.4% in 2010. Similarly, the political economy theoretical approach is useful to explain the correlations between hyper-unemployment, increasing level of poverty among Nigerians and its implications on patients' health seeking behavior and the potential for their vulnerability to medical errors. The paradox of the deepening crisis of mass poverty in Nigeria and the enormous wealth in the country is pathetic. It further shows that indicators of health are a mirror of what goes on in the wider society as majority of the population are deprived of the material benefits of the economy.

It is also instructive to state that the political economy theory influences victims and healthcare providers' responses to medical errors. Illustrating this statement, Ahmed-Kazeem (2016) explained the legal options available to victims of medical negligence in Nigeria, with emphasis on the Code of Medical Ethics (Rule 29.4), which stipulates professional negligence. The rule includes failure to attend promptly to a patient requiring urgent attention when the practitioner is in position to do



so, incompetent assessment of the condition of a patient, making wrong diagnosis even when clinical features are glaringly obvious to have informed a correct diagnostic exercise. Others are making a medical error in terms of amputation of the wrong limb, wrongly terminating pregnancy, prescribing a wrong drug or dosage; failure to refer a patient to a more competent and qualified medical consultant; failure to do be reasonable in handling a patient; failure to see a patient and relatives as frequent as the medical condition required. While the foregoing rules are given, in actual practice, the social, political and economic realities of every society are the main determining factors that can ensure that medical professionals meet the requirement enshrined in such medical rules and ethics. Karodia and Soni (2015:123) located the heart of the Political Economy of Medical Errors in their discourse of the intersection of politics with utilization of scarce resources thus:

It is therefore important to concentrate upon the political economy of healthcare management in relationship to public health issues. Advances in preventive medicine or public health depend on the prior allocation of scarce economic resources, primarily through actions in the political arena... It therefore, has to be clearly understood that demand for health expenditures must compete with other priority areas such as defense, education, social security and housing... more difficult, and this places a huge burden on the resources available and the mobility of the labor force. The length of stay in health institutions, levels of disease (acute) and chronic lead to far more work and greater

responsibilities for healthcare professionals and managers. Healthcare statutory bodies must serve to enhance patients' rights and serve as watchdogs to ensure the delivery of healthcare strictly abiding by ethical codes of conduct. The ethical and moral dilemmas that healthcare professionals and managers are faced with daily, place additional strain on the system.

As a theoretical tool used in this study, the 'Political Economy of Medical Errors' reveals that Nigeria's corrupt and weak healthcare system, which is characterized by primitive accumulation; inadequate health facilities; ill-trained medical professionals; low socio-economic background and poor awareness by majority of Nigerian patients; all combine to contribute to the incidence of medical errors in the country. Arguing on a similar theoretical thrust, Ichoku, Fonta & Ataguba, (2013) demonstrated that lack of progress towards universal health care coverage and other related health challenges in sub-Saharan Africa (Nigeria inclusive) is largely due to the elitist, pro-capitalist, primitive capital accumulation and 'free market' system that drives it. This economic structure set the foundation for many challenges that are associated with the health care delivery in the sub-continent.

From the foregoing, the political economy theory has demonstrated the basis for the occurrence of medical errors, in Nigeria, as it describes how systemic factors, such as inadequate funding of health sector, primitive accumulation of health resources, ill-equipped health facilities and ill-trained medical providers predisposed patients to medical errors. It could therefore be stated that the Nigerian healthcare

environment is fertile for the occurrence of medical errors.

### **Methodology**

The study was carried out in Osun State, Nigeria. The health situation in the State is very much like the national one characterized by poor health, such as shortages of competent health facilities and absence of regulatory mechanisms historically worsened by rapidly growing population that stretches health resources.

The research design was exploratory, employing qualitative research approach. To capture the issues and questions raised, in-depth interviews (IDIs) were conducted with the victims and other research participants in the study area. Interview guides designed for data collection were semi-structured to accommodate flexible and adaptable sessions during data collection. Eighty (80) laypersons comprising victims of medical errors, their relatives and community leaders participated in this study. The samples were selected using snowball sampling, where participants were drawn based on their availability and their knowledge of the research topic. Such participants referred the researcher to others known to them who had suffered medical errors. All research participants agreed to participate in the study by giving verbal consent and approval. Before commencing interviews, participants were asked if they were willing to be audio-recorded and reassured that any information provided would be treated with a strict confidence.

### **Presentation and Analysis of Findings Profiles of Identified Victims of Medical Errors in Osun State**

This section presents and analyzes profiles of the victims of medical errors in the study location. This is done in

order to have full knowledge of categories of patients and members of the public that have suffered medical errors in Osun State. A total number of 80 victims of medical errors participated in the study. The distribution of the victims indicate that there were 28 males (35.0%) and 52 females (65.0%). The result indicates that females were more than males, it can therefore be concluded that there is relationship between gender and patient vulnerability to medical errors in the study area. The plausible explanation is that females experience gynecological diseases and as such, making women susceptible to medical errors. The study also revealed that most of the victims were between the ages of 31 and 40 years while a few were aged between 10 and 20 years.

In terms of the formal educational attainment, significant numbers of the victims were holders of primary school/senior secondary school certificates. However, some participants possessed higher educational qualifications such as NCE, OND, HND and First Degree in various disciplines not related to medicine; while some participants were in various higher institutions of learning as at the time of conducting this research. The implication of finding is that there is relationship between patient educational attainment and vulnerability to medical errors. This is because patients' educational attainment influences their health seeking behavior. It should not be considered an overstatement to say that patients of low educational background may not possess relevant information capable of influencing where they could seek health services, thereby predisposing to patronizing unqualified health practitioners and those who do not understand the standards of care.

The low educational attainment therefore exposed the clients' to suffer medical errors. Inference from this study therefore is that patient with little or no formal educations were more vulnerable to medical errors.

This study also found that 65.3% of the victims resided in rural areas. Given the fact that most of the rural dwellers in Nigeria find it difficult to receive treatment from competent health facilities, rural dwellers patronize the available healthcare providers in their communities. While most of the health practitioners in the rural areas did not operate within the rules and regulations guiding the safety of clients, the chances are therefore higher for the occurrence of medical errors when clients patronize the existing health facilities in their communities. The absence of appropriately staffed and equipped healthcare facilities in the rural communities therefore has effect on the health seeking behavior of the rural dwellers.

In terms of occupational status, this study revealed that most (68.8%) of the victims were dependents (students, unemployed or retirees). The results also provided information about the economic status of the victims, which suggest that most of the victims of medical errors did not have regular incomes. Given the fact that most of the victims were dependents, their health seeking behavior would be directly influenced by their income or by the predisposition of the person, they depend on. This implies that patients who were financially weak would find it difficult to patronize reliable health facilities and in a bid to seek medical help from cheaper but less effective healthcare facilities, they become vulnerable to medical errors. The

occupational statuses of the victims' also explains why most (56.3%) of them patronized patent medicine vendors who were not competent enough to render quality healthcare delivery to clients. This could be explained from economic point of view that most of the patent medicine vendors render services at lower rates and therefore attracting clients from low economic status.

### **Types of Medical Errors Experienced by the Victims**

To identify the types of errors, the victims were asked about the genesis of the errors made on them. Prompts were made to elicit the full context of victims' experiences of the medical errors. Most victims also presented stories of both their own mistakes and errors experienced by their friends and relatives. The narratives indicated that medical errors such as delay in treatment/errors of protocol, injection, medication, surgical errors and wrong discharge from hospitals were common in the studied area.

The participants, who experienced errors of delay, attributed it to some workers' poor habits of delaying to the extent of ignoring patients who need urgent medication. Others perceived health workers as people who did not have human feelings at heart, especially, when it was expected that health workers were trained to save lives by rendering prompt medical services to the sick. Responses from the participants further revealed some of the challenges facing government-owned health institutions. These include health workers' poor attitudes towards their responsibilities, thereby exposing patients to suffer delays and other inconveniences.

Other victims attributed the delays to excessive bureaucratic protocols in

various health facilities. The participants in this category cited instances where healthcare workers insisted on seeing official report from the security personnel before providing medical services (including first aid treatments) to survivors of road accidents and including patients in critical conditions, who died before security reports could be obtained. They further explained that no matter the position of the hospital management, health workers are supposed to render first aid medical attention to patients in critical conditions, while observing other protocol related issues. A participant narrated how such bureaucratic protocols in a tertiary health facility led to the death of a motor accident victim thus:

My uncle was involved in a motor accident along Ibadan-Ife road in 1998. Though, I boarded a different vehicle, I got to the accident spot immediately after it happened. We then took the survivors to a tertiary hospital in Osun State. As we arrived the emergency unit of the hospital, we were asked to submit police report, to ensure that the victims were not armed robbers. We pleaded that the victims were motor accident survivors but our pleas were ignored; saying that it was part of their professional ethics and protocols. As we tried to convince the health workers, my uncle became hypertensive and died (a 65-year and relative of a deceased of victim of error of delay).

The plausible explanation to the narratives above is that the health care setting is a complex structure, guided by rigid rules. The workers in the public health facilities follow stringent protocols while carrying out their responsibilities. In this case, clients are

at the receiving end. This backfires in form of delay of treatment, subsequent complications and deaths.

Other participants, especially, enrollees of the National Health Insurance Scheme (NHIS) complained about the delays they experienced whenever they sought for medical interventions in primary healthcare institutions. These included poor response to laboratory test requests and deliberate refusal by personnel to dispense drugs to them, even when those drugs were covered and available in the NHIS pharmacies. The problems associated with delay in response to patients' requests as documented by this study were cases where patients developed complications such as fainting, unconsciousness and deaths.

Some participants also reported that they suffered errors attributable to faulty administration of injections. These emanated from child immunization, wrong combinations of injections, and injections at the wrong sites of the bodies, among others. Interviews conducted with some victims' showed that errors related to immunization were attributable to lack of competence on the part of adhoc personnel to render the health services. The participants in this category said that the majority of the personnel employed to render the immunization services were appointees of political stakeholders and people who had not acquired any skills in any of the medical sub professions. The participants also alleged that healthcare providers in most of the communities were poorly qualified. The narratives from the participants revealed that it was a common practice to see people who did not acquire any medical training rendering medical treatment to clients in various communities. The participants

attributed this to paucity of well-trained medical practitioners in various communities. Very poorly qualified people therefore provide medical services for serious ailments such as malaria, antenatal care, typhoid and even delicate services like heart related illnesses, among others.

Apart from the immunization vaccines related errors, some participants reported cases where healthcare providers either gave them wrong injection or injected them at wrong sites. One of the participants who experienced error of wrong injection recalled:

Six weeks ago, I went to a clinic close to my house when I noticed that I had malaria symptoms. The nurse on duty told me that I would receive four different types of injection, though I cannot recall their names. I received all the injections as recommended (simultaneously). Three days later, one of my legs started swelling. ... I did not understand what went wrong, until my daughter; a medical student came home to check the affected leg. Based on my explanation of the illnesses, she concluded that the nurse who administered the injection had committed an error, as she was not supposed to combine the injections (a 53-year-old man who suffered error of injection).

Procedural errors in this study, which some victims suffered include failure of healthcare providers to embark on thorough diagnoses of patients' before services are rendered and failure of healthcare providers to refer complicated illness to appropriate levels of care where required. Others are wrong documentation of patients' record, wrong diagnoses, surgical error and poor handling-over of patients' medical details to other health

personnel. It is worth noting that the major trust in the medical profession is the need for the providers to adhere to protocols while rendering services to patients' to advance standard of care. Here, the participants gave graphic accounts of how healthcare providers breached protocols while rendering healthcare services to them.

Other victims of medical errors, especially those who patronized patent medicine vendors (PMVs) narrated their own experiences too. The affected victims in this category were those living in rural areas, suburbs and slums where there were no modern healthcare facilities. This is in addition to the challenge of transportation to facilitate their movement to more available health facilities. Thus, most of the participants in this category stated that the PMVs served as their first point of care whenever they were ill. They justified their stance by highlighting that the PMVs provided them medical treatment promptly at affordable costs. The identified factors, among others enhanced higher patronage of the PMVs by the participants. One major revelation from this study was that majority of the PMVs had no formal training in any field of medicine. Rather, the participants explained that the PMVs obtained their training as apprentices and on-the-job-training. The study also revealed that the PMVs operated as general practitioners and therefore claimed to be able to treat various categories of illnesses such as malaria, typhoid, antenatal/post-natal services, dysentery, tuberculosis, and hypertension, among others.

## **Factors Responsible for Occurrence of Medical Errors Experienced by the Victims**

The major assumption among the participants is that patients' low socio-economic status predisposed them to medical errors. Given the fact that most of the victims of medical errors were from low socio-economic background, this study revealed that the factors responsible for the medical errors suffered were social and economic in nature. These were poverty among the victims, victims' ignorance of useful healthcare information and poor access to effective modern healthcare facilities.

For the victims who attributed the medical errors they suffered to their low economic status, they blamed the combinations of unemployment, irregular payment of monthly salaries, low-income among others, which made them vulnerable to medical errors. The major trend among the victims in this category is that most of them lack definite and sustainable source of economic livelihood, and subsequently affecting their health seeking behavior. Therefore, in the event of sickness, such as malaria, typhoid, body ache, and even routine clinic visit like antenatal and postnatal care and child immunization, the participants said that they patronized patent medicine vendors, pharmaceutical shops and any available healthcare providers in their neighborhoods. Some participants in this category also said that the financial costs of treatment in most of the patent medicine stores and pharmaceutical shops were affordable, which encouraged their patronage. However, the victims also observed that their 'partnership' with the owners of patent medicine vendors and pharmaceutical

shops for utilization of health services made them suffer medical errors.

Similarly, some participants opined that the medical errors they suffered were attributable to poor awareness of quality of health facilities prior to their patronages. This manifested in the form of victims poor knowledge of where effective medical services should have been sought, victims' difficulty in understanding medical instructions and their failure to seek for clarifications on issues related to illnesses and treatments. The findings further established that health information and patients' awareness were important determinants of patients' vulnerability to medical errors. In a situation where patients' did not have information on health care providers from which to make choice, the chances are higher that such patients' might experience medical errors. In this regard, the victims were mostly ignorant of basic relevant health information, which could have prevented them from being vulnerable to medical errors. Therefore, rather than attributing medical errors, they suffered due to negligence from healthcare providers; they stated that ignorance on their parts served as the major driver of the medical errors.

Deduction from elicited data is that there is a connection between the costs of care, patients' ignorance of constitutes competent care, poverty and patronage of substandard health facilities and victims vulnerability to medical errors. Thus, patients' prior knowledge about quality of health facilities could serve as a driver for their involvement in medical errors. In other words, the social and economic statuses of the patients influenced their health seeking behavior and where medical interventions are sought. The

combination of these factors determines patient vulnerability to medical errors.

### **Conclusion**

The occurrence of medical errors when patients receive care from healthcare providers constitutes public health challenge in most countries of the world, Nigeria inclusive. In specific terms, medical errors constitute threat to patients' safety, as it exposes them to injuries, delay hospitalization and may lead to patient death. This study therefore provided evidence on the extent and gravity of medical errors suffered by health consumers in the study area. Specifically, the systemic factors, which include shortages of competent health personnel, non-conducive working environment, weak regulation, poor awareness among patients' and professional negligence, among others predispose patients to medical errors. Findings from this study revealed that patients who are able to access medical services receive sub-standard care in many cases due to negligence on the part of one health care provider or the other, even in tertiary health establishments. Those who cannot afford the services of professionals go to quacks that may provide cheaper but sub-services, with a greater risk of harm or damage to the patients and their families. The occurrence of medical errors in patients' care is therefore a serious public health problem with major implications for health policy, planning and resource allocation. Healthcare providers are prone to commit medical errors but the existence of comprehensive structure and framework could mitigate such occurrences. The foregoing is an indication that medical errors cannot be isolated from the politics, economy and society of Nigeria.

### **Recommendations**

Based on the findings, this study recommends the following;

The spate of medical injuries in Nigeria gives renewed weight to the importance of regulation in preventing and managing incidents of medical negligence. Patients should also be more proactive in their health and medical treatment; while medical personnel should take more responsibility for the cases that they handle. The government should also begin to take citizens health more seriously by building more hospitals and better equipping the existing ones, in order to see a decline in cases of medical errors. Similarly, proper awareness should be given to the citizens by relevant government agencies and mass media about the dangers associated with the patronage of ill-equipped health facilities. This will not only reduce the proliferation of incompetent health practitioners but also mitigate the occurrence of medical errors.

Since good quality of healthcare delivery encourages individual to seek for health care promptly, clinicians and healthcare providers should because of their obligations endeavor to deliver safe and ethically sound clinical care always even in the face of adverse economy. Clinicians should also be aware of the existence of the basic human rights and equity considering the values and dignity of patients before making decisions or taking actions that may affect them.

Victims of medical errors or their relatives should also be encouraged to report any erring healthcare providers to the appropriate regulatory bodies, government agencies and non-governmental organizations for clarifications, compensation and redress.

This will not only serve as deterrent to the erring healthcare practitioners but also serves as checks and balances

among the various healthcare providers in Osun State, Nigeria.

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# Mainstreaming Global System of Mobile Telecommunications for Agricultural Development in Nigeria

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**Abstract:** Global system of mobile telecommunication (GSM) services play significant role in many facet of human lives. Specifically, it has been demonstrated that GSM services can be used to improve practice of agriculture in society. In line with the above position, this study was designated to examine access and utilization of GSM services in selected rural communities in Ibadan and this contributed to agricultural development. The study was hinged on Merton's theory of Manifest Function to explain conceptual issues in the study. Sample of eight hundred (800) respondents was selected from designated population of male and female farmers. Purposive, quota and accidental sampling techniques were adopted for selection of study locations, sample distribution and respondents respectively. Descriptive quantitative statistics and qualitative method was used. Access to GSM services among farmers was described as low (3.0%), moderate (57.4%) and high (29.6%). Again, the utilization of GSM services among farmers was low (4.6%), moderate (28.8%) and high (66.6%). Similarly, 5.6% of the respondents had no formal education or cannot read and write which made it difficult to effectively utilize GSM services. There were 70.1% of the respondents who could adequately utilize GSM services for various activities especially browsing internet to follow updates in daily lives. Respondents however expressed deep feelings that tariffs, quality of services, fraud and arbitrary charges continued to constrain benefits that could be derived from GSM economy. Yet GSM services can serve different purposes especially where it can be used to source agricultural information, crop and animal production practices and other sundry information which can be shared instantly by farmers who are connected on mobile service. Quality of GSM service has remained major problem in rural areas. There

should be intervention at the level of government and service providers to improve utilization especially in the area of farming information system.

**Keywords:** Farming occupation; Information System; GSM Services

## **1. Introduction**

The advent of Global System for Mobile Telecommunications services (GSM) in Nigeria revolutionised every aspect of social and economic life in the last fifteen years. The national statistics of tele-density rose from 0.4% in 2000 to 107% in 2016 (Nigeria Communications Commission, 2016). Now there is hardly a household in Nigeria that does not connect each other on GSM communication. It is not exaggerated to state that old and young, male and female, rich and poor are now connected on mobile communication to interact, do business and fix appointments for religious, economic or political meetings. The services of GSM have created social bond among family members, friends and colleagues and the once boundary of effective communication has been broken to allow for more flexible information flow which has economic, political and social significance. Again, access to GSM is not a determinant of urbanization. Interestingly, people in the rural area attest to widespread coverage of services which ensures that rural dwellers are not cut from the grid of electronic communication. It is a known fact that GSM operators erect transmission base masts which in rural areas allow for effective operation of service and uninterrupted communication (Micah, 2014). This is a regime of telecommunication that is inclusive for all.

Yet population of rural location is significant for its agrarian and agricultural productivity. This is the location where the bulk of food production is carried out. Rural area is

also known for its major population and land tillage for crop production and animal husbandry. Rural economy is a very significant type for food security and food basket of the nation. At the same time, rural economy is the largest employer of labour that include male and female, young and old who engaged actively in agriculture. Despite the importance of the rural economy, this sector of society appears sharply neglected by successive government policies which allow for rapid migration of energetic youth seeking to benefit from the urban sector where more than 75% of government investment appears concentrated (World Bank, 2013). Also, if it is maintained that GSM services have wide coverage in Nigeria society, this may appear an exaggeration if the reality is compared in most rural areas where real agricultural services take place. It is not an overstatement that many villages and towns in rural area do not have coverage of GSM services. Similarly, where there are services of GSM, it is either that the service fluctuates rapidly or the willing users have to go mountains to search for services (Micah & Okafor, 2013).

Critically speaking, rural areas are naturally designed to nurture agriculture. There are fertile land cultivations that yield mass production of grains, tubers, fibers and cereals. At the same time, people that live in these areas desire to have access to services that improve quality and also utilise the services for maximum satisfaction. Studies have shown that GSM services have varieties of benefits that cut across social to political, business, religion and agriculture (World Bank, 2001; United

Nations Development Programme [UNDP], 2009; Micah, 2014). Looking at the aspect of agriculture, it has been shown that GSM service provides access to information that educates farmers on crop yields, methods and application to farming and interactive guide in modern farming. This is usually designed in the form of apps/application that can be accessed on phones that are sophisticated like android, iphones and apple phones (UNDP, 2009). However, it appears that there is little that can be achieved in the rural economy due to poor coverage of GSM services. In some rural areas, GSM subscribers most times climb mountains to search for mobile services. At the same time, the GSM masts erected in rural areas do not function maximally to accommodate stable connection. It is also difficult for rural farmers to operate sophisticated phones like android, iphone and apple phone despite the usefulness this type of phones can serve to get agricultural information. At same time, the cost of the sophisticated phones may be out of reach to farmers due to high cost. Yet agriculture is one of the mainstreams of national economy that can potentially reduce over reliance on importation of food items which can be locally produced. This is the main focus of this study.

## **2. Objective of the Study**

The main objective of the study was to identify the level of access and utilization of GSM services in rural area and to mainstream the utilization for agricultural development. This significantly has major implication for food security and gross domestic product.

## **3. Literature Review**

There is abundant fact to show contribution of GSM technology to

social transformation especially in the 21<sup>st</sup> century global society. Spore (2008) pointed that half of the world's 6.5 billion now use a mobile phone and the Nigeria experience is significant (Nigeria Communication Commission, 2016). This is astronomical in the acceptance of the technology which has contributed immensely to social development. In Africa, mobile phone business is the most rapid growing sector of the economy with over 250 million active subscribers (Scheen, 2008; International Telecommunication Union [ITU], 2015). Yet there are now more than 500 million subscribers connected to mobile communication (NCC, 2016). Adogla (2009) argued that the annualized aggregate growth rate in handset number was pegged at a healthy 58%, a figure that clearly propelled the African cellular market to outperform all others worldwide. This estimate has improved over the years as more users now get connected due to relatively affordable prices of mobile phones (International Telecommunication Union [ITU], 2015). In Nigeria, the introduction of GSM services in 2001 marked the positive contribution of telecommunications to socio-economic activities of the people. According to Nigeria Communications Commission [NCC] (2012, 2016), the GSM industry empowered at least 84.3 million subscribers and with an impressive tele-density of 95.20. This estimate has gradually improved, now there is 98.7 tele-density as at first quarter of 2017 (NCC, 2017). In Ibadan for instance, more than 95% of the sampled respondents possessed GSM phones used for communication (Micah & Okafor, 2013). The breakdown of subscribers revealed that telecommunications is dominated by GSM users (89%) and distantly

followed by Code Division Multiple Access system (CDMA) and fixed wired/wireless. Indeed, less than 10% of telecom subscribers in Ibadan were connected to CDMA (Micah & Okafor, 2013). Empowerment of citizens with mobile phones has transformed businesses and way of life in urban and rural areas of the country. The benefit spread across different sectors of the economy-health, education, communication, agriculture, industry, banking, wildlife and trade.

In agriculture, the mobile phone holds the ace in the application of modern information communication technologies (ICT) to disseminate information and knowledge to farmers. ICTs have the greatest potential to act as a facilitator for specific development oriented programmes that are currently operational at grassroots in Nigeria (NCC, 2010). Access to ICTs provides information on prices, markets, technology and weather to the farmers. Community-based tele-centres have the potential to empower rural communities and facilitate socio-economic developments in agriculture using selected ICTs (e-mail, internet, phone, radio, TV, print) to accelerate the wider delivery of appropriately packaged agricultural information and other relevant information for the poor. In the fisheries sub-sector, mobile phones are used to coordinate fishing efforts (Adogla, 2009); product marketing, talk and to improve safety (Spore, 2008) as well as linking fishermen and wholesalers together for business (Scheen, 2008). In addition, mobile services can serve as sources to acquire training skills for different types of farming where it is possible for users to connect GSM phones to access such information. The mobile phone communication benefits agriculture at

several levels. The pervasiveness of GSM has brought about rapid social, political and economic transformation, which has culminated in a network society organized around ICT (Yusuf, 2005). Currently e-learning is becoming one of the most means of using ICT to provide agric information to farmers. Considering the role of agriculture in national economy and the population explosion that can be fed by agricultural production, the use of ICT in the teaching-learning process among farmers and the-will-be farmers becomes imperative. This is true because its adoption by the farmers will enhance improved productivity.

Undoubtedly, ICT makes access to agric information more flexible and reduces barriers of time and place in getting quick information by farmers to improve farming system. In addition, communication technologies can also enhance the quality of agricultural production where it is possible to access information in modern farming. The internet has emerged arguably the most visible component of the information and communication technologies (NCC, 2016). The rate of adoption of the internet exceeds that of all technologies before it. Its uses comprise communication, publishing and research.

Recently, information is recognised, as a prerequisite for empowerment (World Bank, 2002, 2012) and participation by encouraging people to be active in the development process, to contribute ideas, take initiative, articulate needs and problems and assert their autonomy (Ascroft and Masilela, 1994). ICT is the latest in the series of continuing technological revolutions. A study conducted in Uganda demonstrated that farmers could use mobile phones to find

out the latest crop prices and in Tanzania mobile phones helped farmers to save travel time and cost (Adel, 2005). Phones provide other uses as recording tools, listening devices, and catalysts for dialogue which as well make relevant contribution to agricultural development. Community radio stations are incorporating mobile phone technology into programming for advisory services in agriculture (Gakuru, Winters & Stepman, 2009; Micah and Okafor, 2013).

Many African countries Kenya, Malawi and Uganda, mobile banking is another ICT-based service which has had a tremendous impact on the socio-economic status of farmers. It enables farmers to send and receive money using their mobile phones (ITU, 2010). Similarly, a study carried out in India points towards the strong position of established commission agents and traders in local supply chains who are the major price setters. Traders and input dealers also provide an important source of information particularly related to agricultural technology and techniques (Mittal, Gandhi & Tripathi, 2010). Mobile phone usage has sharply increased and is projected to continue among rural farmers. African farmers use mobile phones to obtain information about agriculture issues (Gakuru et al., 2009).

Better access to agricultural information is expected to improve farm productivity, reduce cost and also encourage market participation by farmers. Jensen (2007) and Aker (2008) both exploit the staggered introduction of mobile phone coverage to estimate the impact of mobile phones on agricultural markets in developing countries. Jensen (2007) finds that the expansion of mobile phone coverage

leads to a significant reduction in the dispersion of fish prices across markets, as well as a decline in waste. This led to important welfare improvements for both fishermen and consumers; fishermen's profits increased by three percent, consumer prices declined by four percent and consumer surplus increased by six percent. Aker (2008) in Niger found that the introduction of mobile phones reduces dispersion of grain prices across markets by ten percent. The effect is stronger for those market pairs with higher transport costs, namely; those farther apart and linked by poor quality roads.

Mobile phones are being integrated into existing agricultural trading business chiefly because of the crucial role they play in improving the exchange of supply and demand of information between farmers and buyers (Verheye, 2000). In Uganda, Martin and Abbott (2011) conclude that farmers used their phones for a range of farming activities, to coordinate access to agricultural inputs (such as training, seeds or pesticides) (87% of farmers), accessing market information (70%), requesting agricultural emergency assistance (57%), monitoring financial transactions (54%) and consulting with expert advice (52%). A study in Peru observes that the introduction of mobile pay phones in selected Peruvian villages had raised agricultural profitability by 19.5% by increasing the value that farmers received for each kilogram of agricultural production by 16% and reducing agricultural costs by 23.7% (Beuermann, 2011). Therefore, the contribution of GSM mobile services cannot be undermined in agricultural sector. It is a major concern to check how this contribution can be sustained especially in the case of rural farmers in

Nigeria which will ultimately improve economic status of farmers.

#### **4. Theoretical Application**

The study adopted Robert Merton's Manifest Functionalism to explain basic concepts. The central tenet of manifest functionalism is that an institution is created for intended purpose to promote unity, unify society and maintain stable order. For example the manifestation of family institution is to increase the population of society through reproduction and nurture individual in line with norms and values of the society. This is to ensure that society survives from generation to generation (Ritzer, 2011). Merton's purpose was to trace major function of each institution and the role they played to keep cohesion of the society. Therefore, it follows that GSM services not only design for telecommunication but such communication can be achieved in different form. More importantly, GSM services now make it possible to get information on modern agricultural methods. It is no gainsay that GSM phones now contain apps for agriculture method by which users have access to information that can improve farm yields in crops and animal production. Yet this can be achieved especially in rural zone of agric base where GSM services are stable and have wide coverage.

#### **4. Methodology**

This study was conducted in the rural communities in Ibadan. This location is also called Less City (LC) area because they are largely rural. Cross sectional survey was adopted. The study was descriptive and engaged detail field work. Population of the study consisted of male and female respondents who were permanent residents and registered farmers. The categories of these farmers

consisted of crop production, animal production and fisheries. Sample size was 800 respondents and this was statistically determined using Cochran's formula. The sample was derived from population of farmers in the three locations of study (IDO, Akinyele and Egbeda) which were among major area of agriculture production in Ibadan. According to Oyo State Government estimate, the population of registered farmers in these areas was 2,950 (Ministry of Agriculture, 2011). Therefore, the application of statistical formula yielded the sample result. The sampling techniques combined purposive, quota and accidental sampling. Purposive sampling was used to select locations of study which were areas that originally engaged in agriculture such as Ido, Akinyele and Egbeda residents. Quota sampling was used for sample distribution where respondents selected in each community was based on the population percentage as contained in Oyo State population distribution for communities in the state. The State estimate showed that in Ido, there were 1100 people who mainly engaged in agriculture and registered farmers. There were also 868 registered farmers in Egbeda and 982 farmers in Akinyele area. Quota method using ratio of population size in each location was used for sample distribution in Ido, Egbeda and Akinyele.

Accidental sampling, a non probability method was used to select respondents who were drafted to fill the questionnaire instrument. Similarly, method of data collection was quantitative and qualitative. Whereas quantitative method generated data for the study in statistics, qualitative method generated data in textual format. Questionnaire and in-depth interviews



(IDIs) were used as instrument of data collection. The questionnaire was structured close ended and classified into sections which consisted of socio-economic characteristics, access to GSM services and utilization of GSM services in rural community. In this case, 298 copies of questionnaire were distributed and retrieved in Ido community. There were 235 copies in Egbda and 268 copies distributed in Akinyele according to population ratio. In-depth interviews were conducted in each of the locations and this consisted of 5 respondents in Ido, 4 respondents in

Egbda and 4 respondents in Akinyele. A total of 13 IDIs were conducted. Method of data analysis was quantitative and qualitative. Descriptive statistics of quantitative method which consisted of tables, frequencies and percentage was used. Qualitative method used ethnographic summaries and content analysis. Ethical consideration was upheld for this study where respondents were treated with confidentiality and anonymity, safety and security and consent sought prior to collection of data

**6. Data Analysis: Access and Utilization of GSM Services**

**Table 1: Distribution of Respondents by Access to GSM Services**

| Questionnaire items   | Less City (LC)       |                    |
|---|----------------------|--------------------|
|   | Frequency<br>LC= 800 | 100%<br>Percentage |
| <b>Educational qualification</b>                                  |                      |                    |
| No education  | 90                   | 5.6                |
| Primary school  | 4                    | 0.3                |
| Secondary education   | 245                  | 15.3               |
| OND/NCE   | 199                  | 12.5               |
| HND   | 93                   | 5.8                |
| B.Sc  | 116                  | 7.3                |
| Masters   | 51                   | 3.2                |
| PhD   | 2                    | 0.3                |
| <b>I have ownership of GSM phone</b>                              |                      |                    |
| No  | 69                   | 8.6                |
| Yes   | 731                  | 91.4               |
| <b>Years of connection to telecommunication e.g. GSM services</b> |                      |                    |
| Not applicable  | 61                   | 7.6                |
| Less than one year  | 97                   | 12.1               |
| 1-3 years   | 69                   | 8.6                |
| 4-6 years   | 257                  | 32.1               |
| 7-9 years   | 291                  | 36.4               |
| 10 years and above  | 25                   | 3.1                |
| <b>Locations subscribers purchased SIM cards</b>                  |                      |                    |
| Not applicable  | 81                   | 10.1               |
| Telecommunications centre   | 161                  | 20.1               |
| Hawkers on the street   | 37                   | 4.6                |
| Mobile telecom bus  | 85                   | 10.6               |
| Market  | 144                  | 18.0               |
| Telecom dealers   | 277                  | 34.6               |
| Other locations   | 15                   | 1.9                |

|   |     |      |
|---|-----|------|
| <b>Numbers of GSM line(s) possessed</b>                         |     |      |
| Not applicable  | 74  | 9.3  |
| One   | 230 | 28.8 |
| Two   | 300 | 37.5 |
| Three   | 177 | 22.1 |
| Four  | 18  | 2.3  |
| > four  | 1   | 0.1  |
| <b>Level of access to telecommunication before GSM services</b> |     |      |
| Low   | 227 | 28.4 |
| Moderate  | 490 | 61.3 |
| High  | 83  | 10.4 |
| <b>Level of access to telecommunication after GSM services</b>  |     |      |
| Low   | 104 | 13.0 |
| Moderate  | 459 | 57.4 |
| High  | 237 | 29.6 |

Source: Field Survey, 2011

In the table above, educational qualification of respondents were shown. Except the 5.6% of the respondents who did not possess formal education, other respondents had primary education (0.3%), secondary education (15.3%), certificate of education/diploma (12.5%), Bachelor of Science (7.3%) or Higher Diploma certificate (5.8%) and post graduate education (3.5%) Master’s and Ph.D combined. The implication is that despite the prevalence of western of education, some individuals still remain non-literate and this could affect utilization of GSM technology which provides mobile services for communication. Notwithstanding, it is expected that there will be improved utilization of GSM services when the percentage of literate respondents combined (94.4%) is considered. The finding in table 1 above showed that when respondents were asked whether they have access to GSM services or not, 91.4% indicated that they had ownership of GSM phones which enabled their access to mobile telecommunication services. Some

respondents (8.6%) indicated that they did not have access to GSM phone as at the time this study was conducted. Yet most of the respondents (91.4%) had access to GSM phones which they utilized for mobile communication. This statistics above is related to subsequent report by NCC (2017) which shows continuous increase in the size of subscribers in Nigeria.

Respondents were further asked to indicate the numbers of years they have been connected to telecommunication. Specifically, only 3.1% said they had their connectivity more than 10 years prior to the emergence of GSM phone. However, 96.9% had access to telecommunication after GSM services were launched in Nigeria and this figure represented total respondents in this category except those that indicated access more than 10 years. Respondents in this study indicated that there are various locations they could purchase GSM SIM-CARD for connection and communication. This includes telecom centre (20.1%), hawkers on the street (4.6%), mobile telecom bus (10.6%), market place (18.0%) and telecom

specialised dealers (34.6%). Similarly, some respondents indicated that they had access to one sim-card (28.8%), two (37.5%), three (22.1%) or four (2.3%) sim-cards by which they accessed GSM services for communication. Again respondents were asked to indicate level of access to telecommunication prior to mobile phones. There were low (28.4%), moderate (61.3%) and high (10.4) access. The level of access to telecommunication after GSM services were launched also showed low (13.0%), moderate (57.4%) and high (29.6%). The implication of the finding is that access to telecommunication in the regime of mobile phones has soared rapidly high and doubled. This can further be understood when some views of respondents who were engaged in face to face interviews are considered. A female respondent who was formerly connected to NITEL before the deregulation of the telecommunications sector relived her experience:

*The access to GSM is very encouraging. Now, people have opportunities for stable communication. In the days of NITEL, we used to queue up at the phone booths in the NITEL centres or other designated areas. You have to cover long distances before you could access those call centres. It used to be very tasking and time consuming. Sometimes if you were lucky your calls may be*

*successful. Most often there would be call disruptions despite covering long distances to access those places. And if you were to connect someone outside the country, that is another story entirely. But today people can call any part of the world from the comfort of their bedrooms. This is as a result of access people have towards GSM services (IDI/GSM Subscriber/Egbeda LG/Ibadan/2011).*

Another respondent alluded very much to this when he argued:

*I have more than three GSM lines. This is not because I want to show off or that I am rich in my income. But I am just sick of poor network and arbitrary charges when you try to connect other GSM services from your main network. For instance, my main network is MTN. Very often I don't derive satisfaction when I call other networks. So for me to remain in constant link with my people that use other networks, I decided to acquire different GSM networks (IDI/GSM subscriber/Ido LG/Ibadan/2011).*

It is obvious from the above views and experience that GSM services are now widespread and access to this service cut across every nook and cranny of residents which enabled them to reach family and friends, read Newspapers and access other vital information.

**Table 2: Distribution of Respondents by Utilisation of GSM Services**

| Questionnaire items                            | Less City (LC)      |      |
|--|---------------------|------|
|  | Frequency<br>LC=800 | %    |
| <b>Patterns of utilization of GSM services</b> |                     |      |
| Make call only                                 | 39                  | 4.9  |
| Receive call only                              | 23                  | 2.9  |
| Make and receive call                          | 145                 | 18.1 |
| Send and receive message                       | 26                  | 3.3  |
| Browse internet                                | 4                   | 0.5  |

|   |     |      |
|---|-----|------|
| Listen to radio and game                                    | 2   | 0.2  |
| All of the above  | 561 | 70.1 |
| <b>Services of GSM mostly utilised</b>                      |     |      |
| Conduct business  | 90  | 11.3 |
| Be in touch with families and friends                       | 605 | 75.6 |
| Make new friends  | 4   | 0.5  |
| Browse internet   | 22  | 2.8  |
| All of above  | 7   | 0.9  |
| Others  | 72  | 9.0  |
| <b>GSM service is affordable in terms of recharge cards</b> |     |      |
| No  | 198 | 24.8 |
| Yes   | 602 | 75.2 |
| <b>The frequency of recharging GSM services</b>             |     |      |
| Daily   | 136 | 17.0 |
| Weekly  | 523 | 65.4 |
| Every two weeks   | 59  | 7.4  |
| Monthly   | 77  | 9.6  |
| Never   | 5   | 0.6  |
| <b>Numbers of phone calls received daily</b>                |     |      |
| Less than five  | 274 | 34.3 |
| Five and ten  | 412 | 51.5 |
| Eleven and sixteen  | 76  | 9.5  |
| Seventeen and above   | 38  | 4.8  |
| <b>Numbers of phone calls initiated daily</b>               |     |      |
| Less than five  | 343 | 42.9 |
| Five and ten  | 398 | 49.8 |
| Eleven and sixteen  | 44  | 5.5  |
| Seventeen and above   | 15  | 1.9  |
| <b>Level of utilization of GSM services</b>                 |     |      |
| Low   | 37  | 4.6  |
| Moderate  | 230 | 28.8 |
| High  | 533 | 66.6 |

Source: Field Survey, 2011

In table 2, respondents were asked to indicate the pattern of utilisation of their GSM services. Some respondents utilized their phones to make calls (4.9%), receive calls (2.9%), make and receive calls (18.1%) and to send and receive message (3.3%). Others utilized GSM services to browse internet (0.5%) and listen to radio (0.2%). Whereas 70.0% of the respondents utilized all of the above services on their mobiles phones. The services most utilized on mobile phones were to conduct business (11.3%), connect family and friends (75.6%), to make new friends (0.5%)

and browse internet (2.8%). Respondents (75.2%) indicated that GSM services were affordable and 24.8% said the price of the services were not affordable. Consequently, 17.0% said they frequently recharged their GSM services, 65.4% recharged weekly, 7.4% recharged every two weeks and 9.6% recharged once in a month. Similarly, 0.6% never recharged their services. Although there is now improved rate at which subscribers recharge their services for communication as shown in the survey of NCC (2017), arbitrary charges,

activation of service subscribers do not ask for have continued to prevail in the sector. The fact that is obvious is that most respondents eager to keep their services active which enabled them to connect regularly with family and friends and access important information. Therefore, 34.3% of the respondents could make less than five calls daily, 51.5% made between five and ten calls daily, 9.5% made between eleven and sixteen calls daily and 4.8% made above seventeen calls daily. At the same time, 42.9% received below five calls daily, 49.8% received between five and ten calls daily, 5.5% received eleven and sixteen call daily and 1.9% received above seventeen calls daily. Overall, the level of utilization of GSM services was low (4.6%), moderate (28.8%) and high (66.6%).

The implication is that there is widespread utilization of GSM services among respondents and this contributed to socio-economic activities among users. The high utilization of GSM services still persist among Nigerian users in the present year (NCC, 2016). Although utilization was high, however this was constrained by some factors which included tariffs, fake GSM accessories and poor quality of network. This problem was clearly affirmed in the views of some respondents. A forty-year old male respondent said:

*Deregulation of telecommunications sector is a good decision by government. GSM cannot be compared to NITEL of the past. When MTN and ECONET (now Airtel) came, their prices were high. Now everybody can afford to buy GSM line and phone at cheaper and affordable prices. However, GSM tariff is high across networks. The tariff should be reduced. Government should check the service providers on high tariffs*

*(IDI/GSM subscriber/Akinyele/Ibadan/2011).*

Another respondent said:

*I don't make calls until there is urgent need to do it. I am poor. I can't compare myself with people who earn fat salaries as government employees. The little income from the farming is just to keep my family alive. Many times, I don't even bother calling friends and families (IDI/GSM subscriber/Akinyele LG/Farmer/2011).*

Similarly, a male respondent put in his view when he said:

*I use Globacom and MTN. The services vary. I prefer MTN because the network is relatively stable. Globacom has not been very stable for some times now. I use the two lines because the networks cannot be bad at the same time. If one is not good, you can use others. Network is very unstable especially during the period of promos and bonanzas. The case in most rural communities here is that people sometimes climb mountains and trees to search network (IDI/GSM subscriber/civil servant/Egbeda LG/2011).*

A GSM subscriber explained:

*Though the tariff is affordable, it is outrageous. The charges are exorbitant... too much, compared to other countries in the world. Citizens in this country are being exploited by government. Though there are infrastructural challenges, yet the charges are overburdened. Another area of concern is fake accessories sold by come marketers. Now there are too many fake phones that do not last at all (IDI/GSM Subscriber/Ido/GSM hawker/2011).*

The problem stated above can have far reaching effect on stable utilization of GSM especially when it is considered in

terms of benefits to users in the rural area. It is rather unfortunate that the problems identified in the above view are yet to abate as revealed in national survey by NCC (2016)

### **7. Conclusion and Recommendations**

It is established that GSM services were available in some of the rural communities where this study was conducted. The implication is that in most cases people who have access to the services utilized the network to connect family and friends, browse the internet, listen to radio and read Newspapers on their GSM phones which also provide access to information in the area of agriculture. Yet there were some communities in the study area that experienced incessant service failure or there was no trace of GSM coverage. The implication is that these communities are denied the benefits of GSM services, people cannot communicate family and friends in far distance and there is barrier to access to internet services where information on agricultural science abounds. Critically speaking, most respondents in the study area have access to GSM services and also utilized the service for various purposes and in some cases to access agricultural information. However, services were not stable to maximize the use. The farmers in the rural communities usually moved from one location to another to search for service and sometimes also climbed high mountains to source service. This is a major problem that impedes the benefits of GSM services in most rural communities despite the vital role the technology plays in agriculture revolution. Yet the problem of poor network connection and lack of networks in the study areas persist. Network problem is regularly reported by NCC (2016), Akindele (2016) and

Ilesanmi (2016). Therefore, to maximize the benefits of GSM especially the rural context the following recommendations are suggested.

- i. The finding established that access to GSM services was widespread among residents in the rural communities studied. Yet quality of services was a major problem. This study recommends that service providers should intensify coverage of GSM network in rural communities to maximize the benefits.
- ii. Utilization of GSM services was widespread in the rural communities. However tariff regime was a major problem that limited frequent use of the service. Thus challenge can be overcome where cost of services is subsidized by government. The subsidy should especially benefit farmers who are connected to GSM and utilize the service to get information on agriculture technology. This can be achieved where there is reliable statistics of real farmers to ensure that government effort actually reach this population.
- iii. Finding showed that significant proportion of rural population possessed post primary educational qualification and some did not even have formal education. This suggests that some rural residents who are farmers cannot read, write and communicate in Lingual Franca. Yet GSM language is programmed in English phonetics. This study recommends that government through its ministries, departments and agencies should collaborate with GSM phone manufacturers to ensure that GSM phones are compatible with the

three national languages, Yoruba, Hausa, and Igbo. This will invariably ensure that mobile phones are user friendly to maximize the use among rural residents who are majorly farmers.

### 8. Limitation of the Study

This study covered agricultural communities in Ibadan. Yet there are

other places in the South-West where agricultural economy blossoms and the utilization of GSM services have been constrained. Further studies may expand the scope of coverage beyond rural communities in Ibadan that could reveal the importance of GSM services to agricultural development.

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# Monetary Policy and Oil Revenue in Nigeria: Pre and Post Effect Analysis

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**Abstract:** The study investigated the effect of monetary policy on oil revenue in Nigeria taking into cognizance the particular effect of the switching from minimum rediscount rate (MRR) to monetary policy rate (MPR) which took effect from December 11, 2006. The time series data the study employed to examine the pre-adoption effect spanned from 1996 – 2005, while data for post-adoption effect covered the period from 2008 – 2017. The data were collected on Oil Revenue, Minimum Rediscount rate, Money supply (M2), Treasury bill rate, Exchange rate and Monetary Policy rate. All data were sourced from the Central Bank website and Statistical Bulletin, 2016. The OLS technique was employed in analyzing the data and the result indicated that both MRR and MPR had insignificant negative effect on ORV. Although when the pre-adoption investigation was carried out, MNS had significant positive impact on ORV but in the post-adoption test conducted, the result was significantly negative. It was an indication that MPR is not any better than the MRR. Therefore, the study recommends that more strict measures be taken by the Monetary Authority in the Country to review the baseline interest rate which helps to determine money supply. This will help to curtail the negative effect of money supply on oil revenue.

**Keywords:** Monetary policy, minimum rediscount rate, monetary policy rate, money supply, Oil Revenue.

## **1.0 Introduction**

Monetary policy is a major tool used in every nation's economy to checkmate the flow of currency in order to prevent excess money in circulation. Central Bank of Nigeria (2006) defined monetary policy as the definite arrangements a nation's Monetary Authority uses in determining the worth of money, its circulation and cost in the economy to ensure that the government's macroeconomic objectives are achieved.

In Nigeria, oil revenue contributes so much to the nation's economy. Oil revenue is derived from the activities of oil and gas industries that operate in Nigeria, through their oil pipeline license fees, royalty on oil extraction, rent on oil wells, gas flaring penalty, sale of petroleum and gas (ATSWA, 2009). Monetary policy affects all facets of the nation's economy in terms of spending responsibilities and revenue sources (which oil revenue forms the major part of it). Invariably, changes in monetary policies pose the problem of having either adverse or favourable effect on the economy at large.

Prior to 2007, Minimum Rediscount Rate (MRR) was a major monetary policy tool the Central Bank of Nigeria used in determining the lending rate to other banks. The introduction and adoption of Monetary Policy Rate (MPR) which served as the replacement for MRR took effect from December 11, 2006 (CBN, 2006).

CBN made use of MRR to anchor short term interest rate in the financial system in Nigeria. MRR was design to give direction to interest rate and monetary policy, yet it failed to achieve the objectives despite several adjustments made to it between 1999 and 2005 by the Monetary Policy Committee (MPC)

to align with the prevailing monetary conditions. The problem could be attributed to the liquidity challenges the banking system encountered over the years which led to the ineffectiveness of MRR in transmitting monetary policy in Nigeria, hence the introduction of MPR on assumption that better monetary policy result could be achieved (CBN, 2016).

Therefore, this study is focused on examining the effect of selected monetary policy tools on oil revenue, both before and after the adoption of Monetary Policy Rate (MPR). The specific objective will be to investigate the effect of monetary policy measured by Minimum Rediscount Rate (MRR), Money Supply (MNS i.e. M2), Treasury Bill Rate (TBR) and Exchange Rate (EXR) on Oil Revenue (ORV) prior to the adoption of MPR.

The time series data to test the pre effect will be from 1996 to 2005. Secondly, the effect of monetary policy on oil revenue will be investigated using the Monetary Policy Rate, Money Supply, Treasury Bill Rate and Exchange Rate to determine the post effect after the adoption of MPR. The time series data to test the post effect will be from 2008 to 2017. Central Bank has a good number of monetary policy instruments, but the ones selected for this study influence oil revenue in Nigeria directly and are relevant to the study.

## **1.2 Hypotheses.**

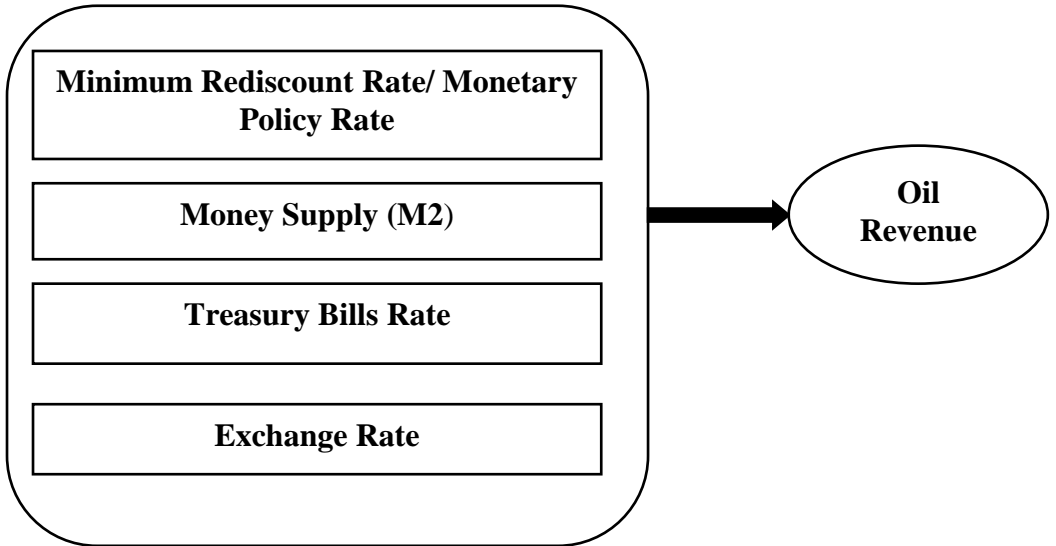
Ho1: Monetary policy measured by MRR, MNS, TBR and EXR do not have significant impact on Oil Revenue in Nigeria (ORV).

Ho2: Monetary policy measured by MPR, MNS, TBR and EXR do not significantly influence ORV in Nigeria.

## **2.1 Conceptual framework.**

This figures below depict how monetary policy affects oil revenue.

Figure 2.1: The effect of monetary policy on oil revenue.



Source: Desk Research, 2018.

**2.1.1 Monetary policy.**

Monetary policy denotes any deliberate action or conscious effort made by the Central Banks or Monetary Authorities of a nation to control the quantity, availability or cost of money in an economy with the view of achieving set goals (CBN, 2016). From the above definition, monetary policy can be described as a blend of methods and integrated procedures used by Central Banks to normalize the value and quantity of money in circulation in an economy while making sure the desired level of economic activity is maintained. The effort to regulate money cost and availability by Monetary Authorities of nations is an attempt to curb the problem of inflation. Other macroeconomic objectives monetary policy is designed to achieve includes: low unemployment, high output growth rate and stable exchange rate (Musa, Usman & Zoramawa, 2014; Omitogun & Ayinla, 2007). As opined by Chipota

& Palesa (2014), monetary policy objective is also to sustain balance of payment equilibrium, ensure price stability and promote economic growth.

**2.1.2 Money supply (MSS).**

Money is anything of value that is generally acceptable by the public for the purpose of making transactions and settling debts. It is beyond just currency (notes or coins) but includes other things used for transactions (CBN, 2016). Therefore, money supply is the sum of all money or monetary assets that can be easily converted to cash at a specific time period in an economy. According to CBN (2011), it the amount of money that is available to the economy at any point in time. In Nigeria, it is measured by:

- 1). Monetary base (that is cash reserves Deposit Money Banks (DMBs) have with CBN;
- 2). Narrow money (that is all currencies in circulation and

demand deposits) which households and businesses have with DMBs;

- 3). Broad money (M2) which comprises narrow money, time deposits and saving deposits with DBMs (CBN, 2016).

### **2.1.3 Monetary policy and oil revenue.**

The receipts from crude oil sales form a major part of government revenue. The receipts are in USD and it takes the CBN to convert them to Naira before transferring same to the federation account for allocation to the three tiers of the government and others. This monetization of crude oil receipts in USD affects money supply and of course exchange rate plays a major role too. Exchange rate of the naira determines the worth of a particular receipt from crude oil sales in naira. If naira appreciates, it means the receipt from oil revenue shared will fall, while reverse is the case when naira depreciates. The CBN through its monetary policy employs all strategies to ensure that the shared revenue does not trigger inflation due to the possibility of having excess money supply. Therefore money supply is put under strict check to avoid excess flow of money in the economy (CBN, 2016).

### **2.1.4 Exchange rate (EXR).**

Exchange rate is the amount at which a country's currency can be given in exchange with another nation's currency. In other words it is the proportion of an individual currency in relation to an alternative legal tender (The Economic Times (TET), 2018). Exchange rate targeting signifies the setting of the cost of a national currency in relation to an alternative legal tender with little inflationary effect. It helps to keep inflation under control (CBN, 2011). Exchange rates may be static or

fluctuating. Fixed exchange rates are decided by Monetary Authority of a nation while the floating exchange rates are determined by the market forces of demand and supply (TET, 2018).

### **2.1.5 Treasury bills rate (TBR).**

Treasury bills are temporary currency market securities issued by government with maturities of one year or less. They are disposed at a discount and mature within 3 to 12 months from the date of issue. The bills serve as the benchmark risk-free instrument in the money market as they are guaranteed by government. They afford the government with a vastly supple and moderately economical means of borrowing money, and are issued through a competitive bid auction (CBN, 2013). Treasury bill rates are market determined following interest rate deregulation in Nigeria.

### **2.1.6 Minimum rediscount rate (MRR).**

MRR is the formal and authorized interest rate of the CBN, which helps all other financial institutions in the country to determine the rate of interest at which facilities should be given to the firms and individuals (CBN, 2006). The decision of CBN on the MRR affects the level of economic activities and prices in the country through a number of channels. Whenever CBN comes up with a decision to change MRR, market interest rate is affected in diverse ways. For instance, financial assets such as stocks and exchange rates will be affected thereby influencing the expectations of people and economic agents. People are encouraged to save whenever the interest rate increases, foreigners spend extra cash in purchasing the domestic currency and as a result the prices of foreign goods are reduced (CBN, 2006).

### **2.1.7 Monetary policy rate (MPR).**

MPR is the baseline interest rate set by the Central Bank on which every other interest anchors on (Duffy, 2017). In Nigeria, MPR was used to replace MRR for a more effective monetary policy result. The MPR controls the amount of money in circulation at any given time. When it increases, money supply shrinks, and expands when it is reduced. The prevailing economic condition of a nation must be carefully studied and considered by the Central Bank before a particular monetary policy measure is applied (Duffy, 2017).

## **2.2 Theoretical Review.**

### **2.2.1 The Monetarist View of Monetary Policy**

The monetarist view of monetary policy is modern school of thought in monetary policy developed by Friedman and Schwartz (1963). This school of thought is different from the classical macroeconomics, but a relevant version of the quantity theory of money which focused on the supply of money as the key factor affecting the well-being of a nation's economy. The view encourages effective monetary policy which is capable of stabilizing an economy. Friedman and Schwartz (1963) believes that the sustenance of a steady economic growth rate depends on the growth of money supply at fixed interest rate (e.g. monetary policy rate) which should not be altered by the monetary policy regulatory authority (Central Banks of nations). Friedman equally argued that since money supply might be demanded for reasons other than estimated transactions, it can be held in various forms such as money, bonds, equities, physical goods and human capital. Each form of this wealth has a unique characteristic of its own and a different yield. These effects will

ultimately increase aggregate money demand and expand output.

### **2.3 Empirical review**

Syed, Faisal, and Nasir (2011) studied the comparative effect of fiscal, monetary and trade policy on the economy of Pakistan using co-integration and time error correction model. The study made use of time series data that covered a period from 1981 to 2009. Money supply, government expenditure and trade openness were used to measure monetary, fiscal and trade policy respectively. The study focused on evaluating the conflict concerning the relative relevance and effectiveness of three policies (monetary, fiscal and trade) in Pakistan. The co-integration result proved that both monetary and fiscal policy had significant and positive effect on the economy while trade policy effect is insignificant. Although, the coefficient of monetary policy was greater than the fiscal policy which suggested that monetary policy had more impact on economic growth than fiscal policy in Pakistan. The implication of the study is that the policy makers should focus more on monetary policy than fiscal to improve economic growth. The role of fiscal policy may be more effective for augmenting economic growth by eradicating graft, revenue leakages and improper use of resources. However, the study recommended a suitable blend and synchronization of both monetary and fiscal policy. However, this study failed to investigate the effect of other monetary and fiscal policy tools on the economy for a better comparison.

Chipote and Palesa (2014) used Johansen Co-integration and the Error Correction Mechanism to investigate the impact of monetary policy on economic

growth in South Africa. The study covered a period from 2000 to 2010. The predictor variables employed were money supply, repo rate, consumer price index and exchange rate while the dependent was gross domestic product (GDP). The result of the study showed an evidence of a long run relationship among the variables. However, the findings revealed that money supply, repo rate and exchange rate had insignificant impact on GDP while the influence inflation exerted was significant. The policy implication is that inflation is caused by excess money supply and monetary policy of a nation should be able to put inflation under control to avoid negative effect on the economy.

Musa, Usman, and Zoramawa (2014) analyzed the long and short run relationship between money supply and revenues in Nigeria. The study employed co-integration approach using two different functional forms, one showing the effect of money supply on revenue and the other depicting the effect of revenue on money supply. The study made use of time series data from 1970 to 2010. When money supply was made the dependent variable, the result indicated that government revenue had a positive and significant impact on money supply. On the contrary, when government revenue was made the response variable, the result revealed no evidence of an existence of a long run relationship between money supply and revenues comprising both oil and non-oil. The study concluded that government revenue (both oil and non-oil) drives money supply in Nigeria, which in turn helps to improve the economy.

Ekwe, Amah, and Omodero (2017) examined the impact of monetary policy

on the economy of Nigeria using time series data from 1996 to 2016. Monetary policy in Nigeria determine the amount of credit available to the private sector and broad money supply that could be in equilibrium with the level of economic activities in the country. The study made use of broad money supply (M2) and credit to private sector (CPS) to measure monetary policy while the response variable was the gross domestic product (GDP). The findings from the regression analysis revealed that both the money supply and the credit to private sector had no impact on the economy. The result is an indication that, though monetary policy is meant to improve the economy through credit availability at low interest rates to private sectors, but in Nigeria, business are strangled due to high interest rates.

Srithilat and Sun (2017) investigated the impact of monetary policy on economic development of Lao People's Democratic Republic (PDR) using annual time series data from 1989 to 2016. The problem of high fluctuation of inflation and dollarization became a usual phenomenon following the change in policy from centrally planned economy to market oriented economy in 1986. Therefore, monetary policy in Lao PDR faced a lot of constraint which made it incomplete and ineffective. The study made use of Johansen Co-integration and Error Correction Model to analyze the effect of money supply, interest rate, inflation and exchange rate on the real GDP per capita. The findings revealed that exchange rate had a positive effect, while the other predictor variables had negative effect on the real GDP per capita.

**2.4 Gap in literature.**

Syed et al. (2011) investigated the comparative effect of fiscal, monetary and trade policy on the economy of Pakistan. The study used only money supply to measure the effect of monetary policy, but failed to put into consideration, the effect of interest rates which directly affects money supply (Duffy, 2017). Although, the study of Syed et al. (2011) found evidence that monetary policy in Pakistan has significant positive effect on the economy, on the contrary, the study of Chipota and Palesa (2014) carried out in South Africa found a conflicting evidence that monetary policy insignificantly influence GDP.

Musa et al. (2014) focused on the effect of monetary policy on government revenue and vice versa. The findings revealed that monetary policy did not have positive relationship with government revenue when used as the predictor variable.

The study of Ekwe et al. (2017) revealed that monetary policy exerted negative influence on GDP. This is supported by the study of Srithilat and Sun (2017) where the findings revealed that all the monetary policy tools (money supply, interest rate and inflation) used had negative effect on GDP except exchange rate which exerted positive effect on GDP.

Where:

- ORV = Oil Revenue
- MRR = Minimum Rediscount Rate
- MNS = Money Supply (M2)
- TBR = Treasury Bill Rate
- EXR = Exchange Rate
- $\beta$  (1-4) = Coefficient of independent variables
- $\mu$  = The Error Term

$$ORV = f(MRR, MNS, TBR, \& EXR) \dots\dots\dots (2)$$

This research is focused on the effect of monetary policy on oil revenue in Nigeria with particular emphasis on the pre and post effect of the monetary policy changes in Nigeria. The study wishes to examine the effect of MRR and other selected monetary policy instruments on oil revenue before the adoption of MPR, then, thereafter the effect of MPR in conjunction with other tools since after the adoption. This is the existing gap the present study is planned to fill which none of the studies reviewed above considered.

**3. Model Specification.**

This study wishes to investigate the effect of monetary policy on Oil Revenue in Nigeria before and after the adoption of MPR. The research design for this study is the ex-post facto, since it is based on historical data. The study covers a period from 1996 to 2005 which is prior to the adoption of MPR and the post adoption period from 2008 to 2017. The time series data have been gathered from the CBN website and statistical bulletin.

To achieve the objective of this study, the econometric model adopted is as follows:

$$ORV = f(MRR, MNS, TBR, \& EXR) \dots\dots\dots (1)$$

The categorical form of equation (1) above is symbolized as follows:

$$ORV = \alpha + \beta_1MRR + \beta_2MNS + \beta_3TBR + \beta_4EXR + \mu$$



The explicit form of equation (2) above is denoted as follows:

$$ORV = \alpha + \beta_1MPR + \beta_2MNS + \beta_3TBR + \beta_4EXR + \mu$$

Where:

|               |   |                                      |
|---------------|---|--------------------------------------|
| ORV           | = | Oil Revenue                          |
| MPR           | = | Monetary Policy Rate                 |
| MNS           | = | Money Supply                         |
| TBR           | = | Treasury Bill Rate                   |
| EXR           | = | Exchange Rate                        |
| $\beta (1-4)$ | = | Coefficient of independent variables |
| $\mu$         | = | The Error Term                       |

**4.0 Results and interpretations.**

The result of the study is presented in six (6) different tables. Tables 1-3 depict the effect of selected monetary policy tools on oil revenue prior to the introduction of monetary policy rate. In

the same manner, the post effect is shown on tables 4-6, which is when the monetary policy rate became operational as the baseline interest rate by the Central Bank of Nigeria.

Table 4.1: Model Summary – Pre Effect.

| Model   | R    | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|------|----------|-------------------|----------------------------|---------------|
| 1   | .993 | .987     | .976              | .06198372                  | 2.355         |
| a. Predictors: (Constant), EXR, TBR, MNS, MRR |      |          |                   |                            |               |
| b. Dependent Variable: ORV                    |      |          |                   |                            |               |

Source: Authors’ Computation, 2018.

Table 4.1 presents a result summary of regression model generated from the relationship between ORV and the predictor variables (MRR, MNS, TBR, & EXR) in Nigeria. The R value which is 99.3% represents a strong positive relationship between the dependent (ORV) and the independent (MRR,

MNS, TBR, & EXR) variables. The R<sup>2</sup> value of 98.7% connotes that only 1.3% of the changes in ORV cannot be explained by the input variables captured in the model. The Durbin-Watson of 2.355 is within the acceptable limit, showing existence of no auto correlation.

Table 4.2: ANOVA – Pre Effect.

| Model |            | Sum of Squares | Df | Mean Square | F-test | Significance level. |
|-------|------------|----------------|----|-------------|--------|---------------------|
| 1     | Regression | 1.432          | 4  | .358        | 93.189 | .000                |
|       | Residual   | .019           | 5  | .004        |        |                     |

|   |       |       |   |  |  |  |
|---|-------|-------|---|--|--|--|
|   | Total | 1.451 | 9 |  |  |  |
| a. Dependent Variable: ORV                    |       |       |   |  |  |  |
| b. Predictors: (Constant), EXR, TBR, MNS, MRR |       |       |   |  |  |  |

The joint result reflected by F-test value of 93.189 (p-value = 0.000 < 0.05) indicates that, the explanatory variables jointly influence the oil revenue (ORV)

in Nigeria. The result also signifies that the model is a good fit and statistically significant at 95% level of confidence.

Table 4.3: coefficients – Pre Effect.

| Model |     | Unstandardized Coefficients |            | Standardized Coefficients | T-test | Significance level. |
|-------|-----|-----------------------------|------------|---------------------------|--------|---------------------|
|       |     | B                           | Std. Error | Beta                      |        |                     |
|       |     |                             |            |                           |        |                     |
|       | MRR | -1.654                      | .794       | -.230                     | -2.082 | .092                |
|       | MNS | .851                        | .114       | .674                      | 7.492  | .001                |
|       | TBR | -.307                       | .382       | -.088                     | -.803  | .458                |
|       | EXR | -.660                       | .146       | -.400                     | -4.538 | .006                |

a. Dependent Variable: ORV

Source: Authors’ Computation, 2018.

The table 4.3 above, showed the result of the individual performance of the predictor variables as they affect the oil revenue. The result reveals that MRR (p-value = 0.09 > 0.05; t-test = -2.082) and TBR (p-value = 0.46 > 0.05; t-test = -0.803) have insignificant negative effect on ORV. The result also shows that EXR has a significant negative influence (p-value = 0.00 < 0.05; t-test = -4.538) on ORV. On the contrast, MNS exerts significant and positive influence (p-value = 0.00 < 0.05; t-test = 7.492)

on ORV. Considering the results that emerged under the pre-effect condition, the Ho1 is accepted in the case of MRR, TBR, and EXR but is rejected in the case of MNS. These findings agreed with Syed et al. (2011) who found that money supply had positive influence on economic growth in Pakistan. On the contrary, the findings of (Musa et al., 2014; Ekwe et al., 2017) disagreed with this result because using money supply as a predictor variable, the result was negative both in relationship and impact.

Table 4.4: Model Summary – Post Effect

| Model | R    | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|------|----------|-------------------|----------------------------|---------------|
| 1     | .956 | .914     | .845              | .12062285                  | 2.460         |

a. Predictors: (Constant), EXR, MPR, MNS, TBR

b. Dependent Variable: ORV

Source: Authors' Computation, 2018.

The result on table 4.4 shows that R is 95.6% which indicates the existence of a very strong and positive relationship between the ORV and the input variables (MPR, MNS, TBR, and EXR). The coefficient of determination (denoted by R<sup>2</sup>) is equal to 91.4%, implying that the proportion of the variance in the response variable (ORV)

is predictable from the predictor variables (MPR, MNS, TBR, and EXR). The result revealed that only 8.6% variations of ORV in Nigeria are not explained by the model used in this study. The Durbin-Watson of 2.460 indicates there is no auto correlation to show concern for.

Table 4.5: ANOVA – Post Effect

| Model   |            | Sum of Squares | Df | Mean Square | F-test | Significance level. |
|---|------------|----------------|----|-------------|--------|---------------------|
| 1   | Regression | .769           | 4  | .192        | 13.222 | .007                |
|   | Residual   | .073           | 5  | .015        |        |                     |
|   | Total      | .842           | 9  |             |        |                     |
| a. Dependent Variable: ORV                    |            |                |    |             |        |                     |
| b. Predictors: (Constant), EXR, MPR, MNS, TBR |            |                |    |             |        |                     |

Source: Authors' Computation, 2018.

The pool result represented by F-test is 13.222 (p-value = 0.007 < 0.05). This shows that MPR, MNS, TBR and EXR jointly and significantly influence ORV. It also indicates that the regression

analysis model applied for the study predicts the changes in the ORV significantly well at 5% level of significance.

Table 4.6: Coefficients – Post Effect.

| Model                      |            | Unstandardized Coefficients |            | Standardized Coefficients | T-test | Significance level. |
|----------------------------|------------|-----------------------------|------------|---------------------------|--------|---------------------|
|                            |            | B                           | Std. Error | Beta                      |        |                     |
| 1                          | (Constant) | 5.003                       | 2.124      |                           | 2.355  | .065                |
|                            | MPR        | -1.453                      | .957       | -.635                     | -1.518 | .190                |
|                            | MNS        | -2.371                      | .372       | -1.277                    | -6.373 | .001                |
|                            | TBR        | 1.818                       | .683       | 1.071                     | 2.659  | .045                |
|                            | EXR        | 4.058                       | 1.187      | .634                      | 3.418  | .019                |
| a. Dependent Variable: ORV |            |                             |            |                           |        |                     |

Source: Authors' Computation, 2018.

From table 4.6 above, MPR has an insignificant negative influence on ORV (p-value = 0.19 > 0.05; t-test = -1.518). The MNS equally has a significant negative effect on ORV (p-value = 0.00 < 0.05; t-test = -6.373). On the contrast, both TBR and EXR significantly and positively impact on ORV (p-value = 0.045 < 0.05; t-test = 2.659 and 0.019 < 0.05; t-test = 3.418 respectively). From the result on table 4.6, the Ho2 is accepted in MPR and MNS while it has been rejected in TBR and EXR. These results are in agreement with the findings of Srithilat and Sun (2017) who examined the impact of monetary policy on economic development of Lao PDR and found evidence that money supply, interest rate and inflation had negative influence on GDP except exchange rate that showed positive effect on GDP.

#### 4.2 Discussion on findings.

The common characteristics among the results of this study is that both the Minimum Rediscount Rate (MRR) and the replacement which is the Monetary Policy Rate (MPR) do not have positive influence on Oil Revenue (ORV). The results indicated that both of them had insignificant negative impact on oil revenue which represents over 70% of the government revenue in Nigeria. According to Duffy (2017), increase/decrease in interest rates, affects money supply directly. The monetarist view of monetary policy by

Friedman and Schwartz (1963) believed that the sustenance of a stable economic growth rate hinges on the growth of money supply at a fixed interest rate (e.g. monetary policy rate) which should not be varied by the Central Banks of nations. The expectation of the CBN is to see a better monetary policy result emanating from the change from MRR to MPR (CBN, 2016). From the regression result of this present study, the original aim is really far-fetched, unless there could be some other measures in the future to realize the objectives.

#### 5.0 Recommendation and conclusion.

The findings of this study is something that deserves a critical attention. Perhaps the Monetary Authority in the country will consider it wise to review the MPR and come up with improvement to drive the economy better. Stability of exchange and interest rates is very crucial and important since the oil revenue that goes to the Federation account for sharing (CBN, 2016) drives money supply in the country (Musa et al., 2017). From the view of Friedman and Schwartz (1963), the Central Bank of Nigeria should design monetary policies that could sustain growth of money supply at a more favourable fixed interest rate which will help the country have a stable economic growth.

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