

DEFENSE SPENDING AND ECONOMIC GROWTH IN ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

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Abstract

The spate of political instability in the West African sub-region has triggered a lull in socio-economic activities and consequently the government in the sub-region has responded by increasing spending on defense in order to restore socio-economic stability. This study examines the relationship between defense spending and economic growth in the ECOWAS sub-region using a panel of thirteen (13) countries for the period (2000-2014). The study adopts a panel data framework and specifies the fixed and random effect models. The Hausman test is utilized to determine the appropriateness of the fixed effect model. Using non-stationary panel data which became stationary at first difference, the panel Fully Modified Least Squares (FMOLS) was utilized to estimate the model. The study reveals that defense spending induces a negative effect on economic growth; this would not be unconnected with crowding out of private sector investment, high cost of the importation of military hardware and the huge amount spent on maintaining the military as well as the weak fiscal discipline in the economies of the sub-region. It is recommended that government institutions be strengthened to ensure realistic, transparent and appropriate channeling of defense spending towards productive economic activities.

Keywords: Defense Spending, Gross Domestic Product, Government Expenditure, Panel Fully Modified Ordinary Least Square (PFMOLS).

1. Introduction

Acknowledging the key role of political stability in engendering sustainable growth, West African head of states and government has increased spending on defense in response to the increasing wave of insurgency that has led to loss of lives, output growth decline and humanitarian crises. According to the World Bank (2016), the average level of defense spending rose from 6 percent of central government expenditure in late 1990s to more 10 percent in 2014. In addition, defense expenditure as a share of gross domestic product (GDP) in most countries of the Economic Community of West African States (ECOWAS) almost doubled between 1990 and 2014. At an average of 2.4 percent, many countries in the sub-region devoted higher share of GDP to defense expenditure.

In the light of this continuous growth in defense spending in the sub-region, the debate continues in the development community on the effect of defense spending on economic growth. The classical school of thought contends that an

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increase in defense spending is likely to retard economic growth (Dunne et al. 2005). This argument is hinged on the hypothesis that higher defense spending would not only crowd-out private sector investment but also result in lower

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domestic savings, and ultimately reduce aggregate demand. The justification for this argument is that increases in the rate of interest on loanable fund high resulting from increases the level of defense spending crowd out private sector capacity to access fund and hence a reduction in private investment.

On the other hand, the Keynesian school of thought argues that an increase in defense spending stimulates aggregate demand, increases purchasing power and national output, and creates positive externalities (Narayan and Singh, 2007: 395). Endogenous growth theories suggest that government spending has an impact on the long-run growth rate. Its influence depends on the size of government intervention and on the different components of government spending. Moreover, government expenditures on different sectors of the economy have heterogeneous effects on economic growth. For example, public infrastructures, research and development and public education are often considered public goods that have a positive effect on economic growth. On the other hand, observations that growth in government spending, mainly based on non-productive spending, is accompanied by a reduction in income growth has given rise to the hypothesis that the greater the size of government intervention the more negative is its impact on economic growth. Endogenous growth theory provides a foundation for the relationship between the share of defense spending and long run economic growth, predicting an inverse hump-shaped link (Pieroni, 2009: 327).

Although the political justification of much of the growth of defense spending is usually based on the need to maintain national security, these recent dynamics have led to renewed debate over whether the increase of the defense spending enhances or deteriorates economic growth and welfare. While this has been a central issue of the economic debate during the 1980s and 1990s, it was one that did not achieve a clear empirical consensus among scholars, reflecting to a large degree of heterogeneity in the approaches used and differences in the sample of countries covered and the time periods covered (Dunne et al. 2005). Early cross-country correlation analyses by Benoit (1973; 1978) quickly gave way to a variety of econometric models, reflecting different theoretical perspectives. Keynesian, neoclassical and structuralist models provided a variety of specifications for different samples of countries. In response to this glooming wave of insecurity and its attendant consequences, this study seeks to empirically examine the impact of defense spending on economic growth in the ECOWAS.

The rest of the paper is organized as follows: section 2 reviews the related literature. Section 3 discusses the methodology. Estimation and discussion of results are provided in section 4 and section 5 concludes the study.

2. Literature Review

The relationship between government spending and economic growth has attracted considerable interest among economists and policy makers. There has been increasing interest among researchers, economists and scholars on the subject of government spending and economic growth in both developed and developing countries. The effect of government expenditure on economic growth has neither been resolved theoretically nor empirically. Government performs two functions: protection (security) and provisions of certain public goods. Protection function consists of the creation of rule of law and enforcement of property rights which helps to minimize risks of criminality, protect life and property, and the nation from external aggression.

The inability of the theoretical analyses (as analysed briefly in the previous section) to produce a unified theory that interprets the explicit role of defense spending as an independent macroeconomic tool is in line with the contradictory empirical evidence produced by the rich empirical literature. Deger (1986) suggests, economic growth may also be stimulated through spin-off effects such as the creation of a socio-economic structure conducive to growth. On the other hand, however, such spending has been shown to have growth-retarding effects, mainly through investment crowding-out, inflationary pressures and the reduction of available public funds for spending and investment in other,

potentially more productive and growth inducing, areas. All these channels through which defense spending can influence – promote or retard – growth assume that such expenditures are causally prior to economic growth. However, as Joerding (1986) notes, economic growth may be causally prior to defense spending.

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Thus, although defense expenditures may affect growth through the mechanisms mentioned earlier, it is also plausible that economic growth may be causally prior to defense spending. For example, a country with high growth rates may wish to strengthen its external as well as internal security by increased defense spending (Dakurah et al., 2001). Furthermore, it is equally plausible that countries with high growth rates may divert resources from defense to other more productive uses. Regarding causality analysis there are four possible outcomes when it comes to the causal ordering between growth and defense spending: bi-directional causality between the two time-series, unidirectional causality from growth to defense expenditure or vice versa and the absence of any causal relationship. In the context of the preceding brief discussion of the issues involved, the causal relationship between economic growth and defense spending has been the subject of extensive empirical work (e.g. Dakurah et al., 2001; Castille et al., 2001; Dunne et al., 2001; Madden and Haslehurst, 1995; Kusi, 1994; Kollias and Makrydakis, 1996, 2000; Nadir, 1993; Heo, 1998; Chowdhury, 1991; LaCivita and Frederiksen, 1991; Joerding, 1986). A survey of this literature reveals little consensus on the existence of such a relationship or, when it exists, its nature and direction varies. Unidirectional causality (from defense spending to growth or from growth to defense spending), bilateral causality and no-causality have been reported. Taking into consideration the generated empirical evidence and its lack of consistency, one may reach the conclusion that this relationship cannot be generalized across countries and over time since, among other things, it depends on the level of socio-economic development of the country (or countries) involved, the sample period as well as the methodology employed (Kollias et al., 2004).

Benoit (1973) and Benoit (1978) conducted a study analyzing whether defense spending promoted or depressed economic growth in developing countries. These studies used 44 developing countries between 1950 and 1965 and reported a positive association – the Benoit hypothesis - between defense spending and economic growth. This triggered a second wave of research in the field carried out by Deger (1981), Deger & Sen (1983), Deger & Smith (1983) and Faini, Annez & Taylor (1984), who all reported a negative relation between defense spending and economic growth. However, Frederiksen & Lonney (1983) found that the relationship between defense spending and growth was positive for rich and negative for poor countries. Later, Knight *et al.* (1996), with a sample of 79 countries for the period 1971 to 1985, showed two different effects of defense spending on economic performance. The first was a “crowding-out” effect whereby defense spending was found to reduce the stock of resources available for other productive investments, exerting a negative effect on the rate of investment in fixed productive capital.

The second was a distortion in relative prices since defense spending is not governed by the market and, hence, they recorded a reduction in allocative efficiency. Other studies have failed to find a relationship between economic growth and the defense burden. Sala-i-Martin *et al.* (2004) selected 67 variables that have been shown to be correlated with economic growth, including defense spending. They used a Bayesian approach to find the posterior inclusion probability of each variable in the growth regression. Only 18 variables presented as shown in Maizel & Nissanke (1986) for a survey of this early literature. Nabe (1983) considered an index of social development which included education and health indicators; the relation was also negative. An inclusion probability higher than 10%: Ranking the variables according to their probability, defense spending was 45th with a probability of 2.1%. Aizenman & Glick (2006), in a study that provides further insights into this relationship, show the existence of non-linear interactions between defense spending, external threats and corruption. By constructing variables that interact defense spending with levels of external threat and corruption, they show that in countries facing low levels of threat, defense spending reduces economic growth, while in countries facing high levels of threat, defense spending promotes economic growth. Likewise, when corruption levels are low, they show that defense spending has a positive impact on economic growth, while this impact is negative when corruption levels are high. The effect of defense spending on economic growth seems to be nonlinear. A negative effect of defense spending on economic growth for countries with low levels of government can be expected. Thus, reductions in defense spending can, in certain countries, foster growth. But,

which path should governments follow in order to reduce defense spending? Is the political path sufficient? A better understanding of the determinants of defense spending should help answer these questions.

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Defense spending might be seen as acting as a deterrent on warring parties and, as such, this expenditure would be a regional public good. Nonetheless, Collier & Hoeffler (2006) showed that in post-conflict situations defense spending increases the risk of renewed civil conflict. In their study, they show that a government's defense spending acts as a signal of its intentions. To understand this underlying rationale, note that the defense capability of rebels is more significantly undermined, the longer peace is maintained in post-conflict period, rebel groups lose their bargaining power in post-conflict situations. Then, although the government should negotiate a peace settlement that is acceptable to the rebels, it is likely to be rejected owing to a time-consistency problem. In the absence of any guarantees that the government will uphold the same peace conditions despite the rebels' loss of power, defense spending signals the government's intentions. High spending indicates a high probability of non-fulfillment of the peace treaty, increasing the risk of renewed conflict, and vice versa. Therefore, money invested in the defense acts as a regional public good has bad effect. In other words, in tense situations with a recent history of blood and strife, defense spending acts as a signal of the government's commitment to peace. Having said this, it is important to ask whether there are any particular institutional characteristics that might promote defense spending. That is, are there any structural elements in a political-economic system that might undermine a peace process? If so, what are these characteristics? These questions are best understood if we could identify the determinants of defense spending - in particular, the institutional determinant.

Vicious circles can be form involving defense spending, growth and war. Collier and Hoeffler (2002) found that, while African countries had a similar incidence of conflict as other developing countries, the risk on that continent was higher because of its economic characteristics. By contrast, Africa's social characteristics do not increase the risk of civil conflict since fractionalized societies are safer than homogenous ones as rebel groups *Kollias et al.* (2007) estimate the relationship between economic growth and defense spending in the European Union (EU15) for the period of 1961-2000. They show the existence of a growth-inducing effect in the short run and a positive feedback in the long run. Since we can consider EU countries to have low levels of corruption, this paper confirms one of the results of Aizenman & Glick (2006). They encounter many difficulties in maintaining their cohesion. Consequently, it is the economic failure of Africa that would seem to make this continent more prone to civil war. Though defense spending is not the sole cause of low economic growth rates, it might play a role that has been noted. Thus, cutting defense spending is not only important for the role it plays in post-conflict situations or for the effect it has on growth in corrupt countries, but also because it would help break the vicious circle of conflict in which some countries have become trapped in recent decades. Thus, there are at least three pressing reasons for examining the determinants of defense spending: the role it plays in post-conflict situations, its effects on growth and the vicious circles formed by defense spending, growth and war.

Two types of model have been used to examine the determinants of defense spending (Dunne & Perlo-Freeman; 2003a): firstly, the arms race model (Richardson, 1960), which focuses primarily on the military spending of potential enemies or allies to explain defense spending; and secondly, models that include economic, political and strategic factors (Dunne & Perlo-Freeman; 2003a, 2003b and 2008; Gadea et al., 2004; Yildirim & Sezgin, 2005; Collier & Hoeffler, 2007; Nikolaidou, 2008). Arms race models based on bilateral relationships have proved unsuccessful in explaining the determinants of defense spending (Majeski and Jones, 1981). It would seem that security is a multilateral, not a bilateral concern, as Rosh (1988) explains in developing the concept of a security web. Rosh argues that security is the most influential explanatory variable determining defense spending and that most threats to security are posed by bordering countries. It is for this reason that policy makers in developing countries scrutinize the defense budgets of countries in their geographical region. Thus, the study of defense spending as a percentage of the gross national product of the neighboring states of developing countries, along with the GNP of states in their security web, i.e., those states that might participate in a dispute beyond their immediate borders. The results reveal security webs as having the most important, significant and positive effect on defense spending. Recently, Dunne & Perlo-Freeman

(2003b) found that the determinants of defense spending changed after the end of the Cold War. Although Rosh (1988) showed a country's security web to be the most important factor, the main type of conflict over the last two decades has, in fact, been civil war (Harbom and Wallensteen, 2007). This

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suggests that the determinants of defense spending have indeed changed with countries becoming less concerned with the arms race and more worried about internal strife.

3. Methodology

3.1 Theoretical Framework

Among the various theories on government expenditure and economic growth discussed in the previous chapter, the endogenous growth theory by Barro (1990) seems more appropriate in analyzing the relationship in government expenditure and economic growth. Endogenous growth models such as Barro (1990), expect that government expenditure and taxation will have both temporary and permanent effects on growth. Distortionary taxation or productive government expenditures may affect the incentive to invest in human or physical capital, but in the long run this affects only the equilibrium factor ratios and not the growth rate, although there would in general be transitional growth effects. Endogenous growth models such as those of Barro (1990) and King and Rebelo (1990), on the other hand, predict that distortionary taxation and productive expenditures would affect the long-run growth rate. The novel feature of the public-policy endogenous growth models of Barro (1990), Barro and Sala Martin (1992, 1995) and Mendoza *et al.* (1997) is that fiscal policy can determine both the level of the output path and the steady-state growth rate.

Exogenous growth models were being used to evaluate the relationship between government spending and economic growth. The endogenous growth theory incorporates two fundamental assumptions: that private capital marginal productivity should be decreasing and the externality concept. Romer (1986) constructed a model that allowed endogenous positive long-run economic growth rate. With this result, it attracted more studies on public policy influence on economic growth. Lucas (1988) proposed his' endogenous growth model with human capital as the engine of continuous growth. Barro (1990) came up with a model which incorporated productive public spending. This kind of government spending increases private capital marginal productivity, for instance infrastructures. Barro identified a positive correlation between government spending and long-run economic growth. In 1990, Robert Barro published "Government Spending in a Simple Model of Endogenous Growth" article.

The model was based on a consumer-producer representative agent set-up with production function: $Y = (k, g) = Ak^\alpha g^{1-\alpha}$. The production function is instigated from Arrow and Kurz (1970), with g (per capita) productive public spending that improves the private capital marginal productivity and "k" representing producer's quantity of capital (private inputs). The per capita production function yields constant returns to scale. He considered the role of public services as an input to private production. It is this productive role that leads to a potentially positive linkage between government and growth.

In Barro's model, productive government spending was modelled as an externality. He analyzed the impact of consumption spending in comparison with productive spending and concluded that flat-rate taxes are used to finance public consumption which lowers long-run growth.

3.2 Model Specification

For the purpose of this study, this study is said to examine the relationship between defense spending and economic growth in the economic sub-region. 16 countries constitute the sub group called ECOWAS. We introduce the panel framework into the model by introducing the country index and incorporating countries' unobservable individual effects into the equation. From the standard Cobb-Douglas production

$$q = f(L, K) \tag{1}$$

where; $L = \text{labour}$ and $K = \text{capital}$

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Based on Solow growth model, the contribution of technical progress is emphasized and the new model is expressed as

$$Y = Af(L, K) \tag{2}$$

Where; $A = \text{exogenous technology}$

Other variables as previously defined

The model can be further reduced by dividing both sides by L

$$Y/L = Af(L/L, K/L) \tag{3}$$

$$y = Af(1, k) \tag{4}$$

$$y = Af(k^\alpha) \tag{5}$$

3.2. Empirical Models

The empirical model expressed growth as a function of defense spending. There are other explanatory variables as suggested by the literature. These variables enter the model as well.

$$GDP_{it} = \beta_0 + \beta_1 DEFSP_{it} + \beta_2 CAPEXP_{it} + \beta_3 RINTRAT_{it} + \beta_4 INFRAT_{it} + \varepsilon_{it} \tag{6}$$

Where: i denotes cross-sections and t denotes time.

- GDP = Gross Domestic Product
- DEFSP = Defense Spending
- CAPEXP = Capital Expenditure
- INTRAT = Interest Rate
- INFLRA = Inflation Rate
- U_{it} = is the stochastic disturbance term.

The specifications in which individual effects are incorporated are particularly justified in the developing economies of ECOWAS. In effect, the equation allows accounting for individual heterogeneity that if not taken into consideration can lead to biased estimates. The data for this study was sourced from the World Development Indicators (WDIs). These data for the variables of interest include gross domestic product, defense spending, capital expenditure, interest rate and inflation rate.

4.0 Estimation and Data Analysis

In this section we present estimation result and analyses of the regression result of the model postulated as well as verification of the various working hypothesis which is drawn from the objectives of the study. Five variables are involved in this model specification and these are gross domestic product per capital (GDPPC) defense spending proxied by military expenditure as a ratio of the gross domestic product (DEFSP), capital stock proxied by the gross capital formation (GCAP), the inflation rate proxied by the percentage change in the consumer price index (INF) and the interest rate proxied by the real interest rate (RINT). The results of the UNIT ROOT TEST, PFMOLS and EGLS regression model are presented below. The parameters estimated are also subjected to various economic, statistical and econometric tests. Finally, we analyze our result in order to verify whether they conform to the working hypothesis of this study.

Table 4.1 Panel Unit Root Tests

Variables	Lin, Levin & Chu at Levels		Lin, Levin & Chu at first difference		Order of integration
	Prob*	Statistic	Prob*	Statistic	
LogDFSPD	0.0594	1.56003	0.0000	-12.9283	I(1)

LogGDP	0.945	1.23947	0.0126	2.23947	I(1)
LogINF	0.08850	1.8071	0.0000	7.65071	I(1)
LogGCAP	1.000	1.76832	0.000	-4.13407	I(1)
LogRINT	0.0764	1.4870	0.0000	-8.61383	I(1)

* 5% level of significance

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Based on the unit root test in Table 4.1 all variables became differenced stationary and integrated at order one the hypothesis of no unit root is rejected at 5% level of significance. Having confirmed the order of integration of the variables, we proceeded to estimate the model using panel fully modified ordinary least square (PFMOLS).

The result as presented in Table 4.7 indicates that the model was able to account for over 78% systematic variation of the dependent variable as indicated by the R^2 which is a measure of goodness of fit. defense spending has a negative and significant effect on economic growth in the ECOWAS sub-region (t-stat = -3.57; $p < 0.01$). A 10 percent increase in defense spending reduced economic growth in the region by 4.2%.

Table 4.2: The Result of PFMOLS When INF and RINT are used as Deterministic Variables

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DFSPD	-0.410875	0.115249	-3.565097	0.0005
R-squared	0.782831	Mean dependent var		6.386372
Adjusted R-squared	0.723186	S.D. dependent var		0.732223
S.E. of regression	0.385245	Sum squared resid		21.07478
Long-run variance	0.131699			

Table 4.8 the Result of PFMOLS when INF and RINT ARE USED AS ADDITIONAL EXPLANATORY VARIABLES

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DFSPD	-0.292462	0.139968	-2.089483	0.0382
INF	-0.018082	0.008134	-2.222986	0.0276
RINT	-0.001337	0.006641	-0.201366	0.8407
R-squared	0.640053	Mean dependent var		6.386372
Adjusted R-squared	0.607528	S.D. dependent var		0.732223
S.E. of regression	0.458720	Sum squared resid		34.93045
Long-run variance	0.321808			

Next we introduce government capital expenditure and re-estimated our model using panel EGLS Method. The result as presented in Table (4.9), Table (4.10) and Table (4.11) showed that defense spending has negative impact on economic growth in the economic sub-region. For instance in Table (4.9), a 10 percent increase in defense spending would reduce economic growth by about 2.8 per cent. The findings as shown in the table also revealed that inflation and interest rate have negative impact on economic growth in this region. Since all variables are logged, their

coefficients are interpreted as elasticities or percentages. Thus, A 100 percent increase in the rate of interest would lead to 0.10 percent decrease in economic growth. Also a 100 percent increase in the rate of inflation would lead to 1.5 percent fall in the rate of inflation.

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5.3 Conclusion

In this study, we considered defense spending and analyzed the defense–growth relationship. We estimated the economic growth equation based on the Feder model for 13 ECOWAS countries using panel data over the period 2000 to 2014 to verify how defense spending affects economic growth. The empirical results of this paper suggest that defense spending has a negative impact on the rate of economic growth in all 13 ECOWAS countries. In developing countries, we can see the positive externality effect of the defense sector even with defense sector data excluding arms imports. According to the results, as the defense sector increases, so does economic growth retards. Usually, we think of defense spending as a burden on the economy. Therefore defense spending for developing countries usually has a negative effect on their economies. The findings of this study suggest that domestic defense industries in countries which import arms tend to promote a positive economic effect. Although developing countries have no choice but to import arms, we suggest that defense spending for their countries has a negative effect on their economies if we consider the internal effect only by excluding arms imports. The results of this study suggest that defense spending has a negative impact on the rate of economic growth in the ECOWAS sub-region. According to the results, as the defense spending increases, so does economic growth. The defense burden doesn't have much negative effect on economies in this period. As argued by the neoclassical approach, military expenditures create a higher alternative cost on consumption, investment and other public expenditures. Moreover, military expenditures create a serious burden on the budget and speed up inflation. On the other hand, in most of the developing countries, consumption of arms is met through import and these expenditures suck up the already-limited foreign exchange resources.

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APPENDIX.

Graphs trend of Variables

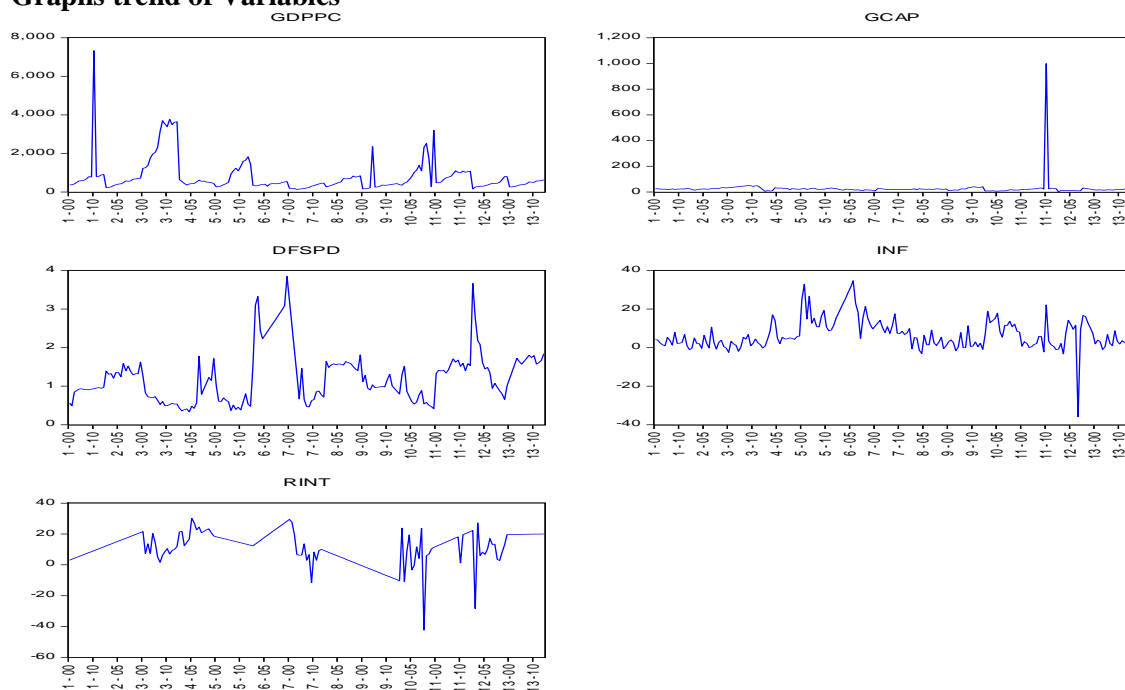


Table 4.3 Result obtained from Panel EGLS Method

Dependent Variable: LOG(GDPPC)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(DFSPD)	-0.284426	0.080448	-3.535537	0.0005
LOG(GCAP)	0.210807	0.061219	3.443497	0.0007
INF	-0.015440	0.004686	-3.295083	0.0012
RINT	-0.000962	0.003644	-0.264029	0.7921
C	5.846185	0.190415	30.70237	0.0000

Table 4.10 Result obtained from Panel EGLS (Two-way random effects)

Dependent Variable: LOG(GDPPC)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(DFSPD)	-0.297875	0.098152	-3.034822	0.0027
LOG(GCAP)	0.215529	0.075470	2.855828	0.0048
INF	-0.015315	0.005744	-2.666024	0.0083
RINT	-0.000551	0.004482	-0.123003	0.9022
C	5.827395	0.307277	18.96465	0.0000

Table 4.11 Result obtained from Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOG(DFSPD)	-0.486737	0.088919	-5.473922	0.0000
LOG(GCAP)	0.382231	0.084364	4.530719	0.0000
INF	-0.012457	0.005877	-2.119506	0.0353
RINT	0.006189	0.004702	1.316123	0.1897
C	5.242452	0.270424	19.38608	0.0000
R-squared	0.252463	Mean dependent var		6.344822
Adjusted R-squared	0.236726	S.D. dependent var		0.738388
S.E. of regression	0.645097	Akaike info criterion		1.986473
Sum squared resid	79.06844	Schwarz criterion		2.070396
Log likelihood	-188.6812	Hannan-Quinn criter.		2.020453
F-statistic	16.04205	Durbin-Watson stat		0.575899
Prob(F-statistic)	0.000000			

Table 4.12 Result of Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	112.533466	4	0.0000

Period random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
LOG(DFSPD)	-0.196751	-0.284426	0.000249	0.0000
LOG(GCAP)	-0.090611	0.210807	0.000854	0.0000
INF	-0.003888	-0.015440	0.000002	0.0000
RINT	-0.003182	-0.000962	0.000000	0.0009

THE NEXUS BETWEEN FOREIGN AID AND ECONOMIC GROWTH: EMPIRICAL EVIDENCE FROM NIGERIA

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Abstract

It is widely believed that foreign aid can be used to accelerate economic growth in low income countries. Foreign aid contributes to economic development in several ways which include most importantly the acceleration of the rate of economic growth by filling the savings-investment gap and improving the balance of payments. The objective of this paper is to investigate the impact of foreign aid on economic growth in Nigeria. Hence, this study seeks to determine the effectiveness of foreign aid in Nigeria by applying the new time series tool of vector error correction model taking into account the effects of human capital on economic growth. The empirical results showed that foreign aid has a direct and but not statistically significant impact on economic growth, represented by real gross domestic product, during the period studied. This, of course, presupposes that foreign aid inflows when well managed and properly channelled will be able to create meaningful impact on economic growth. While foreign aid inflows showed a positive impact on economic growth, government expenditure exhibited an even stronger impact on real gross domestic product. A bivariate Granger Causality was also found to exist between government expenditure and economic growth. Thus, the optimal benefit would be obtained in Nigeria when foreign aid inflows are combined with properly targeted government expenditures.

KEY WORDS: Economic Growth, Foreign Aid, Granger Causality, Human Capital, VECM; Nigeria

I. Introduction

It is widely believed that foreign aid can be used to accelerate economic growth in low income countries. This explains the keen and enduring interest of both developing countries and advanced (donor) countries on this issue. It also explains the continued attention of development economists on this topic. Foreign aid (also known as development assistance on concessional terms) is often channeled to developing countries either directly or indirectly through multilateral institutions or private voluntary organizations for the purpose of supporting social and economic development. Foreign aid contributes to economic development in several ways which include most importantly the acceleration of the rate of economic growth by filling the savings-investment gap and improving the balance of payments. It also benefits recipient countries because it brings transfer of technology (technical know-how) and encourages good governance and related practices such as transparency and accountability.

The effectiveness of foreign aid in promoting economic growth has been surrounded by controversy. Aid effectiveness refers to the manner in which aid flows have accomplished the purpose(s) for which they were intended. The literature has divergent opinions on assessing the impact of aid on growth in developing countries. However, it should be noted that the aid-growth issue is of great importance to developing countries. If the question of the impact of aid on growth were to be abandoned by researchers, then the issue would be open to speculative and unhelpful contributions, Arndt, Jones and Tarp (2010). Perhaps the most important issue in the macroeconomic response to aid inflows is that aid raises the stakes in the development challenge, promising great benefits to the recipient countries if well used, but also risking an exchange rate appreciation that could make the economy uncompetitive and damage the prospects for export-led growth if not properly utilized.

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Several reasons have been advanced to buttress the idea that aid might not promote growth. These include: mismanagement (waste), corruption, likelihood of currency appreciation that will undermine the profitability of the production of all tradable goods (Dutch disease), reduction in savings (both private and government), and perpetuating bad governments in power, and hence poor economic policies. Radelet, Clemens and Bhavnani (2004).

The objective of this paper is to investigate the impact of foreign aid on economic growth in Nigeria. Hence, this study will determine the effectiveness of foreign aid in Nigeria by applying the new time series tool of vector error correction model and taking into account the effects of human capital on economic growth. This paper has five sections. Section I deals with Introduction while section II contains material on Literature Review (both theoretical and empirical). Section III focuses on Methodology and estimation technique while section IV analyzes the empirical results. Section V contains a summary and some concluding remarks.

2.0 Literature Review

For the sake of clarity, literature review is presented under two sub-heads, namely, (i) the theoretical literature review and (ii) the empirical literature review.

2.1 Theoretical Literature

The theoretical foundation for the proposition that aid can promote economic development is the 2-gap model of McKinnon (1964), which posits that development may be hampered in the developing countries by the existence of two gaps, viz., the savings gap and the foreign exchange gap. The savings gap arises from the fact that, invariably, domestic savings tend to be low in the typical developing country. Thus, savings will often fall short of “required investment”, that is, the quantum of investment needed to grow at a target rate. Foreign savings in the form of foreign aid can fill this gap. The role of foreign capital in this sense is that it permits the developing country to invest more than it can save domestically. Similarly, the import surplus, or balance-of-payments deficit, constitutes a foreign exchange gap, which can be filled by aid flows. It has been argued that even when a country has enough total savings, it may find it difficult to “transform” them into foreign exchange for the purchase of needed capital imports. Thus, there can be a foreign exchange gap without a savings gap. There can also be a savings gap without a foreign exchange gap. Sometimes, both gaps exist. As regards the foreign exchange gap, many analysts believe that capital imports, financed by aid flows, will tend to accelerate the rate of capital formation by their very nature, Iyoha (2004). This two-gap model is akin to the original Harod-Domar model which posits that investment is constrained by insufficient domestic savings or limited foreign exchange needed to import capital goods.

There is an abundant amount of literature on the controversies trailing the effectiveness of foreign aid in promoting the economic growth of recipient countries. According to Iyoha (2004) and Arndt, Jones, and Tarp (2010); the large aid flows to Africa have done little to promote growth and alleviate poverty, while others see aid as a moral obligation of rich countries to alleviate poverty in developing countries, Sachs (2004). Yet, some economists are of the view that aid has no effect on growth, see Easterly (2003); Friedman (1958); Bauer (1972); and Easterly (2001). Some analysts believe that foreign aid has resulted in corruption, bad government and accentuated poverty levels in Africa and therefore called for its elimination. Those who are in support of aid argue that although aid has failed to drive growth as expected, it has helped to reduce poverty, see Stiglitz (2002); Stein (2002); and Sachs (2004). To corroborate this fact, Radelet et al, (2004) opined that in the 40 years since aid became widespread, poverty indicators have fallen in many countries around the world, and health and education indicators have risen faster than any other 40-year period in human history. Thus, foreign aid is an important tool for enhancing the development prospects of poor countries. Hence in order to reduce poverty, accelerate growth and improve the standard of living of the people in developing countries, there should be more inflow of aid and improvement on its effectiveness, Hansen et al (2001). This can be achieved if there is effective aid management in the recipient country. Such aid management should be an integral part of a country’s general resources planning so that aid inflows would

complement other domestic resources and promote the desired goal of rapid economic growth and development, Iyoha (2004).

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It has been found that not all aid is alike in terms of its impact on growth. Most studies look at the relationship between total aid and growth, but large portions of aid are not directed at growth. Examples of this are food aid, provision of medicines, bed nets, disaster relief and humanitarian relief efforts. Since growth is not the objective, the impact of aid on growth will be negative or insignificant. Similarly, aid for education and health may appear as high aid and zero growth in standard cross-country growth regression because of the long period of time needed for the impact to be felt. But aid for infrastructural development like good roads, electricity supply, bridges, telecommunication facilities, etc, will enhance growth quickly. Therefore, a positive relationship between aid and growth can be obtained even in the short-term. Radelet et al (2004) concluded that a combination of the two kinds of aid discussed above will result in mixed results that will show an overall weak relationship between aid and growth.

2.2 Empirical Literature Review

Empirical studies on the impact of foreign aid on economic growth have a long and glorious history. The post-World War II studies include those by Rosenstein-Rodan (1961) and (1963), Chenery and Strout (1966), and Papanek (1972) and (1973). A new batch of scholars and researchers has picked up the baton and continued the research in this millennium. They include Burnside and Dollar (2000), Easterly (2003), Dalgaard, Hansen and Tarp (2004), Rajan and Subramanian (2007), and Arndt, Jones and Tarp (2010) and Sowemimo and Iyoha (2018).

A recent development in the aid-growth literature is the analysis of the different categories of aid on growth. Researchers are moving away from analyzing the impact of aggregate aid to analyzing different components. Raghuram et al (2008) stated the four different bases of distinguishing aid to include: (i). motives for granting aids (why?), (ii) donor type (who is granting aid?), (iii). the use to which aid is put (for what: health, social sector, technical assistance?), and (iv). the timing of impact (when?). They however warned that making distinctions between aid categories will lead to fungibility. This is a term used to describe how well aid gets translated into growth. This may not depend on the specific purpose the aid was meant for, or the intent behind it, but what matters is how well the recipient translates aid expenditure to growth.

Arndt *et al* (2010) classified studies on the aid-growth relationship into three generations. According to them, first generation studies showed that aid tends to increase total savings, but not by as much as the aid flow, using the Harrod-Domar growth model and the two-gap Chenery-Strout extension. Easterly (1999) criticized this approach by saying that growth is less related to physical capital investment than often assumed. The second generation studies found a positive relationship between aid and investment, employing cross-sectional data. It was also contended that if the productive impact of aid depends more on incentives and relative prices, as well as the policy environment, then it is vital to consider these factors. It was however noted that if aid affects growth through a fixed investment ratio and a constant level of human capital, then aid works through channels that impact on total factor productivity. But if aid leads to the acquisition of inappropriate technology, there will be a negative effect of aid on investment. This may be due to institutional destruction, (see Hansen et al (2001)). The third generation studies have used panel data analysis to investigate the aid-growth relationship. This relationship is perceived to be non-linear due to the weaknesses of previous studies. At the end of their empirical study, Arndt, Jones and Tarp conclude that their results “provide solid support for the view that the effect of aid on growth is positive in both the 1970-2000 and 1960-2000 periods”.

Adamu (2013) carried out a study of the impact of foreign aid on economic growth in member countries of the Economic Community of West African States (ECOWAS). In order to capture both the direct and indirect effects of aid on economic growth, she study used a 3-equation simultaneous equations model. The study found a significant and positive relationship between foreign aid and economic growth in ECOWAS countries during the period of study, 1990 - 2010. More recently, Sowemimo and Iyoha (2018) carried out a study of the impact of foreign aid on economic growth in Nigeria, using the technique of co-integration and error-correction modeling. They found that foreign aid had a significant and positive effect on economic growth during the 1980-2014period.

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Methodology and Estimation Technique

In recent years, researchers have started to investigate the aid and growth nexus by using the powerful technique of vector autoregressions pioneered by Sims (1986). The VAR technique is attractive because it facilitates the study of the interrelationship among non-stationary time-series variables, treating all as endogenous. VARs have also been shown to be powerful for time-series forecasting, for the analysis of short- and long-run dynamics, impulse response functions, and forecast error variance decomposition. This study therefore adopted this versatile tool by employing a restricted VAR model, namely, a vector error correction model (VECM), to explicate the complex link between foreign aid and economic growth for Nigeria.

This study utilizes annual time series data and it covers a period of 37 years (1981 through 2017). These data were sourced from Nigeria data agencies, specifically the Central Bank of Nigeria (CBN). To fully capture the hypothesized relationships between foreign aid and economic growth as set out in the literature review, this study makes use of the technique of Vector Error Correction Model (VECM). More specifically, the model includes the use of multivariate co-integration analysis Unit roots tests; and Pair-wise Granger Causality Testing. In this study, the Akaike Information Criteria (AIC) is used to select an optimal lag length for indicators of foreign aid and economic growth. The estimation of the model was carried out using the E-Views econometrics software.

The restricted VAR model for this study posits that real gross domestic product, foreign aid, broad money supply, government expenditures, inflation and investment are simultaneously interrelated. This model derives from earlier studies by Papanek (1962), Chenery and Strout (1966), and Sowemimo and Iyoha (2018) though with some modifications in model building and variable selections. Following the above theoretical discussions, the appropriate restricted VAR model for this study is specified as follows;

$$\Delta V_t = \alpha + \sum_{j=1}^p A_j \Delta V_{t-j} + ECM_{t-1} + U_t.$$

Where: ECM_{t-1} is the error correction term, while the VECM representing the empirical

$$V_t = (RGDP, AID, M2.GEXP, INFL, INV)$$

V_t is the vector of real gross domestic product, foreign aid, broad money stock, government expenditures, inflation rate, and aggregate investment.

A_i is the matrix of coefficients of all the variables in the model.

V_{t-1} is the vector of the lagged variables.

U_t is the vector of the stochastic error terms.

3.0 Empirical Results

It is convenient to begin by taking a summary view of the statistics used in the study. The empirical results start with the descriptive statistics and then move on to an analysis of the pair-wise correlation matrix between the variables utilized in the study.

4.1 Summary Statistics

This starts with the descriptive statistics and then move on to the correlation matrix.

Table 1: DESCRIPTIVE STATISTICS

	RGDP	AID	GEXP	INFL	M2	INV
Mean	931.5872	1.28E+09	1677.481	25.19496	3219.526	17.17699
Median	444.649	2.59E+08	701.0509	20.09029	393.0788	17.146
Maximum	3080.317	1.14E+10	6456.698	65.71668	41664.54	26.826
Minimum	153.076	31710000	9.6365	-4.97608	9.9153	8.8

Std. Dev.	921.5633	2.19E+09	2033.822	20.3996	7176.113	3.677407
Skewness	1.199187	3.14057	0.984176	0.500841	4.351712	0.028835
Kurtosis	2.915807	14.12795	2.498045	2.084935	23.60272	3.535711
Jarque-Bera	8.878904	251.7295	6.361482	2.837761	771.1753	0.447564
Probability	0.011802	0	0.041555	0.241985	0	0.799489
Sum	34468.73	4.72E+10	62066.82	932.2134	119122.5	635.5485
Sum Sq. Dev.	30574043	1.73E+20	1.49E+08	14981.17	1.85E+09	486.8395
Observations	37	37	37	37	37	37

Source: Author's calculations using Eviews 8.0(2019)

Summary descriptive statistics of RGDP, AID, GEXP, INF, M2 and INV are reported in Table 1. Normality test uses the null hypothesis of normality against the alternative hypothesis of non-normality. If the probability value is less than the Jarque Bera chi-square at the 5% level of significance, the null hypothesis of the regression is not rejected. All the variables are normally distributed since all the probabilities are less than the Jarque Bera chi-square distribution. We utilize the mean based coefficient of skewness and kurtosis to check the normality of all the variables used. Skewness measures the direction and degree of asymmetry. The Skewness coefficient indicates normal curves for all but one of the variables with the values ranging between -3 and +3. The positive Kurtosis indicates too few cases at the tail of the distribution.

Table 2: CORRELATION MATRIX

	RGDP	AID	GEXP	INFL	M2	INV
RGDP	1	0.420672	0.927356	0.705326	0.578606	-0.15299
AID	0.420672	1	0.469044	0.137249	0.305045	-0.05128
GEXP	0.927356	0.469044	1	0.600718	0.742548	-0.04321
INFL	0.705326	0.137249	0.600718	1	0.371913	-0.11128
M2	0.578606	0.305045	0.742548	0.371913	1	-0.00948
INV	-0.15299	-0.05128	-0.04321	-0.11128	-0.00948	1

Source: Author's computation using Eviews 8.0(2019)

An examination of the contents of Table 2 shows that with the exception of the RGDP-GEXP correlation coefficient, all the coefficients are within the standard range. All the correlation coefficients, except those concerning INV, are positive.

4.2 UNIT ROOT TESTS

Table 3: Augmented Dickey Fuller Unit Roots Test Results

Augmented Dickey Fuller at levels					Augmented Dickey Fuller at first difference			
Variables	ADF test statistics	95% ADF test	Order of integration	Remarks	ADF test statistics	95% ADF test	Order of integration	Remarks
RGDP	-0.365	-2.94	I(0)	Non- stationary	-5.31	-2.948	I(1)	Difference Stationary
GEXP	4.68	-2.96	I(0)	Non- stationary	-5.11	-2.948	I(1)	Difference Stationary
AID	-3.06	-2.94	I(0)	Stationary	-6.32	-2.951	I(1)	Difference Stationary
INFL	-2.16	-2.948	I(0)	Non- stationary	-3.88	-2.948	I(1)	Difference Stationary
INV	-3.03	-2.94	I(0)	Stationary	-6.31	-2.948	I(1)	Difference Stationary

M2	3.19	-2.97	I(0)	Non-stationary	-3.10	2.976	I(1)	Difference Stationary
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Source: Author's Computation using Eviews 8.0 (2019)

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Note that all the variables are I(1), and thus are stationary in first differences.

Co-integration Test

TABLE 4: ENGLE GRANGER COINTEGRATION TEST

Null Hypothesis: ECM has a unit root		
Exogenous: Constant		
Lag Length: 0 (Automatic - based on SIC, maxlag=9)		
	t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic	-4.242552	0.0020
Test critical values:	1% level	-3.626784
	5% level	-2.945842
	10% level	-2.611531

*MacKinnon (1996) one-sided p-values.

Source: Author's Computation using Eviews 8.0 (2019)

Augmented Dickey-Fuller Test Equation				
Dependent Variable: D(ECM)				
Method: Least Squares				
Sample (adjusted): 1982 2017				
Included observations: 36 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ECM(-1)	-0.616151	0.145231	-4.242552	0.0002
C	-15.32153	37.31622	-0.410586	0.6840
R-squared	0.346144	Mean dependent var	-14.93312	
Adjusted R-squared	0.326913	S.D. dependent var	272.9054	
S.E. of regression	223.8967	Akaike info criterion	13.71420	
Sum squared resid	1704410	Schwarz criterion	13.80217	
Log likelihood	-244.8556	Hannan-Quinn criter	13.74490	
F-statistic	17.99925	Durbin-Watson stat	1.943257	
Prob(F-statistic)	0.000161			

Source: Author's Computation using Eviews 8.0 (2019)

In order to test for co-integration, the Engle-Granger test is utilized. Note that the error-correction term, ECM(-1) is significantly different from zero. This confirms that the use of vector error correction (VECM) model is warranted.

Next are the results of the error-correction model:

TABLE 5: ECM results

Dependent Variable: RGDP				
Method: Least Squares				
Sample (adjusted): 1982 2017				
Included observations: 36 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	449.4259	203.5884	2.207522	0.0353
AID	1.165074	2.138079	0.544916	0.5900
GEXP	0.411510	0.040243	10.22555	0.0000
INFL	9.364312	2.565936	3.649472	0.0010
M2	-0.018071	0.009113	-1.983064	0.0569
INV	-24.22853	10.87264	-2.228395	0.0338
ECM(-1)	-0.454670	0.169197	-2.687215	0.0118
R-squared	0.946435	Mean dependent var	935.0616	
Adjusted R-squared	0.935353	S.D. dependent var	934.3900	
S.E. of regression	237.5759	Akaike info criterion	13.95152	

Sum squared resid	1636826
Schwarz criterion	14.25942
Log likelihood	-244.1273
Hannan-Quinn criter	14.05898
F-statistic	85.40031
Durbin-Watson stat	1.876530
Prob(F-statistic)	0.000000

Source: Author's Computation using Eviews 8.0 (2019)

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Note that the calculated R^2 is 0.946. It follows therefore that approximately 95 percent of the systematic variations in real GDP is accounted for by the variables in the regression equation. The F-statistic has a value of 85.4, which is significantly different from zero at the 1% level. All but 2 of the explanatory variables are correctly signed. The government expenditure variable is correctly signed and highly significant with a t-statistic of 10.2. The variable measuring foreign aid is also correctly signed but fails the significance test at the 5% level. Given the results of the Granger Causality test, it is plausible to suggest that part of the explanatory power of foreign aid on economic growth has been captured by government expenditure. In other words, foreign aid is affecting economic growth through government expenditure. Note that ECM(-1) has a value of -0.45. It is correctly signed and its absolute value lies between zero and unity. Thus, the dynamic error correction model is stable.

Next, consider the results of Granger Causality tests:

TABLE 6: Granger Causality tests

Pairwise Granger Causality Tests			
Sample: 1981 2017			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Prob.
AID does not Granger Cause RGDP	35	0.41281	0.6655
RGDP does not Granger Cause AID		1.23431	0.3054
GEXP does not Granger Cause RGDP	35	9.12235	0.0008
RGDP does not Granger Cause GEXP		4.14886	0.0257
INFL does not Granger Cause RGDP	35	5.66709	0.0082
RGDP does not Granger Cause INFL		1.40556	0.2609
M2 does not Granger Cause RGDP	35	15.8405	2.0166
RGDP does not Granger Cause M2		10.4522	0.0004
INV does not Granger Cause RGDP	35	1.95765	0.1588
RGDP does not Granger Cause INV		0.22380	0.8008
GEXP does not Granger Cause AID	35	2.36648	0.1111
AID does not Granger Cause GEXP		3.60905	0.0394
INFL does not Granger Cause AID	35	0.25539	0.7763
AID does not Granger Cause INFL		0.33855	0.7155
M2 does not Granger Cause AID	35	1.45348	0.2497
AID does not Granger Cause M2		0.40617	0.6698
INV does not Granger Cause AID	35	0.06965	0.9329
AID does not Granger Cause INV		0.38714	0.6823
INFL does not Granger Cause GEXP	35	1.59025	0.2206
GEXP does not Granger Cause INFL		5.75605	0.0077
M2 does not Granger Cause GEXP	35	6.73935	0.0038
GEXP does not Granger Cause M2		9.23263	0.0008
INV does not Granger Cause GEXP	35	0.33509	0.7179
GEXP does not Granger Cause INV		0.23846	0.7893
M2 does not Granger Cause INFL	35	3.04321	0.0626
INFL does not Granger Cause M2		0.11677	0.8902
INV does not Granger Cause INFL	35	1.22410	0.3083
INFL does not Granger Cause INV		1.21207	0.3117
INV does not Granger Cause M2	35	1.10935	0.3429
M2 does not Granger Cause INV		1.00505	0.3780

Source: Author's Computation using Eviews 8.0 (2019)

The inferences below follow from the above univariate pairwise Granger Causality test results:

There is a bi-directional causality running from government expenditure to real GDP and from real GDP to government expenditure at the 5% level. Thus, increases in government expenditure will have a positive effect on

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real income. There is a unidirectional causality running from foreign aid to government expenditure at the 5% level. Therefore, an increase in foreign aid will have a positive effect on government finances and through this instrumentality will have a positive effect on real income.

There is a bi-directional causality running from broad money supply to government expenditure and from government expenditure to broad money supply at the 5% level. This implies that an increase in broad money stock will lead to an increase in aggregate government expenditure and through this instrumentality to a rise in aggregate income. Hence, the efficacy of monetary policy in Nigeria is established. There is a unidirectional causality running from inflation to real GDP at the 5% confidence level. There is a unidirectional causality running from real GDP to broad money supply at the 5% level. We note however that the pair-wise Granger Causality between RGDP and Foreign Aid is not significant.

5.0. Summary and concluding remarks

This paper has carefully analysed the nexus between foreign aid and economic growth in Nigeria during the period between 1981 and 2017. In order to improve on previous studies, this study decided to emphasize dynamical analysis by utilizing the technique of vector error correction model. The VECM model for this study hypothesized that real gross domestic product, foreign aid, total government expenditure, broad money supply, inflation and aggregate investment are simultaneously interrelated. However, since the unit root test showed that all the variables are I(1) and co-integrated, a restricted VAR model, namely, a vector error correction model (VECM), was utilized. The empirical results showed that foreign aid has a direct and but not statistically significant impact on economic growth, represented by real gross domestic product, during the period studied. This, of course, presupposes that foreign aid inflows when well managed and properly channelled will be able to create meaningful impact on economic growth. While foreign aid inflows showed a positive impact on economic growth, government expenditure exhibited an even stronger impact on real gross domestic product. A bivariate Granger Causality was also found to exist between government expenditure and economic growth (but not between RGDP and foreign aid). Thus, the optimal benefit would be obtained in Nigeria when foreign aid inflows are combined with properly targeted government expenditures.

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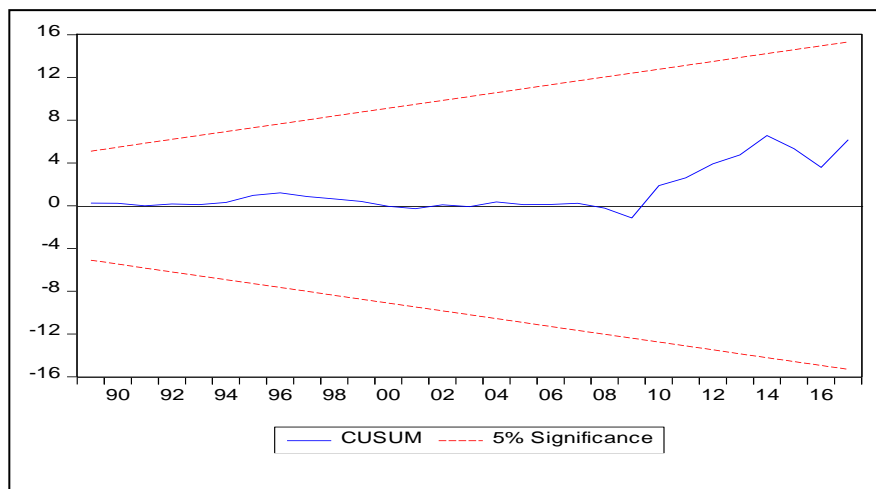
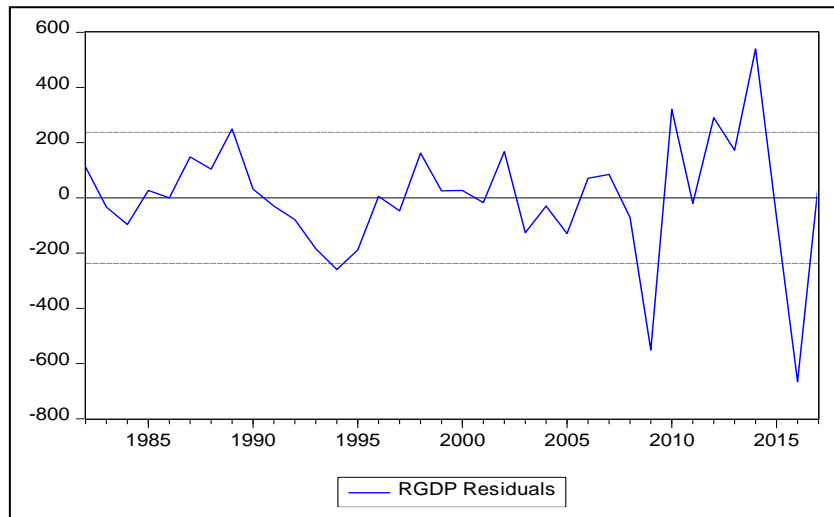
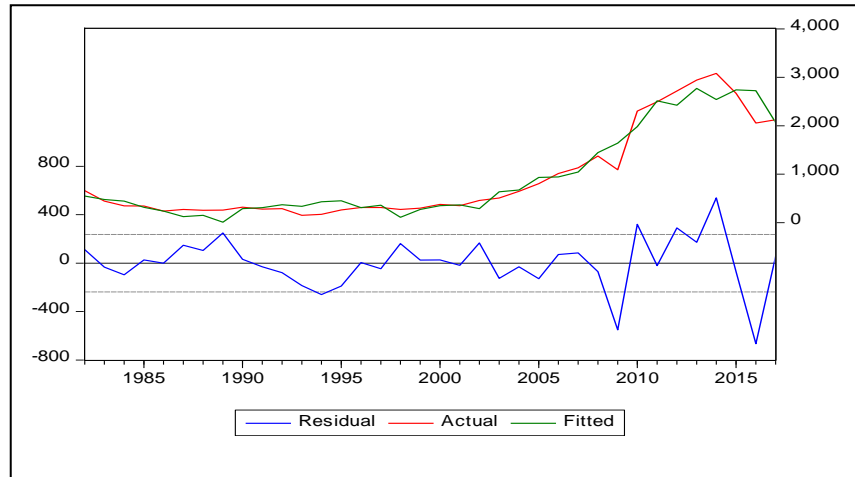
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APPENDIX



**HUMAN RELATION AND EMPLOYEES' PRODUCTIVITY IN BENSON IDAHOSA
UNIVERSITY, BENIN CITY, EDO STATE.**

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Abstract

This paper examines the influence of human relation on employees' productivity in Benson Idahosa University, Benin City, Edo State. A survey research design was employed with the aid of primary data (questionnaire) to obtain the needed information for the study. The population of the study constituted three hundred and eighty-five employees drawn from both the academic and non-academic personnel of the University. The study used the multiple-regression method to analyze the data obtained from the respondents. The result revealed that the nature of human relation and effective communication are significant to employees' productivity in Benson Idahosa University. It was therefore recommended among others that the University Management should create a system of a bottom-up approach to decision making, by creating avenues for interactions of all cadre of staff members to make suggestions and contributions to the growth and development of the University.

Keywords: Human, relation, effective, communication, employee.

Introduction

Human relations in organizations have been regarded as an important component of the psychosocial working condition. Petryni (2017; 1). It is believed that effective human relations are major aspect of what makes an organization succeed. Employees are expected to constantly work together to carry out a task; communicate ideas in order to get the task done. Without a stable and pleasant environment, difficult challenges can arise in the management of employees. Human relations as pointed out by Chand (2016;1) is the study of the ways in which people relate to each other in group situations especially in the work place, and how communication skills and sensitivity to other people's feeling can be improved. Reece (2012; 4) viewed human relations in its broadest sense as covering all types of interactions among people, their conflicts, cooperative efforts and group relationship. It is the study of why the beliefs, attitudes and behaviors of workers sometimes cause relationship problems in their personal lives and in work related situations. The study of human relations emphasizes the analysis of human behavior, prevention strategies, resolution of behavioral problems and self-development.

Studies have shown that the relationship between positive human relations and performance is not just intuitive; it has been demonstrated in fields as diverse as health, education and business environment (Galer, Joan, Sylvia & Alison, 2005; 53). Stallard (2007; xx) opined that when positive work environment is present, organizations are more productive, more innovative, and more profitable. It has been asserted that connection between people as a result of effective human relations meets basic human psychological needs for respect, recognition, belonging, autonomy, personal growth, and meaning. When these needs are met the organization thrives. However, in a work environment that fails to recognize these parts of the human nature, the physical and mental health of the staff are damaged. (Ryan & Edward, 2001; 141-66). In organizations, instituting an effective

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human relations system requires management paying more attention to the so-called soft aspects of organizations. These can be regarded as the emotional aspect such as the meaning of work and the way people treat one another. For example, according to Stallard (2007; xxi) a 2004 study of fifty thousand employees at fifty-nine global companies carried out by the Corporate Leadership Council, a unit of the prestigious Corporate Executive Board, revealed that emotional factors in organizations were four times more effective in increasing employee engagement than rational factors.

In the light of the above, human relations in a University system does not operate in a vacuum. The University is composed of the infrastructure, instructional facilities and human resources. The human resource which is the key component of the school comprises the students, teaching and non-teaching staff and the management team. Thus, relations operate amongst them.

It is against this background that this research work sets to examine the issue of human relations as they affect productivity of workers.

The achievement of any organization's goal is depended on the quality, effective and efficient services provided by the skilled and competent employees. The manager in an organization plays a crucial role in determining the right working environment that will enhance the productivity of the workers. Buckingham and Goffman (1999; 55) asserts that a manager or a boss who heads a department influences the work atmosphere more than any other factor. Stringer (2002; 55) further stressed that the managers' behavior and attitude can determine whether the work climate will be positive or negative.

When managers perform their role in enhancing effective human relations in an organization, it brings about group performance. Studies have shown that creating an effective human relations system in an organization makes employees better problem solvers, more innovative, more dependable and more cooperative. It was also revealed that trust and cooperation are the lubrication that makes an organization run better. (Stallard, 2007; xx).

In spite of the glaring importance of effective human relations in the attainment of organization's goals there is still the case of neglect of the human element. Complaints are still prevalent by employees of the ill-treatment they receive from their bosses. For example, Birkinshaw (2013; 4) carried out a survey on hundreds of employees to solicit their responses on their bosses and the results are quite revealing. The study revealed that there are a lot of bosses who are autocratic, bossy, selfish and manipulative and who are not afraid to bring people down in public. Other bosses as observed by the respondents are not available for their employees, they just give orders, and their ideas are the only ones regarded by them as superior. There are a lot of bad bosses in organizations as pointed out by Birkinshaw (2013; 6). He noted that he had had share of small minded, aloof, egotistical, thoughtless, short-fused bosses. In his opinion, people usually find it much easier, and more fun to talk about their worst bosses than their best boss.

Nink and Robinson (2016; 1) assert that there are high percentage of managers around the world who don't know how to meet the psychological needs of their workers. According to his survey, 24% of staff who are not happy as a result of poor human relations outnumbered 13% of employees who are satisfied with the work environment. This simply connotes that work for a lot of employees is more often a source of frustration than fulfillment. It is believed that the enhancement of a positive human relation system in an organization stems from the ability of managers to develop an innate understanding of people management. It is in the light of some of these challenges that this study seeks to investigate the extent to which human relations plays a role in affecting employee's productivity. This scope of this research is limited to both academic and non-academic staff of Benson Idahosa University, Benin City, Edo State. The discussion of the statement of the research problem above has raised the following research questions:

- i. What is the nature of human relations and its influence on employee productivity in Benson Idahosa University?
- ii. How effective has the practice of human relations impacted employee productivity in Benson Idahosa University?
- iii. Does effective communication improve employees' productivity in Benson Idahosa University?

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The study therefore has the following objectives:

To examine the nature of human relations and employee productivity in Benson Idahosa University.

To investigate the effectiveness of human relations practices on employee productivity in Benson Idahosa University.

- i. To examine if effective communication in proves employees' productivity in Benson Idahosa University.

The study equally formulated the following hypothesis stated in a null form:

- i. The nature of human relations practices has no effect on employee productivity in Benson Idahosa University.
- ii. Effectiveness of human relations practices has no effect on employee productivity in Benson Idahosa University.
- iii. Effective communication has no influence on employees' productivity in Benson Idahosa University.

2.0 The Concept of Human Relations

Human relations cover all types of interactions among people- their conflict, cooperative efforts, and group relationships. According to the CentageL earning, the importance of inter personal relations can be summarized in one concise law of personal and organizational success. They also attributed employee's productivity to their ability to develop effective relationships with their supervisors, fellow workers, customers and clients. It was also reiterated that the healthy functioning of any organization, large or small, depends on teamwork. An effective human relation is the key foundation of team work. Human relations, when applied in a positive and supportive environment can help increase an organization's productivity and efficiency. According to Reece (2012; 18) broad themes have emerged from the study of human relations. They serve as the foundation for effective human relations and these themes reflect the current concern in human relations with the twin goals of personal growth and development and the achievement of organizational objectives.

One major theme that has been described as the heart and soul of human resources and which fuels effective human relations is the act of communication in an organization. According to Reece (2012; 18) to grow and develop as persons, there was a need to develop the awareness and the skills necessary to communicate effectively. Communication is the human connection in an organization. According to Moorehead and Griffin (2013; 295) communication is the social process in which two or more parties exchange information and share meaning. Communication among individuals and groups is vital in all organizations. For him, the primary purpose of communication is to achieve coordinated action. Just as the human nervous system responds to stimuli and coordinates responses by sending messages to the various parts of the body. Communication coordinates the actions of the parts of an organization, without communication an organization would be merely a collection of individual workers doing separate tasks. Organization action without effective and clear communication system would lack coordination and would be geared towards individual centered goal rather than organizational goals.

Sapru (2008; 421-422) described communication as an important factor influencing the efficiency and effectiveness of a public administration system. In fact, he called communication- the life blood of an organization, without effective communication among different units and participants, the pattern of relationship that we call organizations will serve no purpose at all. It is on this light that he defined communication as the process by which people seek to share meaning via the transmission of symbolic messages. Communication therefore involves people, shared meaning and symbols. For communication to be successful the meaning must be imparted and also understood. The view holds that effective communication in an organization can only be depended on the proper use of communication skills when interacting with others. Studies have shown that effective communication has a direct connection with competence in emotional intelligence. To be emotionally and socially intelligent is to effectively understand, having positive human relations with others, and to successfully cope with daily demands, challenges and pressures. Fuge (2014; 2) pointed out that in a workplace, there are constant interactions which are occurring among the people who work there, both positive and negative, that will impact the overall operations of the organizations. Skills that managers and employees need to thrive in this environment include clearly communicating with each other and discussing topics openly, listening to the issues that are expressed by other parties, being able to

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effectively manage conflicts, and inspiring each other to operate at a higher level. Possessing emotional intelligence (EI) and engaging in intentional efforts to raise one's emotional quotient will make the employee more efficient, productive and successful in the workplace.

Theoretical Framework

Several theories have been postulated to explain the concept of human relations in organizations and its relevance to work situations. These theories have contributed to give life to formal structure and mechanical jobs by studying the human elements in the organization and the problems they face, thereby providing measures on how management are to deal with them and solve them in the best possible way. The theoretical framework for this study is selective in the sense that the different theories on human relations would be analyzed:

Amongst the proponents of human relations in organizations is Chris Argyris (1923-2013). He has been best described as a leading management scholar who studied organization from the standpoint of psychology. His major emphasis was on the human element and relationship to the organization. According to Tonwe (2009; 260) in conceptualizing his views on organizational behavior, Argyris has extensively utilized research findings in the fields of psychology, social psychology and human relations. Viewing an organization as an open system, he attempted to analyze the interactions and the environment.

According to Ali and Sun (1998; 3), Argyris has attempted to develop a theory of human behavior based on the characteristics of the individual, the work group and the formal organization. His first mission was to discover the unintended counter-productive consequences of the classical management techniques employed to design and implement the formal, pyramid like organizational structure, production technology, control system and human control system, such as pay and other benefits. His later research focuses on reasoning at both the individual and the organizational level. His writing suggests that personal development of the individual is affected by the organizational situation.

Argyris(1957; 6) in his work titled *Personality and Organization* theorized that the personality of the individuals working in an organization has a considerable impact on the working of the organization as a whole. He holds that greater importance should be given to the development of psychological energy, which usually forms the basis of human behavior. Each individual has a set of needs, and these needs release energy in order to get satisfaction. According to Argyris (1957; 263) effective management systems must aim at a fuller development of individual potentialities and facilitating open interpersonal relationship.

However, another area of Argyris work that gained relevance to the human relations movement was in the research he conducted on the interpersonal competence of organization. During the course of his research, he discovered the lack of interpersonal competence in organizations. He felt that the ability to interact positively and get along well with others was invisible. He found out that people do not trust each other, they found excuses for their acts, and they stick to their old ways and never try new ones. Workers feel reluctant in being honest about their feelings; they also confine themselves to their limited routine task.

With a view to increasing interpersonal competence among workers in an organization, Argyris (1964; 5) specified four types of behavior:

- i. Workers should accept responsibility for one's ideas and feelings;
- ii. Showing openness to ideas and feelings of those above and below one's self.
- iii. Experimenting with new ideas and feelings and
- iv. Helping others to accept, show and experiment with their ideas and feelings.

In other to reduce tension, conflicts and promote harmonious relationship most especially between managers and their subordinates, Argyris opines that top managers must not be reluctant in speaking honestly about their feelings or those of other persons. They must also refuse to be defensive about what other people say, instead he advocated that they should try and speak constructively about one another in a way, which will be helpful for healthy relationship.

Aygris (1964; 23) also observed inconsistencies between the requirements of formal organization and the personal development of the individual. According to him, the formal organizational principles makes demands on

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relatively healthy individuals that are incongruent with their needs, thereby leading to frustration, conflict, failure, and short-time perspective. To him formal organization tends to reduce tasks to minimal specialized routines. There is an emphasis on directing and controlling the individual doing such tasks through a series of supervisors. According to Ali and Sun (1998; 65) in such situations executives are liable to become autocratic and directive. Their excessive control deprives employees of any opportunity of participating in the decisions, which affect their working life, giving rise to feelings of mutual distrust. Employees and even lower managers tend to perceive management controls as instrument of punishment. Thus, the principles of formal organization coupled with management controls, lack of employee's participation in important decisions, and use of control systems restrict the initiative and creativity of the individuals.

3.0 Methodology

This aspect covers the description and discussion on the various techniques and procedures used in the study to collect, collate and analyze as it is deemed appropriate. The Research design for this study is the Survey Research Method. This is because the study would elicit opinions from selected respondents through the means of questionnaire. The study population consists of both the teaching and the non-teaching staff of Benson Idahosa University, Benin-city, which is 385. Since the total staff strength is 385, which is less than 500, the study adopted the figure as the sample size (BIU Registry, 2018). This study is based on the two possible sources of data which are the primary and secondary sources: The primary source of data for this study consist of raw data generated from responses to questionnaires by the respondents. The secondary source of data includes information obtained through the review of journals, textbooks and other periodicals.

In this study questionnaires were research instruments used. Questionnaire is the main research instrument used for the study to gather necessary data from the sample respondents. The questionnaire is structured type and provides answers to the research questions. The data collection instrument is divided and limited into two section A and B. Section A deals with the personal data of the employees of the organizations while Section B contains research statement postulated in line with the research question in chapter one. Options or alternatives are provided for each respondent to pick or tick one of the options.

The data collected were analyzed using the statistical package for social sciences (SPSS) which presents analysis in tables with frequencies and percentages while the hypothesis was tested with the aid of regression analysis. The tables were interpreted through prose statements. Reliability measures the consistency in the measuring instrument. For reliability analysis cronbach's alpha was calculated by the application of SPSS. The value of the cronbach's alpha coefficient ranges from 0 to 1 and may be used to describe the reliability of factors. A higher value shows a more reliable generated scale for the research. The table below shows the values generated from the measuring instrument for the study. Since the cronbach's alpha coefficient were greater than 0.7, the instrument used to collect responses had an acceptable coefficient and was appropriate for the study.

Table 3.1 Cronbach's Alpha Reliability Analysis

S/N	Variable Component	Cronbach's Alpha Value	No. of Items
1.	Nature of Human Relations and Employees 'productivity in BIU	0.801	8
2.	Influencing Factors of Effective Human Relations and Employees' productivity in BIU	0.908	9
3.	Effect Communication Improve Employees' Productivity in BIU.	0.843	7

Source: Fieldwork, 2018

4.0 Data Presentation and Analysis

A total of 385 questionnaires were administered to respondents, out of which 304 were received and usable for analysis. This represents 78% response rate. The breakdown of the response rate is as shown in Table 4.1 below:

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Table 4.1: Rate of Response to Questionnaires Administered

S/N	Characteristics	Number of questionnaires administered	Number of questionnaires retrieved	Response Rate %
1.	Faculty of Law	18	15	83
2.	Faculty of Social and Management Sciences	67	42	63
3.	Faculty of Arts and Education	45	37	82
4.	Faculty of Agriculture and Agricultural Technology	23	20	87
5.	Faculty of Science	47	40	85
6.	University Library	11	11	100
7.	Registry Department	61	53	87
8.	Bursary Department	16	12	75
9.	Internal Audit Unit	6	5	83
10.	Security Unit	48	30	63
11.	Works and Maintenance Unit	18	13	72
12.	Transport Unit	15	8	53
	TOTAL	385	304	78

Source: Fieldwork, 2018

From the Table 4.1, the response rate was 78% approximately which is relatively good for the purpose of this study. Data collected are presented, analyzed and discussed with regards to the structure of the questionnaires in line with the objectives of the study.

Table 4.2 Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
NOHRAEP	304	37.25	13.13	50.38	26.3025	5.43352	29.532	3.153	.292
EOHRAEP	304	22.10	8.10	30.20	15.5512	3.99446	15.956	1.564	.284
ECAEP	304	10.14	6.14	16.29	10.0610	2.31346	5.352	-.735	.281
EMPPROD	304	5.33	2.33	7.67	3.8912	1.03899	1.080	-.451	.283
Valid N (listwise)	304								

Tables 4.2 provide the mean and standard deviation scores of independent variables and dependent variables adopted in this study. To answer the questions, the respondents were asked to rate each of the five constructs on a five-point scale ranging from strongly agree (5) to strongly disagree (1).

Testing of hypothesis

In this section, the tabular analysis of data collated was further analyzed by the use of hypotheses testing. Regression model was employed in testing the hypotheses. Thus, this section represents the core of the research work by testing issues raised in the administered questionnaires using the data obtained in the research work itself. The three hypotheses formulated in this study were tested using regression model test.

Table 4.3: Regression analysis for Human Relation and Employees' Productivity in BIU

S/N	Statistics	Value	Remark
1.	Sig.	0.000	Regression for this study was carried out at 95% confidence interval, this value shows that the entire results is statically significant.
2.	R	0.652(65.2%)	65.2% obtained as R indicates that the correlation between Human relation and employee's productivity is quite moderate, and that the two variables are strongly related and move in the same direction.
3.	R ²	0.425 42.5%	This reveals that 42.5% of variations in employee's productivity are attributed to human relation.
4.	F	64.133	This value reveals that, the relationship between the dependent and independent variables are statistically significant.
5.	Regression	117.441	This is the portion of the dependent variable that is predicted by the independent variable.
6.	Residual	158.706	This is the portion of the dependent variable that is not explained by the independent variable and it is very small compared to the regressed portion

Source: Researcher's Field Survey, 2019

Table 4.3 reveals that, the overall model is statistically significant ($F = 64.133, p < 0.05$) at 5% level of significant. Whereas, the value of R^2 indicate that, 42.5% of human relation is explained by the model. This suggest that, human relation dimension is properly analyzed in this study.

Hypothesis One

H₀: The nature of human relations practices has no effect on employee productivity in Benson Idahosa University. From table 4.3, the nature of human relations practices has influence on employee productivity in the staff of Benson Idahosa University, with the impact of the nature of human relations practices to employee's productivity at ($\beta = 0.311, p = 0.000$). Hence, we reject the null hypothesis which states that the nature of human relations practices has no effect on employee productivity in Benson Idahosa University as the p-value is less than 0.05 (5%) level of significance.

Hypotheses Two

H₀: Effectiveness of human relations practices has no effect on employee productivity in Benson Idahosa University.

From table 4.3, Effectiveness of human relations practices has no effect on employee productivity in Benson Idahosa University, with the impact of effectiveness of human relations practices to employees' productivity at ($\beta = -0.014, p = 0.386$) as the p-value is less than 0.05 (5%) level of significance. Hence, we reject the null hypothesis which states that the effectiveness of human relations practices has no effect on employees' productivity in Benson Idahosa University.

Hypotheses Three

H₀: Effective communication has no influence on employees' productivity in Benson Idahosa University.

From table 4.3, Effective communication has influence on employees' productivity in Benson Idahosa University, with the impact of effective communication to employees' productivity at ($\beta = 0.304, p = 0.000$) as the p-value is less than 0.05 (5%) level of significance. Hence, we reject the null hypothesis which states that effective communication has no influence on employees' productivity in Benson Idahosa University.

Discussion and Findings

The objective of this researcher was to investigate effective human relations and how it affects employees' productivity in Benson Idahosa University. The study formulated three (3) hypothesis in a null form which served as a guide in carryout the research. The first hypothesis which state that the nature of human relation has no influence on employees' productivity was refuted as the regression analysis was found to be significant. In the same vein, the second hypothesis was not significant and therefore, the null hypothesis was retained. The third hypothesis which

was the influence of effective communication on employees' productivity was significant based on the regression analysis, so we reject the null hypothesis and accept the alternate hypothesis which states that effective communication has effect on the productivity of employees' in Benson Idahosa University, Benin City. This was in line with the opinion of some of the respondents who opined that the character of a boss may be responsible for the poor human relations exhibited in the organization. Again, this corroborate Crimand Seijt (2006; 18) where they assert that employees' engagement is positively related to the effective human relations that exist between the managers and the employees and stressed the need for managers to properly connect with their employees. Osborne and Mohamad (2017; 51) succinctly added that a lower employee engagement in an organization can be as a result of the negative human relations.

5.0 Conclusion and Recommendations

In the course of this research, it has been revealed that the place of effective human relations in an organization cannot be overestimated. It is one of the key components that unlock the potential of an employee to contribute immensely to the achievement of the objectives of the organization. This suggests that management in an organization play a very crucial role in creating a right working atmosphere that will enhance workers' productivity .A positive working environment would create opportunities that would attract and retain employees in an organization. Employees would prefer to work for any organization that creates an environment based on values of trust, mutual respect and zero tolerance for harassment or work place bullying. Motivation is an all-inclusive package, as it is being asserted that money is not everything. The satisfaction of the psychological needs of the employees by a boss is another determinant for motivation. When a staff feels respected, valued and recognized, he or she would want to put in their capabilities to work. They may even make efforts that exceed their job expectations.

It is imperative that bosses or managers place high value on the human element and have a basic understanding of human behavior. An organization do not just employ an individual with the right qualifications, skills and experiences in relation to the job, but rather a whole person with sentiments, emotions and feelings. Therefore, any attempt to ignore these soft aspects of the individual and focus on the job functions could lead to the individual's dissatisfaction on the job.

In this regard, the employee would begin to feel that he or she is being treated like machines. However, a manager viewing the employees from this direction begins to realize that what happens to an employee outside of workplace can affect his or her job performance, in so doing, begins to align the employees' needs to the goals and objectives of the organization. It is only by so doing that management can transform the worker into an organizational man. This study has revealed that an effective human relation in an organization has a great role to play in influencing the behavior of employees positively in the discharge of their responsibilities.

It is on this light that recommendations have been made to improve on the existing human relations in Benson Idahosa University:

- i. The University should continue with the current practice and approaches adopted to create a harmonious and friendly working atmosphere. The University Management should continue to ensure the strict adherence to the provisions inherent in the University Regulations governing the service of staff. The training of staff members in positions of authority should be taken into consideration. People get into position without the requisite training. Training of staff members on emotional intelligence and human behaviors will afford the trainees the opportunity to acquire the skills required to manage human behavior appropriately in the workplace.
- ii. Benson Idahosa University is a Christian University which believes in upholding biblical values and standard. The principles of the Bible taught during the weekly and monthly devotions should be applied by all staff members, because when all staff members uphold these biblical injunctions, it will help to subdue the poor human relation tendencies amongst staff members and enhance their abilities to manifest Christ like behavior in the work place.
- iii. The University Management should create a system of a bottom-up approach to decision making, by

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creating avenues for interactions of all cadre of staff members to make suggestions and contributions to the growth and development of the University. At this level, the University management should do more to listen and implement the cogent suggestions and contributions raised by the staff members. Secondly, staff members should be allowed to express themselves freely without fear or intimidation from the management.

- iv. The issue of some staff members described as “Sacred Cows” should be eliminated from the University. Staff members should be treated fairly and without partiality. Punishment and rewards should be meted out to all staff members irrespective of their denomination, status, ethnic and who their godfathers are.
- v. Modalities should be put in place by the University Management to recognize and appreciate the quality work of staff members in the University at the end of every academic session.
- vi. The University should intensify efforts to revitalize sporting activities amongst the categories of staff members. The participation of staff in this event will promote bonding amongst them irrespective of their levels. In addition, this measure would reduce stress amongst staff members.

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ECONOMIC GROWTH AND UNEMPLOYMENT CATEGORIES: EVIDENCE FROM NIGERIA

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Abstract

The phenomenon of high level of unemployment and slow economic growth rate has continued to be among the critical challenges of development in Nigeria. Okun's law states that there exists an inverse relationship between economic growth rate and unemployment rate which provides a good policy space for addressing the twin problems. This paper examines the relationship between economic growth rate and unemployment rate in Nigeria. The objective of the study is to empirically determine whether Okun's law is applicable in Nigeria. This study was done with regards to total unemployment, youth unemployment, male and female unemployment rates and economic growth rate within a time of 1991 to 2015. The theoretical framework of this study was based on the Okun's law using the reverse form of the first difference equation of Okun's model. The ordinary least squares (OLS) methodology was employed in the estimation of the specified models. The study also carried out policy simulation analyses to determine the influence of 5%, 10%, 12%, 15%, 20% and 30% reduction in various categories of unemployment rates on economic growth. The empirical results indicated that there is the reserve of Okun's law in Nigeria for the period under consideration; this means that unemployment rate increased with increased growth rate. However, this is only applicable to total unemployment rate and the male unemployment rate. For the youth and female unemployment rates, the Okun's law did not hold in form. The above results give a clear picture of the structure of the Nigerian economy. The economy has experienced long-term high unemployment rate especially for the more vulnerable categories that is the youth and female unemployment rates. The paper, therefore recommended an increase in aggregate demand through fiscal and monetary policies. A mixture of the two policies is required to the point where the resulting increase in output will result from increased employment rather than that which is the result of excess labour capacity accommodated by firms. There training of the long unemployed youths and females to make them relevant for the new economic dispensation is also required.

Keywords: Economic growth, Total unemployment rate, Youth unemployment rate, Policy Simulation, Vulnerable group

1. Introduction

The number of unemployed persons globally will hit over 201 million in 2017, with an additional 2.7 million persons expected in 2018 (World Employment and Social Outlook Trends, 2017 as released by the International Labour Organization (ILO) as cited in Nigeria. Tribune, Tuesday, 14 March, 2017).

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According to the above ILO report, the third World, especially Africa is expected to be worst hit, where the unemployment and poverty challenges have been responsible for insecurity and crime and other social vices.

Unemployment has been found to be linked with structural changes and subsequent fall in aggregate demand, reduction in human and physical investment that can lead to the decline in economic growth of a country. When unemployment turns out to be high and continuous in a country, there are some political and economic costs that are harmful to the long-run economic growth of a country. Furthermore, unemployment does not only represent a high private cost for an individual, it also represents a huge expenditure for a nation (Sanchis-i-Marco, 2011)

Madito & Khumalo (2014) described the high unemployment rate and slow growth as the two obstacles facing every nation regardless of the status of their economic and social progress.

Abel, Bernanke & Croushore (2008) observed that the dilemma of high unemployment rate and slow economic growth rate is not only encountered by developing countries, as the industrialized countries have also experienced this, however, over time they were able to overcome this through good economic and political policies.

The Nigerian economy in the 21st century is endowed with human and natural resources with over 173.6 million people. Nigeria is a lower middle income nation according to the World Bank classification of countries on income level; with the petroleum sector providing foreign exchange earnings that serve as a main source of revenue.

The unemployment challenge in the Nigerian economy has been seen to be responsible for several socio-economic problems facing the country ranging from armed militancy, terrorism, armed robbery, youth unrest and other social vices. The youth unemployment rate as reported by the World Bank (2013), are as follows: 13.7% in 2000, 14.2% in 2002, 13.8% in 2004, 13.6% in 2013, 14.0% in 2015, while the GDP growth rate ranges from 5.3% in 2000, 10.4% in 2003, 6.9% in 2009, in 2011 4.9%, 5.4 %in 2013, 4.79% in 2015.

National Bureau of statistics (NBS) (2016), reported that the economically active population (15-64) has increased from 105.02 million in Q4 2015 to 106.0 million in Q1 2016 in Nigeria. The Nigerian labour force population, that is those persons within the working age population willing, able and actively looking for jobs has increased to 78.4 million from 76.9 million in Q4 2015 denoting an increase of 1.99% in the labour force. This account for 1,528,647 economically active able-bodied persons between the ages of 15-64 consisting of newly qualified graduates, new entrants into the labour force in the Q1 2016. The unemployment rate in Nigeria was 12.1% in Q1 2016, from 10.4% in Q4 2015, 9.9% in Q3 2015 and 8.2% in Q2 2015 respectively. According to the NBS (2016) Nigeria was unable to create the 1.5m jobs needed between Q4 2015 and Q1 2016 using the unemployment level constant at 10.4% in Q4 2015. The youth unemployment stood at 21.5% in Q1 2016, 19.0% in Q4 2015 and 17.8% in Q3 2015. In Nigeria, youth that are unemployed are estimated at 27 millions. With respect to unemployment in terms of gender, it was observed to be higher for male than the female based on the World Bank development indicators of 2013. Hence, the unemployment in Nigeria is expected to rise to about 219 million persons in 2019.

Empirical studies on the existence of Okun's law (1962) that states that there exists an inverse relationship between economic growth rate and unemployment rate has indeed gained much interest in developed countries. Although, some consideration has been done in Nigeria, there still appears to be a serious knowledge gap that calls for further research work. Previous studies have not considered the relationships between male, female and youth unemployment rates with economic growth in Nigeria. In addition, previous studies have not also considered whether policy simulation on unemployment rate does influence the growth rate in Nigeria.

Hence, this paper makes an attempt to determine whether Okun's law is applicable in Nigeria with respect to total unemployment, youth unemployment, male and female unemployment, rates with economic growth using the World Bank development indicators data from 1991 – 2015. The paper is organized into the following sections: Section one is the introduction, followed by review of related literature in section two, section three is the theoretical framework and methodology, section four is presentation and analyses of results, finally section five consist of summary, conclusion and recommendations.

2. Review of Related Literature

The international Labour Organization (ILO) (1985) defines unemployment as a situation where persons without employment are available to start a gainful employment within the next two weeks and who had either looked for jobs in the four weeks before an interview or who were waiting to start a job. Again ILO (2010) defines unemployed workers as those persons who are at present out of jobs but who are willing to work, hence, looking for a paid employment while Gbosi (1993) defines unemployment as a condition in which persons who are prepared to work at the current wage rate are unable to find jobs in a given economic environment.

The persistence of the unemployment setting in Sub-Saharan African region are grouped into personal characteristics of age, sex, degree of skills (education) or ethnicity. This could further be broken down into a geographical location, occupation, duration and reasons for these forms of unemployment. Unemployment does not only produce hardship for the unemployed persons, it also symbolizes a case of inactive but it also symbolizes a case of inactive economic activities in a country (Terry, 1998).

According to Englama (2001), traditionally unemployment can be classified according to its cause. Therefore, economists often classified unemployment into frictional, structural, classical and cyclical unemployment.

Zanin (2014), Refrigeri & Aleandri (2013) believed that the mismatch between available jobs and the generations of young people are prompted by several factors such as entrepreneurs and firms which are in need of the best workers, whereas young persons are in quest of jobs that are tailored to the knowledge and skills acquired during their training in school. These factors of mismatch have contributed to the issues connected to frictional unemployment, which may become a structural problem when there is no effective action in a given economy.

Iyoha; Oyefusi & Oriakhi (2002), opined that the most affected by structural unemployment are those who are unwilling to change and improve on their skills especially aged workers whose skills have become obsolete and unable to retrain as required by professional demand. Kuznets (1971), sees economic growth as a long-term rise in the capacity of a country to supply increasingly various economic commodities to her people, this growing capacity are based on advancing technology, institutional and ideological fine-tuning that it demands. Iyoha *et al* (2002) argued that economic growth is measurable and objective, and that it signifies in productivity of either capital or labour or both, which culminates in increase in output, income and consumption of a country over a period of time.

Again Kuznets (1971), acknowledged six features of economic growth: High rates of growth of per capita output and population, high rates of structural transformation of the economy, high rates of social and ideological transformation, high rates of increase in total factor productivity (labour), the ability to reach out to other part of the world for markets and raw materials and finally, the international flows labour, goods and capital.

Todaro (1985) believed that economic growth leads a given population of a country to enjoy a better standard of living and improved life expectancy. Dwivedi (2008), indicated that the prerequisite of economic growth is the national output made of goods and services which satisfy the greatest needs of a number of persons in a country

The empirical study between economic growth and unemployment are traced to the seminal paper of Okun (1962) which suggested that an inverse relationship exists between economic growth rate and unemployment rate. Inclusive economic growth means the stimulation of high employment rates aimed at building social and protective cohesion; this will be actualized with efficient labour resources.

Nagel (2015) indicated that low dynamics of economic growth will result in an increased long-run unemployment rate. Hence, the high and persistent unemployment rate been experienced in Nigeria is seen as an impediment to economic growth. Hoon and Phelps (1997) showed that no relationship existed in the long-run between the rate of growth and unemployment in their model. Aghion and Howitt (1994) agreed that the size of the effect of growth on unemployment was either positive or negative depending on the magnitude of growth.

Unemployment is a political concern in all economies and various governments would want the level of unemployment to reduce because of the ultimate threat to its own survival (Katz and Owen, 1993). Alanana (2003) revealed that unemployment is potentially dangerous as it sends disturbing signal to all segments of the Nigerian

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economy, since the rate of youth unemployment in Nigeria is high. The seminal paper of Okun (1962) has attracted several empirical papers to ascertain the actual relationship between economic growth rate and the unemployment

rate. Below are some of the methodological approaches used to ascertain this relationship between economic growth and unemployment in the literature.

. Table 1: Summary of empirical evidence on the relationship between economic growth rate and unemployment rate and the methodology adopted.

S/N	Names of Authors and year of studies	No. of Countries	Period	Dependent variable(s)	Independent variable(s)	Methodology	Okun's Coefficient Obtained
1	Prachowny(1993)	1(United States)	1975Q1-1988Q4	Output growth gap	Capacity utilization gap, unemployment gap Labour-supply gap and hours gap	OLS(first difference and production method)	-0.62 and -0.67
2	Weber (1995)	1(United states)	1948Q1-1988Q4	Unemployment gap and output gap	Output gap and unemployment gap	OLS,ARDL, VAR and rolling OLS	-0.32, -0.22 and -0.26
3	Moosa(1997)	7(United States, France, Japan, United Kingdom, Canada, Italy and Germany)	1960-1995	Unemployment gap	Lagged unemployment gap and output gap	OLS, rolling OLS and SUR	-0.49 and -0.09
4	Lee(2000)	16 OECD countries and Germany	1955-1999, 1960-2006	Output gap	Unemployment gap	Panel least squares(PLS) (first difference and HP filter	-0.22
5	Harris & Silverstone(2001)	6(Canada, Japan, US, ,Australia, New Zealand and UK)	1978Q1-1998Q3	Unemployment rate	Output rate	ECM(first difference)	-0.09 and -0.5
6	Geldenhuis & Marinkov(2007)	1(South Africa)	1970-2005	Output gap	Unemployment gap	HP , BN and BP filters	-0.24, -1.09, -0.17 and -0.78
7	Amassoma & Nwosa (2013)	1(Nigeria)	1986-2010	Productivity growth	Unemployment, labour force, capital, inflation and government expenditure	Co integration and ECM	1.12 and 1.35
8	Akeju & Olanipekun (2014)	1(Nigeria)	1980-2012	Unemployment gap	Output gap	Co integration and ECM	0.097 and 0.069
9	Adachi (2007)	2(Japan and US)	1969-2000	Output	unemployment	OLS(first difference)	-6.18 and -1.81
10	Tombolo & Hasegawa (2014)	1(Brazil)	1980Q1-2013Q3	Unemployment	Output	OLS (first difference)	-0.1878 -0.2055
11	Kargi (2013)	34 OECD countries	1987- 2012	Unemployment	Output	OLS(first difference)	-0.27

S/N	Names of Authors and year of studies	No. of Countries	Period	Dependent variable(s)	Independent variable(s)	Methodology	Okun's Coefficient Obtained
12	Boulton (2010)	10(eastern European countries) Poland, Romania, Slovakia, Slovenia, Bulgaria, Czech Republic, Hungary, Latvia and Lithuania	1991-2008	Real GDP	Unemployment	OLS (first difference)	0.83, -4.2, -3.44, -4.54, 2.71, 0.26, -5.44, 1.87 and -2.74
13	Madito & Khumalo(2014)	1(South Africa)	1967Q1-2013Q4	Economic growth rate	Unemployment rate	VECM(first difference)	-0.618
14	Ho(2002)	1(Macau)	1993-2001	Output	Unemployment	OLS(first difference)	-1.6951
15	Andrei (2009)	1(Romania)	24Q000Q1-2008	Output gap	Unemployment gap	OLS	-0.493
16	Hutengs & Stadtmann (2012)	Euro zone		Unemployment	GDP	OLS(first difference)	-0.034, -0.91, -0.75 and -0.234
18	Zanin & Marra(2012)	9(Spain, Portugal, The Netherlands, Italy, Ireland, Greece, Finland, Austria and France)	1996-2009	Unemployment	Real GDP growth	OLS and rolling OLS(first difference)	-0.34, -0.14, -0.19,-0.05,-0.31,-0.07,-0.12, -0.32 and-0.10
19	Barreto & Howland(1993)	1(Japan)	1953-1982	Unemployment Output	Output Unemployment	OLS(first difference)	-0.032 -9.46
20	Tatoglu(2011)	19 European countries	1977-2008	Unemployment Output	Output Unemployment	Panel co integration and Panel ECM	0.003, 0.007, -0.087, -0.075
21	Ozel & Sezgin (2013)	7{Industrial countries(G7)}	2000-2011	Unemployment rate	Growth rate and Productivity	Panel least squares, Fixed and Random effects	-0.351, -0.250
22	Khemraji ; Madrick & Semmler(2006)	4(US, France, UK and Germany)	1961-2000	Output	Unemployment	OLS(first difference)	-9.83, -3.12, -4.36, -5.67
23	Elshamy (2013)	1(Egypt)	1970-2010	Output	Unemployment	OLS,ECM(Gap model)	-0.021
24	Salman(2012)	1(Sweden)	1993Q1-2011Q2	GDP growth rate	Total unemployment, Female and male unemployment	OLS(first difference)	-0.076, -0.084, -0.079

Source: Author's Compilation 2016

3. Theoretical Framework and Methodology

This section presents the theoretical framework and methodology that was used to achieve the objectives of this paper. The study adopted an econometric approach to quantify the hypothesized relationships between unemployment rate of different categories and economic growth in Nigeria.

3.1 Theoretical Framework

The relationship between economic growth and unemployment based on the theoretical linkage that exists between these economic variables could be traced to one school of economic thought or the other. The classical economist's school believed that the connection between economic growth and unemployment is a one-way linkage that exists between inputs of labour to economic growth. But Kaldor (1967) as cited in Obadan & Odusola (2000) invoking the Verdoorn's law states that faster growth of output is responsible for a faster growth of production, while the classical economists referring to Cobb-Douglas production function based on the technical links between output and the inputs such as labour and capital, indicated that the level of labour force assuming other variables are held constant, help to determine the growth rate of output. Hence, as confirmed by Dernburg & McDougall (1985), there exists a positive relationship between employment and economic growth.

The Keynesian economists see the issue of output (economic growth) and unemployment from the perspective of aggregate demand. The Keynesians believed that demand for labour is a case of derived demand. The Keynesian theoretical linkages for economic growth and unemployment as analyzed by Hussain & Nado (1997), Thirlwal (1997), and Grill & Zanalda (1995) implies that increase in employment, technological change and capital investment stock are largely endogenous.

The theoretical connection between economic growth and unemployment began with the works of Harrod (1936), Domar (1947) and Solow (1956) determining the long-run unemployment rate that influences the level of economic growth. The extension of the Keynesian model could be found in the studies of Okun (1962).

Theoretically Okun (1962) was able to establish the linkages between economic growth rate and unemployment rate, which he ascertained empirically to be negative. That is there exists an inverse relationship between economic growth and unemployment. This has been confirmed in several empirical literatures. The Okun's original equation is given as: $u_t - u_{t-1} = \alpha + \beta y_t - y_{t-1} + e_t$ where: U = Unemployment variable and Y = Output rate (economic growth rate) variable. Hence, the economic implication of Okun's coefficient (β) indicated that a 1% reduction in the unemployment rate would result in 3% or more increase in the level of economic growth rate of a country. Okun's law is seen as a benchmark for determining the economic well-being of a country.

Again the studies of Brauninger & Pannenberg (2002), based on the augmented Solow model as used by Mankiw, Romer & Weil (1992) showed that unemployment could be an inhibitor to economic growth. They indicated that unemployment in a country could lead to deterioration in human capital which in turn leads to a negative economic growth rate of a country.

Kamgma (2009) also indicated that an increase in unemployment is responsible for the losses in income and thereby leading to a decrease in savings which is harmful to economic growth.

3.2 Methodology

3.2.1 Model Specification

The first difference approach model of Okun's is based on the first difference of GDP growth rate and that of unemployment rate. The first difference approach has purely statistical and simple calculations which could be directly evaluated from the available data. The first difference approach of Okun's simply regresses GDP growth rate on the unemployment rate. According to Hilmer & Hilmer (2014), the process of first differencing involves subtracting the values of both the dependent variable and the independent variable in the previous time period (t-1), from the values of the dependent and independent variables in their current time period (t). It is for this reason, based on the knowledge gained from the several theoretical and empirical literatures; this paper therefore adopted the first difference approach model of Okun's equation. Hence, the interest of this paper is to determine how change

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in unemployment variables affect economic growth rate in Nigeria. Therefore, economic growth rate variable was regressed on the different forms of unemployment rates concerning Nigerian data.

Barreto & Howland (1993) agrees that the direction of the regression, that is economic growth rate regressed on unemployment or unemployment rate regressed on economic growth rate is determined by the researcher research question.

Hence, in this study the reverse first difference approach of Okun's equation was adopted: This is denoted as: $\Delta y_t = \alpha + \beta \Delta u_t + e_t$ (1)

This can be rewritten as: $y_t - y_{t-1} = \alpha + \beta u_t - u_{t-1} + e_t$ (2)

Where t = 1, 2, - - - n, years

U_t = the observed unemployment rate in the current time period

U_{t-1} = the observed unemployment rate in the previous time period

Y_t = the GDP growth rate in the current time period

Y_{t-1} = the GDP growth rate in the previous time period

α = the intercept, which indicates the average economic growth of full-employment of output.

β = the Okun's coefficient, which was estimated by Okun to be negative ($\beta < 0$)

e_t = the error term that is assumed to contain different information such as factors affecting the dependent variable that are not used as the independent variables, specification errors, and issues concerning the inherent randomness in human character (Helmer *et al*, 2014). The various empirical models for this paper are expressed clearly as follows:

$$GGR_t - GGR_{t-1} = \alpha + \beta TUN_t - TUN_{t-1} + e_{t1} \quad (3)$$

$$GGR_t - GGR_{t-1} = \alpha + \beta YUN_t - YUN_{t-1} + e_{t2} \quad (4)$$

$$GGR_t - GGR_{t-1} = \alpha + \beta MUN_t - MUN_{t-1} + e_{t3} \quad (5)$$

$$GGR_t - GGR_{t-1} = \alpha + \beta FUN_t - FUN_{t-1} + e_{t4}$$

Where GGR = GDP Growth Rate

TUN = Total Unemployment Rate

YUN = Youth Unemployment Rate

MUM = Male Unemployment Rate

FUM = Female Unemployment Rate

e_{t1}, \dots, e_{t4} = are error terms respectively

3.2.2 Estimation Techniques and Data Sources

The first major analysis considered in this paper began with the descriptive statistics consisting of the mean, median and standard deviation of the different variables used. This was followed by correlation matrix analyses that showed the statistical as well as functional correlation between the different variables used. To further, indicate the validity of the results of this study, the stationarity of the variables used was carried out. If the variables are stationary then the results are meaningful otherwise they would be considered spurious results. Stationarity means that the variance is constant overtime and estimated coefficients from such stationary analysis could provide the needed results for empirical forecasting (ADF-Fisher, 1979). This study also carried out a Johansen co integration test; to determining whether there exist a long-run relationship between the dependent and independent variables used also the deterministic trend of the variables was also verified to indicate if it can be used for forecasting purpose.

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In order to determine the empirical relationship between the dependent and independent variables, this study adopted the use of the ordinary least squares (OLS) techniques to ascertain the existence of the relationship between economic growth rate and unemployment rates in Nigeria.

The data for this paper were obtained from the World Bank Development Indicators for the period of 1991-2015 with regards to GDP Growth Rate (GGR), Total Unemployment Rate (TUN), Youth Unemployment Rate (YUN), Male Unemployment Rate (MUN) and Female Unemployment Rate (FUN).

4. Presentation and Analyses of Results

Table 1: Descriptive Statistics for Nigeria (1991-2015)

	<i>GGR</i>	<i>TUN</i>	<i>YUN</i>	<i>MUN</i>	<i>FUN</i>
Mean	5.40	7.54	13.75	7.65	7.37
Median	4.79	7.50	13.70	7.70	7.40
Standard Deviation	6.51	0.081	0.145	0.123	0.103
Number of Observation	25	25	25	25	25

Source: Author's Estimation Results (2016)

Table 1 above shows the summary statistics of variables used in the study for Nigeria between 1991 to 2015. The average GDP growth for Nigeria in the period covered was 5.4%, the average total unemployment was 7.54%, and average youth unemployment rate was 13.75%, while that of the male and female unemployment rates were 7.65% and 7.37% respectively. The results above indicated that the youth unemployment rate was the highest compared to other unemployment rates in the Nigeria economy. The average statistics for youth unemployment further indicated that unemployment rate especially that of the youth in Nigeria is observed to be higher and can be responsible for the various socio-economic and political problems in Nigeria ranging from armed bandits, militancy, terrorism and other social vices.

In terms of gender, the male average of 7.65 was observed to be higher than that of the female of 7.37 within the time frame of the study.

Table 2: Correlation Matrix for Nigeria

	<i>GGR</i>	<i>TUN</i>	<i>YUN</i>	<i>MUN</i>	<i>FUN</i>
<i>GGR</i>	1.000	0.665	0.231	0.495	0.222
<i>TUN</i>	0.665	1.000	0.415	0.823	0.493
<i>YUN</i>	0.231	0.415	1.000	0.662	-0.284
<i>MUN</i>	0.495	0.823	0.662	1.000	0.127
<i>FUN</i>	0.222	0.495	-0.284	0.127	1.000

Source: Author's Correlation Results (2016)

The correlation matrix results presented in Table 2 above depicts positive correlation among the variables. This indicated that there exist a positive relationship between the various unemployment categories and economic growth rate in Nigeria. This finding indicates results that are direct opposite of the Okun's law that states the existence of negative relationship between unemployment and economic growth. Hence, the functional relationship of the expected empirical apriori sign did not follow that of Okun's law but follows that argument of Saint-Paul (1993), Davis & Haltiwanger (1992) and Bean and Pissarides (1993) which said that there is a bivariate correlation between economic growth rate and unemployment rate which could either be positive or negative depending on the economic structure and the magnitude of growth. The issue of the positive correlation was further proved by the research study of Aghion and Howitt (1994) indicating that high rates of economic growth are negatively correlated with unemployment and low rates of economic growth are positively correlated with unemployment. The Nigerian case confirmed this positive correlation due to low rate of her economic growth level as against higher rate of unemployment level based on the period of this study.

Table 3: Results of Unit Root Tests for Nigeria

Method	GGR	TUN	YUN	MUN	FUN
ADF at 5% level	-3.94* (-2.99)	-1.95 (-2.99)	-3.013* (-2.99)	-2.522 (-2.99)	-3.377* (-2.99)
[Prob. Value]	0.006	0.307	0.048	0.123	0.022
ADF at 1 st difference		-5.68* (-2.99)		-6.729* (-2.99)	
[Prob. Value]		0.000		0.000	

Source: Author’s Estimation Result (2016)

* = represents significance at 5% level

Where: ADF = Augmented Dickey Fuller

1st = First difference of ADF.

Table 3 above shows the results of ADF at levels and 1st difference. At the first difference TUN and MUN are stationary and the test at the 1st difference were found to be negative and also excess the critical value of -2.99, therefore, the time series of economic growth and the various form of unemployment rates were observed to be stationary at first difference and the values are significant at 5% level. This therefore indicates that the variables do not contain unit root. The probability values obtained from the results in table 3 above further indicated that the variables tested for unit root were stationary and statistically significant at first difference.

Table 4: Johansen Co-integration Test

Variable	t-stat	Trace stat	Prob. Values
GGR, TUN	15.495	16.290	0.038 **
GGR, YUN	15.495	44.636	0.000 *
GGR, MUN	15.495	40.575	0.000 *
GGR, FUN	15.495	21.274	0.006 *

Source: Author’s Estimation Results (2016)

Note: all the variables were found to be statistically:

** Significant at 5%,

*Significant at 1%,

Where GGR = GDP Growth Rate

TUN = Total Unemployment Rate

YUN = Youth Unemployment Rate

MUM = Male Unemployment Rate

FUM = Female Unemployment Rate

Based on table 4 above the Johansen co-integration results revealed that the probability values were observed to be significant at the 5% level, confirming strong empirical evidence that the variables used have long-run equilibrium relationships and they are co-integrated. It was also observed that the variables have deterministic trends and was statistically significant at the 5% level; hence the variables can be used for forecasting purpose.

4.1 Analyses of Empirical Results

This section examines the degree to which the independent variable (unemployment rate) impacted on economic growth rate in the Nigerian economy. In general, the results will help to depict the relationship between the economic growth rate and the various forms of unemployment rate variables in Nigeria. Also, there will be the determination to test whether policy simulation on unemployment rate does influence the economic growth rate in Nigeria.

EViews 8.0 computer econometric software was employed in running the estimation results.

Table 5: Ordinary Least Squares (OLS) Estimation Results for Nigeria. Economic Growth Rate (GGR) as the dependent variable

Independent Variables	α	β	t-stat	Prob. Values
<i>TUN</i>	-397.38	53.45	4.28*	0.000
<i>YUN</i>	-137.65	10.41	1.40	0.266
<i>MUN</i>	-195.18	26.23	2.73**	0.012
<i>FUN</i>	-97.94	14.03	1.09	0.287

Source: Author's Estimation Results (2016)

*/** = represents significant at 1% and 5% level

Table 5 above shows the results based on the reversed Okun's first differenced equation using OLS to determine the empirical relationship between economic growth rate and the various forms of unemployment rates for Nigeria. The results obtained revealed a case of positive relationship between economic growth rate and the different forms of unemployment rate as indicated by the coefficient (β) values. The t-statistic value for TUN and MUN were both observed to be statistically significant at the 1% and 5% level, which was also confirmed by the probability values. The various Okun's coefficients (β) obtained indicated a positive relationship between the variables used. Hence, the Okun's coefficient of 53.45 for TUN, indicated that a unit increase in total unemployment rate (TUN) would result in an additional unit of 53.45 in economic growth rate in Nigeria. While that of the MUN indicated that an additional unit of 26.23 in economic growth in Nigeria.

The two variables of youth and female unemployment rates were not statistically significant even at the 10% level. They were neither against nor for Okun's law. They therefore pose policy challenges. This shows that changes in both youth and female unemployment rates did not influence growth rate in Nigeria for the period reviewed.

Table 6: OLS Estimated Results for Nigeria. Where Economic Growth Rate (GGR) is the Dependent Variable. A Case of Policy Simulation at Different Percentage Reduction in Unemployment Variable

Independent Variables	α	β	t-stat	Probability value
5% reduction of <i>TUN</i>				
<i>YUN</i>	-397.38	56.24	4.28*	0.000
<i>FUN</i>	-137.65	10.95	1.140	0.266
<i>MUN</i>	-97.94	14.76	1.091	0.287
	-195.18	27.61	2.733**	0.012
10% reduction of <i>TUN</i>				
<i>TUN</i>	-397.38	59.39	4.28*	0.000
<i>YUN</i>	-137.65	11.56	1.140	0.266
<i>FUN</i>	-97.94	15.58	1.091	0.287
<i>MUN</i>	-195.18	29.14	2.733**	0.012
12% reduction of <i>TUN</i>				
<i>TUN</i>	-397.38	60.74	4.28*	0.000
<i>YUN</i>	-137.65	11.82	1.140	0.266
<i>FUN</i>	-97.94	15.94	1.091	0.287
<i>MUN</i>	-195.18	29.80	2.733**	0.012
15% reduction of <i>TUN</i>				
<i>TUN</i>	-397.38	62.88	4.28*	0.000
<i>YUN</i>	-137.65	12.24	1.140	0.266
<i>FUN</i>	-97.94	16.50	1.091	0.287
<i>MUN</i>	-195.18	30.86	2.733**	0.012
20% reduction of <i>TUN</i>				
<i>TUN</i>	-397.38	66.81	4.28*	0.000
<i>YUN</i>	-137.65	13.01	1.140	0.266
<i>FUN</i>	-97.94	17.53	1.091	0.287
<i>MUN</i>	-195.18	32.78	2.733**	0.012
30% reduction of <i>TUN</i>				
<i>TUN</i>	-397.38	76.35	4.28*	0.000
<i>YUN</i>	-137.65	14.86	1.140	0.266
<i>FUN</i>	-97.94	20.03	1.091	0.287
<i>MUN</i>	-195.18	37.47	2.733**	0.012

Source: Author's Estimation Results (2016)

Table 6 shows where the various categories of unemployment rates variables were subjected to policy simulation based on 5%, 10%, 12%, 15%, 20% and 30% reduction respectively and their effects on economic growth variable. The OLS results for these categories of policy simulation revealed some significant difference in the Okun's coefficient values. The values for the intercept (α) remains constant. The various t-statistic values as well as the probabilities values were observed to be the same as before and after the policy simulation. However, the Beta (β) coefficients for total and male unemployment were observed to be statistically significant at the 1% and 5% level and were also positive indicating the non existence of Okun's law even with the different level of policy simulation being applied.

5 Summary, Conclusion and Recommendations

The paper examined the empirical relationship between economic growth rate and the various forms of unemployment rates in Nigeria by estimating Okun's coefficients for total unemployment, youth unemployment, male and female unemployment. Also, the influences of policy simulation on the various categories of unemployment rates on economic growth rate were considered.

The paper has been able to carefully determine the relationship that exists between economic growth rate and unemployment rates in Nigeria to ascertain whether Okun's law is applicable in the Nigeria. The results indicated the non-existence of Okun's law because the empirical result exhibited a positive relationship as against the apriori negative sign.

The paper therefore recommends the following: That the long-term unemployment in Nigeria as implied by the direct relationship between unemployment rate and economic growth rate requires serious policy for its resolution. In specific terms the following recommendations are made: Retraining of the long unemployed youths and females to make them relevant for the current economic dispensation; monetary and fiscal policies that can make firms to utilize labour beyond the excess capacity that they have. This is therefore calling for increased aggregate demand that will necessitate aggregate supply beyond the current labour supply to the firms in the economy.

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MULTINATIONAL CORPORATIONS AND THE PARADIGM OF SUSTAINABLE DEVELOPMENT IN THE NIGER DELTA: THE ROLE OF HOST COMMUNITIES

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Abstract

At the heart of the Rio Earth Summit was the United Nations Conference on Environment and Development (UNCED) plan of action, 'Agenda 21' which called on governments to adopt national strategies for sustainable development. Given current development patterns, intensification of industrialization and rising energy use are essential for economic development and improved welfare. Yet, they lead to pressures on the environment. Multinational Corporations (MNC's) and their increasing exploration activities can have an influence on the economy and environment of other nations and therefore many concerns have been raised over their genuine intentions toward sustainable development especially in developing countries, yet one would wonder what level of development and sustainability of the environment these host communities would have, had the MNC's not established in their areas. This paper examines these controversies, while it also establishes that the traditional (economic) practices of development in many host communities of the Niger Delta have been abandoned in a wild chase for superficial development which has not satisfied the principles of sustainable development. This paper employed the use of secondary data, which was given a contextual and descriptive analysis. The study was based on the transnationalism and social mobilization theories.

Keywords: Multinational Corporations, Sustainable Development, Developing Countries

Introduction

The meeting of the United Nations Conference on Environment and Development (UNCED) which held in Rio de Janeiro, Brazil (Earth Summit) in 1992, gave credence to the concept of sustainable development, an initiative of the Norwegian Prime Minister (Gro Harlem Brundtland) in 1987 as the answer to both the environmental and developmental crises facing the world. The UNCED's approach represents major concerns for states relations, they include the idea of consensus seeking, incorporating the needs of all countries (big or small), partnership in which the weaker states would gain support from the stronger states, the integration of development and environmental policies into action plans and the intervention of the state and the international community to regulate and control market forces in the interest of the public, so as to ensure an equitable distribution of resources and to secure more sustainable patterns of production and consumption.

With the UNCED's plan of action "Agenda 21" which called on governments to adopt national strategies for sustainable development, and provide options for dealing with environmental degradation, poverty, education and so on. It is unfortunate that the process after the Rio Summit has not achieved its goals completely. This lapse is not to be found however in the sustainable development paradigm but rather from an intense competition from globalization driven by the industrialized North that has swept the world in recent years (Khor, 2001: 1-2). Knor advances that the emergence of globalization, liberalization and privatization came with them certain manifestations in the economic reforms of developing countries. Prevalent among the manifestations are the presence of the Multinational Corporations (MNC's) who are powered by the fundamental concept of profit. According to Devi (2006: 12) "their concept of development is insidiously violent that it completely ignores the environmental aspects of growth and sustainability of life in the planet". He stated further:

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The influence of MNC's, their fragmented national loyalties and conflicting interest, their essential non accountability, their undue political influences and their little or no regard for social, cultural and environmental concerns make for much of the mistrust civil society has towards MNC's in general. (Devi: 12)

As larger corporations establish manufacturing sites in developing countries, chemical effluents and pollution interfere with the lives of common people in the society. Thus conflict over land, water and other natural resources have become a serious issue in the development paradigm of many developing countries. In which case, such development that depletes the resource base of people, displaces them from their original habitat and distorts their lifestyle has come under severe criticism. The oil and gas sectors have become the center of current industrial development and economic activities in some developing countries. In the case of Nigeria, the Niger Delta region has been particularly attractive to major international oil companies including Shell, Chevron, Mobil, Texaco and others. These international companies have been involved in joint ventures with the Federal Government in connection with oil exploration and production. Still on the Niger Delta, the strategy adopted by the Multinational Corporations in creating a working environment for the people is quite divisionary. They influence both youth and community leaders as well as government officials with gratifications, a situation which has resulted in the economic and political empowerment of a few individuals above that of the community they originally represent. Ikelegbe (2005: 225) concurs to the assertion as he claims, "these practices generated a regime of idle funds, became an eye opener to immense cash opportunities from the MNC's and generated corruption and conflict in the traditional governance systems". Even though it is abundantly clear that exploration activities by MNC's especially in oil producing communities have left off a wave of environmental pollution (The Ogoni case for instance), it has become obvious that traditional developmental economic practices in these areas have been almost abandoned. The teeming youth population have diverted their energies to banditry, hostage taking and kidnapping of multinationals as they see it as an easy way to get idle funds and get at the government for inadequate policies to confront the many social-economic and environmental issues arising from the rising use of energy in these developing host communities. These issues would thus generate major discussions in this study.

LITERATURE VIEWS ON MULTINATIONAL CORPORATIONS (MNC's) AND SUSTAINABLE DEVELOPMENT

According to Papp (2002: 95), a Multinational Corporation is a corporation that has its headquarters or center of operations in one country and operates other corporations or subsets of itself in other countries. These other corporations or subsets are generally called subsidiaries, sometimes they are also called transnational corporations. These firms have substantial direct investment in foreign countries and manage their operations both strategically and organizationally. One of the traditional motives for companies to invest abroad was the need to secure key supplies. Companies like Nestle, Ford and Bayer expanded internationally mainly in search of new markets and due to insufficient support from their small home markets when compared to the technology and volume intensive manufacturing process they pursue (Essays, UK, 2018). About 85% of the world's automobiles, 70% of computers and 65% of soft drinks are produced and marketed by MNC's (Essays, UK). Apart from lower labour, lower cost capital (such as subsidies from host governments) also became a strong cause for internationalization. As rendered by (Essays, UK). "Multinational Corporations were the vital factor in globalization, where local and national governments competed against each other to attract MNC's through incentives. An example of such incentive are the free trade zones where goods may be manufactured, handled, landed or exported without any local intervention. Examples are places such as Brazil, Mexico, Sri Lanka, Madagascar and India, among other developing countries". MNC's play a large role in international relations and some have immense economic impact and others wield a sizable political clout. For Adams (1985: 393), Multinational Corporations are primary actors on the world stage, they view the world and not any given nation as the arena for their actions. MNC's in this wise produce and export goods and partially assembled components. Some of this trade takes place within subsidiaries or divisions of the

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parent corporations giving rise to the phenomenon of intra-firm trade (Adams). Olson (1991; 46) sees Multinational Corporations as the usually huge firm that owns and controls plants and offices in many countries and sells its goods and services.

A simple working definition as stated by Gilpin is rendered:

A Multinational Corporation is a firm that owns and manages economic units in two or more countries. Most frequently, it entails foreign direct investment by a corporation and ownership of economic units (services, extractive industry or manufacturing plants) in several countries. Such direct investment means the extension of managerial control across international boundaries. (1987: 231)

Chukwuemeka (2007) argues that Multinational Enterprises are a product of globalization and are therefore both a cause and a result of modern information revolution. This results are evident in dramatic improvements in telecommunication, increase in computing power and the development of information networks such as the internet, web-based commerce and so on. Wells (1990) noted that “given the productivity capacity of these organizations, their financial resources and ability in terms of investment, establishment and redistribution, they constitute genuine transnational actors in the economic domain”. For Agi (1999), as national boundaries disappear with tariffs, more and more goods and services move into the international business scene. In the past decades, several foreign subsidiaries have grown in their operations leading to the emergence of Transnational Corporations that have a number of directly controlled operations in different nations and focuses on worldwide perspective.

Sustainable development on the other hand is a pattern of resource use that aims to meet human needs while preserving the environment so that this need can be met not only in the present, but also for the future generations coming. As enunciated by Jhingan (2008: 22), the term was used by the Brundtland commission which published the report “our common future” and coined what has become the most often quoted definition of sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. For Lomborg (2002: 307), sustainable development is progress that occurs without further damaging the ecosystem, and according to Principle 1 of the 1972 Stockholm Declaration “man bears a solemn responsibility to protect and improve the environment for present and future generations”. (Sands, 2008: 257). The Rio Declaration also associates intergenerational equity with the right to development, providing the principle that the right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generation. (Sands).

THEORETICAL FRAMEWORK OF ANALYSIS

Theories are essential in every discipline for an understanding of phenomena, for thinking about inter-relatedness, for guiding research and to mention a more immediately useful objective in the social science for recommending sound policy action (Dougherty & Pfaltzgraff, 1990: 1). In conformity to this, the transnationalism theory and the social mobilization theory will be employed as the framework of analysis. Contrary to the view of the realists that the state is the main actor in international relations; that military force and security issues are the most salient aspects of contemporary international relations and that interdependence is a myth, theorists of Transnationalism like Robert Keohane and Joseph Nye (Realism and Complete Interdependence) as stated in (Williams, 1993: 241), argue that the state has declined; a variety of non-state actors are now of vital importance in key issue areas, thus the use of force is limited, national societies are more interdependent and national governments are more diverse and differentiated.

For Ray and Kaarbo (2005: 443), transnational actors are defined by what they are not (they are not states and states are not their members, as they are in international organizations) and by what they do and they operate across borders). The growth of transnational linkages is consistent with the functional and liberal theories of international relations which expect increasing ties across national networks to foster more peaceful relations. Contrary to this

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however, the operations of non- state actors in some cases challenge states and their authorities and they may also choose violence as their method of operation. (Ray and Kaarbo: 444). Alongside the transnational corporations, Leslie Sklair (2005) proposes that there has arisen a trans-nationalist capitalist class comprised of Trans-nationalist Corporations (TNC's) executives, globalizing state bureaucrats, politicians and consumerist elites in merchandising, together with the media. Sklair claims, "They constitute a new power elite whose interest are global, rather than exclusive, local or national, and thereby control most of the world economy".

The theory is significant to the study as it helps to shed light into the activities of MNC's as transnational actors in international relations. In the midst of this however, a major criticism against the theory is as posited:

There is no reason to assume that transnational relations regularly promote good causes. Transnational terrorism pose a serious threat to international stability in many countries. Some scholars have identified Islamic fundamentalism, another transnational social movement as a major source of inter-state conflict. (Ray and Kaarbo).

In developing countries where powerful MNC's hold rein, collaboration between them and the state may constitute a situation of repression of civil society. The emergence of social movements can be placed within a theoretical construct which helps explain the basis of their existence as well as their mode of operation. Social mobilization involves prompting people to perform behaviors that primarily benefit a group of people. The nature of social mobilization can amplify the effectiveness of some influence principles (for example, adherence to social norms, public commitments and social accountability. (Rogers, Goldstein & Fox, 2018) Expressed differently, social mobilization theorists attempt to explain the emergence, objective, method and tactics of groups opposed to either the government or transnational forces. As corroborated by (Moyer et al, 2001:10-11)

Social movements are collective actions in which the populace is alerted, educated and mobilized to challenge the power holders.....to redress social problems or grievances and restore critical social values. Social movements present a contrast to the vested interest that use public and corporate institutions in ways that violate fundamental cultural values.

The social mobilization theory is therefore relevant to this study as it helps to shed light into expressions and reactions of groups or members of the society in developing countries. These groups often show feelings of dissatisfaction especially towards government agencies and transnational corporations who fail to meet their corporate social responsibility and often violate the principles of sustainable development in the course of running their industrial or exploration activities. These groups such as the civil society movements, minority ethnic groups, social lobbyist, political coalitions and community agitators have found various ways of expressing their grievances with some even extending to the use of armed and violent protests to call for both national and international attention. The cases of violent militant attacks on foreign multinationals and severe military repression of some of these groups are evident are in Nigeria's Niger Delta region.

MNC's AND THE CHALLENGES OF MAINTAINING BEST PRACTICES OF SUSTAINABLE DEVELOPMENT: THE ROLE OF HOST COMMUNITIES

MNC's have existed since the beginning of overseas trade. Driven by the search for resources and pressure to protect and increase markets, transnational companies began to expand in the 19th and 20th centuries with investments in Latin America, Asia, Africa and the Middle East. As a general rule, MNC's prefer to have full ownership of their foreign subsidiaries because full ownership allows maximum control. According to Spero & Hart (1997: 98), MNC's often invest large sums of money directly in countries outside their home country. The internalization theory of multinational activities explains why firms may prefer Foreign Direct Investment to

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alternative ways of doing international business. For Caves (1982), Foreign Direct Investment is generally an integral part of the global corporate strategy for firms operating in the oligopolistic market. In some cases, MNC's share ownership of a foreign subsidiary through either public or private groups in the host country. This is called a 'joint venture'. A couple of reasons show why MNC's may participate in a joint venture:

- Firstly, a Multinational Corporation may find that public or private groups in the host country have capital or expertise without which the subsidiary would fail.
- Secondly, an MSC may view a particular market as requiring host nation participation to reduce the political risk of having a foreign corporation operating within that market.
- Thirdly, some states laws require host-nation participation (Papp: 102).

In addition to their global reach and economic power, MNC's domestic impact on both home and host countries are a matter of interest, in which case, MNC's stand to either promote development or impede it. As corroborated by Ferdausy & Rahman (2009: 111) "although MNC's have become omnipresent in the developing world, there has always been an uncertainty about them in both positive and negative ways". Proponents of MNC's argue that Foreign Direct Investment (FDI) is a mechanism for increasing efficiency and stimulating growth. By transferring capital, technology know-how and by mobilizing idle domestic funds and resources, MNC's, argue their advocates increase world efficiency, foster growth and also improve welfare (Johnson, in Spero & Hart: 114). They also argue that MNC's serve as a conduit for attracting foreign capital and technology. In this regard, there is a positive turn over in terms of balance of payments; advancement in technology; generation of employment; savings on research and development, improvement of technical, organizational and managerial skills of indigenous personnel through sponsorships in certificate programs both locally and internationally; and improved wages and housing welfare. Makinde (2013: 260-261) sheds more light:

MNC's through its empowerment of indigenous professionals and managers transfer knowledge and experiences that are not available locally. In sum, technological advancement of MNC's with their high managerial skills, it is argued places them at a greater advantage in enhancing the sustainability of the ecology.... Given the large technological and productive capacity of business, any progress towards sustainable development require active leadership. For developing countries, in particular that do not have adequate resources for technological innovation, one can legitimately claim that the MNC's may not only be regarded as an important agent of sustainable development but it is also "the only real hope..."

Another argument is that MNC's, are not only major technology innovators, but they also possess skills in the safe handling, transport, storage, use and disposal of toxic materials, and also in the development of pollution abatement technologies. (Makinde: 260).

Need it be said anymore? Despite the contributions attributed to MNC's, with regard to their relationship with host countries, individual and public critics have leveled charges against the policies of MNC's in developing countries. Charges against the MNC's fall into different categories. Although critics admit that MNC's may well have created jobs, they contend that multinationals on the balance and when compared with domestic firms, do in fact destroy jobs because they employ capital intensive technologies to Third World Countries. Therefore the so called technology the MNC's transfer to developing countries is obsolete, overpriced, inappropriate and inconsistent with the factor endowment of host states (Eze, 2011) in (Chukwuemeka, Anazodo & Nzewi, 2011). Wright (1992) noted, that MNC's technology transfer to less developed countries seldom increases their exports and that MNC's also have a tradition of placing business values over and above cultural values of the host country. Also observable is that MNC's create enclave economies as those operating especially in Africa offer bribes and make improper

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payments in order to circumvent local regulations (Rawlings, 2007) in (Chukwuemeka, Anazodo & Nzewi, 2011). From the economic perspective, the argument is that Foreign Direct Investment (FDI) distorts development in developing countries. Evans (1979) believes that “the associated or dependent development is alleged to have several economic consequences” in this instance, the corporations are accused of introducing types of technologies that hinder the emergence of domestic technologies. Frank (1969), adds that “Foreign Direct Investment is seen to contribute to the development of underdevelopment” in which case, MNC’s oligopolistic nature tends to predate domestic firms; limit their production, and export the profit through capital flight or repatriation. Goddard, Passe-Smith & Conklin (1996: 448) support the assertion as they view MNC’s as a vast suction pump for obtaining resources from the periphery. This exploitative alliance is believed to be sustained by the intervention of the corporation’s home government in the internal affairs of the developing countries and in which case, host countries become politically dependent upon the metropolitan country. (Gilpin: 247). In agreement, Bernal (2005) states that “it is frequently contended that the international firms sups up local capital either by borrowing locally or by receipt of investment incentives”. MNC’s therefore do not encourage improvement of balance of payment of host countries, rather MNC’s have been used as a foreign policy instrument of their home government to the disadvantage of host country’s economic development (Ugwu, 2010).

Lomberg (306-307) in his analysis maintains that technology and economic development are a two edged sword, this is because, as much as people have benefitted from modern technology, others are also endangered by the products of its progress. Environmentalists therefore use sustainable development to characterize the balance between economic growth and economic preservation. For economists, a development path is sustainable if and only if the stock of overall capital assets remain constant or rises overtime. (Pearce & Warford, 1993: 2-3), in this vein, it holds that future growth and overall quality of life are critically dependent on the quality of the environment. The natural resource base is a common heritage for all the generations, therefore to destroy that endowment indiscriminately in the pursuit of short-term economic goals penalizes both present and especially future generations. (Pearce & Warford). As succinctly put by Kolk, Kourula & Pisani (2017: 27) “Overall, MNC’s can clearly have an important impact on sustainable development both through their negative social and environmental externalities... we should acknowledge that MNC’s have had a central role in creating the challenges we now face and that sustainable transitions are unlikely to take place in a smooth manner”. Ferdausy & Rahman maintain that most of the MNC’s take advantage of developing countries. They can be guilty of causing pollution or human rights abuse. As supported by Akyildiz (2006) “Multinational companies have been making use of the opportunities that the environment presents but they do their duties to environmental rights”. Labourers are also paid low wages as there are few or no trade unions to protect their rights or negotiate with the MNC’s. Khor also criticizes the activities of MNC’s as he put forward the following allegations in regard to MNC’s disposition towards sustainable development. They are outlined as follows:

- MNC’s activities generate more than half of the Greenhouse Gases emitted by industrial sectors with the greatest impact on global warming
- MNC’s have virtually exclusive control of the production and use of ozone-destroying compounds
- In mining, MNC’s still dominate key industries and are intensifying their activities. They are also the main transmitters of environmentally unsound production systems, hazardous materials and products to the Third World. As corroborated by Onimodo and Adeniran (1983) the driving force behind MNC’s establishment in Africa are for the purposes of mineral exploration and exploitation (such as oil, gold and diamond) and this could account for the reason why they are always found in the extractive industries in Africa and in other developing countries.
- MNC’s dominate the trade and in most cases the extraction or exploitation of natural resources or commodities that contribute to the depletion of forests, water and marine resources. With the use of production techniques or substances that are often more ecologically damaging, and the larger volume of production they characterize, MNC’s usually have a negative effect on the environment when they newly produce or increase their activities in an area.

- Through advertising and product promotion, they also promote a culture of unsustainable consumption. (khor: 38-39). As enunciated by Viederman (1997), “corporations seek to create greater wants, focusing on ‘excesses’ more than necessities. Greater consumption among the already affluent is not a contribution to environmental or social sustainability”

Stakeholders accuse multinationals of not taking into account the real concerns of local people. In the case of the mining sector, the human and environmental damage discredited the social initiatives of multinationals. At this stage of the implementation of the Corporate Social Responsibility (CSR) practices in Africa, several questions remain unanswered. As Youssoufou (2014) asks, is it just enough to build a school or hospital or to fund some activities that a multinational has the right to do what they want in Africa? The issues of environmental and social protection, are they not more important? Indeed, initiative for sustainable development cannot be sufficiently effective unless they fall under national policies whose effectiveness and scope reach the local level. The value of a CSR action in a mining an industrial environment is its ability to take into account the concerns of social and environmental sustainability. However, the actions taken so far by multinationals has not provided adequate solutions to the many issues related to negative externalities and collateral damage associated with mining activities. These issues are displacement, pollution of ground water, dissemination of radioactive gases, the decimation of livestock due to radioactive effects and the worsening of public health problems. (Youssoufou). According to Ekeng (1997: 4; Celestin, 2003) oil exploration and exploitation in the Niger Delta has over the last four decades imparted disastrously on the physical environment of the oil bearing communities in the Niger Delta...threatening the peasant economy and economic source of livelihood. Consider the data collected by the Alberta Energy and Utilities Board, Canada. It showed that in 1996, about 92% of gases were consumed or used in some manner and only the remaining 8% was flared. This social responsibility attitude towards gas conservation as demanded partly by environmental requirement in Canada and other advance countries does not apply in Nigeria. (Evoh: 2002)

Far from benefiting from exploration activities, local people are paying a price for the conflict that has risen from the agitation for resource control, protests and violent attacks from pressure and militant groups who have employed banditry, kidnapping, hostage taking, destruction of gas and oil installations of both multinationals and by the government. The Niger Delta has become embroiled in resistance against the state and MNC's. The region has become generally restive with pockets of insurrection and armed rebellion. As conveyed by Ikelegbe, communities and community groups have had to threaten or actually disrupt MNC operations before any benefits are extended to them. As the environment became more hostile, the MNC's began a regime of cash payment to communities both as ecological compensation, appeasement, pacification and incorporation (Oduniyi & Nzeshi, 2004). While this made provision for their facilities in some cases, it generally provided idle funds for lavish living and arms purchase which fierce further greed and violence (Ikelegbe).

CONCLUSION

The geography of the Niger Delta indicates that it is made of swampy mangrove forests to the coastal areas and the thick rain forests to the hinterland. Both the hinterland and the coastal areas record adequate rainfall and the soil is largely laden with crude oil and natural gas. The economic life of the people is largely determined by the environment and they engage in fishing, cultivation of food crops and cash crops such as oil palm and rubber. Given the regional occupational specialization between the coastal areas and hinter land, bilateral trading relations existed between the people and their neighbors. The political structures were also built around communalism and culture, however, this enclave was destroyed by the impact of colonialism. With the discovery of oil in Oloibiri in 1956, it altered the traditional economic systems in the region, particularly with more attention going into the extractive industries in oil exploration and mining.

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Together with the collaboration of the Federal Government, Multinational Corporations in the oil and gas sectors have been registered their presence in the region. Following the high rise of energy use and industrialization, the region has witnessed a series of unprecedented environmental damages. The industrialization of the region in itself should signify a step in the direction of sustainable economic development, however, the major externalities arising from the failure of MNC's and the government to ensure their corporate social responsibility to the people as enshrined in the principles of the sustainable development paradigm has reduced the region to a center of violence and insecurity. Interventions by the Federal Government such as the defunct OMPADEC and its successor the NDDC have not been able to reconcile these challenges, the Amnesty Programme set up by the Late President Umaru Yar' Ardua's government which continued shortly into the current President Buhari's led administration has not solved the fundamental crises either. Imagine years after the despoliation of the Ogoni community, the United Nations Environment Program (UNEP) recommended an initial US\$1 billion contributed by the oil industry and the Federal Government to cover the first five years of the cleanup project. On account of anonymity a member of the Hydrocarbon Pollution and Remediation Project (HYPREP) confirmed to the Guardian Tabloid 27, January 2019, that there were fears on the commitment of the Federal Government towards the project even when the multinationals had contributed their financial obligations to the cleanup exercise.

The paper therefore concludes that the process of development through rising technology use by MNC's in itself has not been a bane to development, but rather, the failure to ensure the corporate social responsibility in dealing with externalities arising from such development has fuelled intense restiveness in the region and diverted the attention away from traditional economic developmental practices for which the peoples of the Niger Delta were earlier known.

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FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN NIGERIA

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Abstracts

This study empirically investigates the effect of foreign direct investments on economic growth in Nigeria. The time series data from 1980 – 2016 subjected to econometric estimation shows that all variables were integrated at order one I(1) as indicated by Augmented dickey Fuller (ADF) unit root test and evidence of four co-integrating relationship among variables was shown by Johansen co-integration technique (trace and maximum Eigen statistics) respectively. The VECM satisfied the apriori anticipations and was statistically significant at 1% level. It was found among other things that the one period lags for economic growth, foreign direct investment and trade openness had non-significant positive effect on the current year economic growth (except for TDOP-1 that was significant at 1% level). Human capital development also had non-significant negative effect on economic growth. Only interest rate and domestic investment had non-significant negative relationship with economic growth. The study concludes that foreign direct investment had positive effect on economic growth in Nigeria during the period under review although not significant. Recommendation from the foregoing is that policy effort should be intensified on foreign direct investment, economy and other social-economic related issues like human capital development, interest rate and domestic investment for their effect to be significant.

Key Words: Economic growth, Foreign Direct Investment, Granger causality, Human capital development, and VECM

1.1 Introduction

Multiple set of reformation in the developing economies like Nigeria have been kicked off in order to substantiate the growth of the economy. Balasubramanyam, Salisu and Sapsford (1996) opine that economies incorporating growth led programs stimulate the economic liberalization which leads to the inflows of foreign direct and portfolio investment. Aswathappa (2015) asserts that foreign direct investment is seen as a way of filling the gap between the domestically available supplies of savings, foreign exchange, government trade revenue and human capital skills and the desired level of these resources necessary to achieve growth and development targets. These favourable (positive) spillovers may justify the favourable treatment of foreign investors versus domestic investors (Hoekman & Saggi, 1999).

Conventionally, it can be said that economic growth of Nigeria has been cyclical in nature over the years averaging GDP size of about N260 billion in the year 1990, about N5 trillion in 2000 to a GDP of about N34 trillion in 2010 and at about N81 trillion in 2013 as the largest economy in Africa (CBN, 2014). This makes the country at par with nations like Argentina and Austria. Years of economic mismanagement and corruption placed the country's economy into acute recession established in 2015 and restricted economic growth, leaving Nigeria's GDP per capita at US\$ 2,175.67 and placing the nation amongst the 60 poorest countries in the world (World Bank, 2016). Foreign Direct Investment (FDI) usher in multi facets developments which sequentially spur the growth of host countries (Agarwal, 2001). These constitute significant transfer of non-monetary and monetary resources that may be considered as equivalent to 'private technical assistance with important know how effect extending elsewhere in the

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host economy beyond the immediate foreign enterprise thereby playing an important role in strengthening the export capabilities of the domestic economy (Nauro & Campos, 2005).

1.2 Statement of the Problem

Governments of many countries around the globe formulate strategies that attract foreign direct and portfolio investment in their countries, to obtain the benefits of technology spillovers, human capital formation, creation of competitive business environment, enterprise development and integration of international trade (Ali & Hussain, 2017). However, empirical literature is not in agreement with theoretical position regarding the positive role of FDI on the host economies. The common experience is that the empirical evidence remains mixed and ambiguous (OmriKahouli, 2014).

Recent empirical studies like Ali and Hussain (2017) in Pakistan, Uwubanmwun and Ogiemudia (2016), Aguda and Oladoja (2017) in Nigeria, Nasir, Rehman and Ali (2017) in Saudi Arabia, Tsaurai (2017) in South Africa, Gupta and Singh (2016) in BRICS nation, Aswathappa (2015), in France, Pegkas (2015) in Eurozone, have been carried out on foreign direct investment and growth. However, some of these studies focused on foreign direct investment and growth with Ordinary Least Square (OLS), Error Correction Model (ECM) Vector Autoregressive (VAR), Panel Regression and Generalized Method of Moments (GMM) methodologies, and the findings of these studies were mixed making the subject matter still debatable and inconclusive, hence more research is needed. Studies that examine the effect of foreign direct investment together with exogenous variables of (interest rate, trade openness, domestic investment and human capital development) as channels through which foreign direct and portfolio investment affect economic growth in the case of Nigeria within Vector Error Correction Model (VECM) framework are scarce to the best of my knowledge, therefore a gap exist in the literature. It is against this background this study examine the effect of foreign investment on economic growth in Nigeria. The specific objectives underlying the study are to;

1. Determine the effect of foreign investment on economic growth in Nigeria.
2. Examine if human capital development and trade openness is a channel through which foreign investment influences economic growth in Nigeria.

The study is significant to the literature because it used the most up to date data set of foreign direct and portfolio investment and robust econometric techniques of Vector Error Correction Model (VECM) and also confirm trade openness and human capital development as a channel through which foreign direct investment affects growth to the best of my knowledge, thus updating literature in this regards.

2.1 Literature Review

Conceptual Literature

UNCTAD (2008) defines Foreign direct investment (FDI) as a long term relationship investment, reflecting a long lasting interest and control by a host entity in one economy (foreign direct investor or parent enterprise) in an enterprise resident in an economy other than that of the foreign direct investor (FDI enterprise or affiliate enterprise or foreign affiliate). Mencinger (2003) asserts that a lot of financial expert, international institutions, politicians and economists consider FDI as a veritable tool of enhancing economic growth of a country and act as a catalyst in solving economic issues. When there is a shortage of domestic savings, FDI plays a major role in the economic expansion. Researchers have argued in favour of FDI to stimulate economic growth more to FPI, because of the lack of the agency problem between managers and owners, and the flow of FDI tend to be more stable to FPI (Goldstein & Razin, 2006, Lipsey, 1999).

Odedokun (1998), King and Levine (1993), Allen and Ndikumama (1998) opine that economic growth is a positive change in the national income or the level of production of goods and services by a country over a certain period of time, which is often measured in terms of the level of production within the economy. Literature identified three main channels through which FDI can spur economic growth. First, FDI promote savings in the process of

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accumulating capital. Second, it is the major conduit through which technology transfer and spillover takes place, which leads to factor productivity increase and efficient utilization of resources that spur growth in the long run.

Third, FDI promote exports as a result of increased capacity and competitiveness in domestic production (Aguda & Oladoja, 2017). Borensztein, De-Gregoria and Lee (1998) observed in his empirical study that FDI positive relationship with growth is a function of *absorptive capacity* which correspond the level of type of trade regime / trade openness and human capital development.

Theoretical Literature

The Endogenous Growth Theory

The power point of endogenous growth theory over its counterpart is the ability to explicitly look into the determinants of technology rather than assuming it to be exogenous. Mostly, economic growth comes from technological progress, which is essentially the ability of an economic organization to utilize its productive resources more effectively over time. Much of this ability comes from the process of learning to operate newly created production facilities in a more productive way.(Chude&Chude, 2013).

Harrod– Domar Growth Model

Harrod-Domar posits that when more investment leads to more growth, economic growth is achieved. The theory is a function of linear production function with output given by capital stock (K) times a constant. The theory further states that investments generates income and also augments the productive capacity of the economy by increasing the capital stock. With the present of net investment, real income and output continue to increase. And, for full equilibrium level of employment with respect to income and output to be maintained, both real income and output should increase at the same rate with the productive capacity of the capital stock.

Empirical Literature

Olokoyo (2012), Njeru (2013), Adigwe, Ezeagba and Francis (2015), Okonkwo, Egbunike and Udeh (2015), Malik and Khola (2015), Tahir, Khan and Shah (2015), Uwubanmwun and Ogiemudia (2016) Javaid (2016), Gupta and Singh (2016), Ali and Hussain (2017)examines the effect of FDI on economic growth in Kenya, Pakistan, Nigeria and BRICS nations respectively, using different econometric techniques of correlation, Analysis of Variance (ANOVA) and Autoregressive Distributive Lag (ARDL) model. Findings show that FDI have a direct (positive) effect on economic growth of a host economy through various indirect and direct channels.

In the same vein, Nasir, Rehman and Ali (2017), Aguda and Oladoja (2017), Tsaurai (2017)investigate the effect of foreign direct investment and on economic growth in Saudi Arabia, Nigeria. The studies used Vector Autoregressive (VAR), OLS and Generalised Methods of Moments (GMM) methods; findings show a link between economic growth, financial development and foreign direct investment positively. Nkechi (2013) and Victor (2013)also examine the effect of FDI on economic growth in Nigeria. TheOLS and ECM technique were adopted and result shows that Foreign Direct Investment (FDI) has a negative effect on economic growth.

3.1 METHODOLOGY

The study adopted longitudinal research design because the variables under consideration were collected over a period of time and they are historical in nature. The entire Nigeria economy since independence (1960) is the population of this study. Variables on total foreign direct investment, domestic investments, interest rate, trade openness and human capital development from 1980 to 2016 were considered as the sample of the study due to the availability of data. And all variables were sourced from Central bank of Nigeria (CBN) statistical bulletin and World Bank development indicators website.

The study adopted the descriptive statistics, Augmented Dickey Fuller (ADF) 1979 unit root test and Johansen co-integration techniques as preliminary test. The ADF is given as;

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$$\Delta\partial_1 = \alpha_0 + \beta_1t + \emptyset\partial_{t-1} + \sum_{i=1}^n \alpha_1 \Delta\partial_{t-1} + \epsilon_i \dots \dots \dots (1)$$

Where: ∂_1 = The series, t = time trend factor, Δ = the first difference operator, n = maximum lag length of the dependent variable.

The long run co-integration relationship among variables is determined using the Johansen and Juselius, (1990) Trace and maximum Eigen statistics. The equation is given as;

$$Z \text{ trace } (r) = -A \sum \ln [1 - Z_t] \dots \dots \dots (2)$$

Where

Z = the minimum value of eigenvectors (p-r)

A = the number of observations

$$Z \text{ Max } (r, r + 1) = -A \ln (1 - Z)_{r+1} \dots \dots \dots (3)$$

Theoretical Framework

This study is based on the well-known Harrod-Domar growth model as expanded by Chenery and Strout (1966) into two-gap model. The model was selected because is more grounded in Keynesian thought and it posits that growth process depends on accumulation of physical capital.

Given as;

$$Y_t = \alpha_0 + \alpha_1 K_{td} + \alpha_3 K_{td} \dots \dots \dots (4)$$

Where log represent the growth rates of output, domestic capital stock, and foreign capital stock, and, α_1 , and α_2 represent the elasticity of domestic capital stock, and foreign capital stock respectively. Theoretically, α_1 and α_2 are expected to be positive.

Model Specification

The model of this study is adapted from equation 4 and modified to suit this study. The functional form of the model is given as;

$$RGDP_t = f(FDI, INTR, TDOP, DINVT, HCD) \dots \dots \dots (5)$$

The estimated VECM equation with standard OLS assumptions of constant mean and variance is given as;

$$RGDP_t = \alpha_{1t} + \sum_{j=i}^n \beta_{1j} RGDP_{t-1} + \sum_{j=i}^n \beta_{2j} FDI_{t-1} + \sum_{j=i}^n \beta_{4j} INTR_{t-1} + \sum_{j=i}^n \beta_{5j} TDOP_{t-1} + \sum_{j=i}^n \beta_{6j} DINVT_{t-1} + \sum_{j=i}^n \beta_{6j} HCD_{t-1} + \delta_1 \gamma_{t-1} + \epsilon_{it} \dots \dots \dots (5a)$$

$$FDI_t = \alpha_{1t} + \sum_{j=i}^n \beta_{1j} FDI_{t-1} + \sum_{j=i}^n \beta_{2j} RGDP_{t-1} + \sum_{j=i}^n \beta_{4j} INTR_{t-1} + \sum_{j=i}^n \beta_{5j} TDOP_{t-1} + \sum_{j=i}^n \beta_{6j} DINVT_{t-1} + \sum_{j=i}^n \beta_{6j} HCD_{t-1} + \delta_1 \gamma_{t-1} + \epsilon_{it} \dots \dots \dots (5b)$$

$$INTR_t = \alpha_{1t} + \sum_{j=i}^n \beta_{1j} INTR_{t-1} + \sum_{j=i}^n \beta_{2j} RGDP_{t-1} + \sum_{j=i}^n \beta_{3j} FDI_{t-1} + \sum_{j=i}^n \beta_{5j} TDOP_{t-1} + \sum_{j=i}^n \beta_{6j} DINVT_{t-1} + \sum_{j=i}^n \beta_{6j} HCD_{t-1} + \delta_1 \gamma_{t-1} + \epsilon_{it} \dots \dots \dots (5c)$$

$$TDOP_t = \alpha_{1t} + \sum_{j=i}^n \beta_{1j} TDOP_{t-1} + \sum_{j=i}^n \beta_{2j} RGDP_{t-1} + \sum_{j=i}^n \beta_{3j} FDI_{t-1} + \sum_{j=i}^n \beta_{5j} INTR_{t-1} + \sum_{j=i}^n \beta_{6j} DINVT_{t-1} + \sum_{j=i}^n \beta_{6j} HCD_{t-1} + \delta_1 \gamma_{t-1} + \epsilon_{it} \dots \dots \dots (5d)$$

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$$\overline{DINVT}_t = \alpha_{1t} + \sum_{j=i}^n \beta_{1j} \overline{DINVT}_{t-1} + \sum_{j=i}^n \beta_{2j} \overline{RGDP}_{t-1} + \sum_{j=i}^n \beta_{3j} \overline{FDI}_{t-1} + \sum_{j=i}^n \beta_{5j} \overline{INRT}_{t-1} + \sum_{j=i}^n \beta_{6j} \overline{TDOP}_{t-1} + \sum_{j=i}^n \beta_{6j} \overline{HCD}_{t-1} + \delta_1 \gamma_{t-1} + \epsilon_{it} \dots \dots \dots (5e)$$

$$HCD_t = \alpha_{1t} + \sum_{j=i}^n \beta_{1j} HCD_{t-1} + \sum_{j=i}^n \beta_{2j} RGDP_{t-1} + \sum_{j=i}^n \beta_{3j} FDI_{t-1} + \sum_{j=i}^n \beta_{5j} INRT_{t-1} + \sum_{j=i}^n \beta_{6j} DINVT_{t-1} + \sum_{j=i}^n \beta_{6j} TDOP_{t-1} + \delta_1 \gamma_{t-1} + \epsilon_{it} \dots \dots \dots (5f)$$

Where:

Δ RGDP = Changes in Real gross domestic product, FPI = Foreign portfolio investment, INTR = Interest Rate, TDOP = Trade openness, DINVT = Domestic Investment (proxy by domestic savings), HCD = Human capital development, n = Maximum level of Lag,

α = autonomous term, $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 = parameter of explanatory variables to be estimated. γ_{t-1} = Error correction term, ϵ_{it} = Stochastic term. A priori expectation as derived from empirical and theoretical literature is expressed as; $\alpha_0 > 0$, and $\beta_1, \beta_2, \beta_3, \beta_5, \beta_6, \beta_7 > 0$ while $\beta_4 < 0$

4.1 DATA PRESENTATION AND ANALYSES

Descriptive Statistics

Table 4.1 Descriptive Statistics

	RGDP	FDI	INTR	TDOP	DINVT	HCD
Mean	12357856	5.30E+08	12.64636	113.1694	21.35997	1.95E+10
Median	99604.20	3.20E+08	12.82000	78.20000	19.95500	4.05E+09
Maximum	4.05E+08	1.60E+09	23.24000	386.9100	39.31800	8.57E+10
Minimum	1090.750	-7890000.	6.130000	18.81000	1.830000	2.02E+09
Std. Dev.	70423904	5.26E+08	3.661103	103.6679	7.955283	2.80E+10
Skewness	5.480071	0.820575	0.783984	1.627990	0.375160	1.396228
Kurtosis	31.03120	2.288977	4.129159	4.454656	3.458142	3.176295
Jarque-Bera	1245.575	4.398523	5.133593	17.48647	1.062702	10.76473
Probability	0.000000	0.110885	0.076781	0.000160	0.587810	0.004597
Sum	4.08E+08	1.75E+10	417.3300	3734.590	704.8790	6.43E+11
Sum Sq. Dev.	1.59E+17	8.84E+18	428.9176	343904.9	2025.169	2.50E+22

Source: Researcher’s Computation using Eviews (2018)

The Jarque-Berra statistic reveals that all the variables considered in this study are not normally distributed (except for DINVT) with their significant probability value at 5% level of significance. This called for the variables to be subjected to unit root test before further analyses.

4.1.2 Unit Root Results

Table 4.2 Stationarity test

Augmented Dicky-Fuller Test			
Variable	ADF Stat	Order	Remark
RGDP	-7.965123*	1(1)	S
FDI	-8.144321*	1(1)	S
INTR	-6.296033*	1(1)	S
TDOP	-5.588097*	1(1)	S
DINVT	-8.887682*	1(1)	S
HCD	-6.319120*	1(1)	S
Critical Values			
1%	-4.323979	1(1)	1 st Diff
5%	-3.580623	1(1)	1 st Diff
10%	-3.225334	1(1)	1 st Diff
S = Stationary NS = Not Stationary			

NB: *, ** and ***represents significant at 1%, 5% and 10% respectively.

Source: Researcher’s Computation using E-view (2018)

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The ADF statistic revealed that all the variables considered in the model are found to be stationary at order one. This means that at first difference I(1) the calculated ADF test statistics reveals that all the variables considered in the model were stationary and clearly reject the null hypothesis of unit root at 1% significance levels when compared with their corresponding critical values. Therefore, the Johansen co-integration approach through the Trace and Eigen statistics is applied to examine the long run relationship among variables of interest.

Johansen Co-integration Test Result

Table 4.3 Co-integration Test

Trace Statistic				
Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	5% Critical Value	Prob.**
None *	0.992081	400.2508	125.6154	0.0000
At most 1 *	0.984544	250.2588	95.75366	0.0000
At most 2*	0.863242	120.9968	69.81889	0.0000
At most 3*	0.678250	59.32105	47.85613	0.0029
At most 4	0.346747	24.16767	29.79707	0.1934
At most 5	0.290050	10.96815	15.49471	0.2135
At most 6	0.011187	0.348752	3.841466	0.5548
Trace test indicates 4 cointegratingeqn(s) at the 0.05 level * denotes rejection of the hypothesis at the 0.05 level **MacKinnon-Haug-Michelis (1999) p-values				
Maximum Eigen Statistic				
Hypothesized No. of CE(s)	Eigenvalue	Max- Eigen Statistic	5% Critical Value	Prob.**
None *	0.992081	149.9920	46.23142	0.0000
At most 1*	0.984544	129.2620	40.07757	0.0000
At most 2*	0.863242	61.67574	33.87687	0.0000
At most 3*	0.678250	35.15338	27.58434	0.0044
At most 4	0.346747	13.19952	21.13162	0.4341
At most 5	0.290050	10.61940	14.26460	0.1743
At most 6	0.011187	0.348752	3.841466	0.5548
Max-eigenvalue test indicates 4 cointegratingeqn(s) at the 0.05 level * denotes rejection of the hypothesis at the 0.05 level **MacKinnon-Haug-Michelis (1999) p-values				

Source: Researcher's Computation using E-view (2018)

From table 4.3, both Trace and Maximum Eigen statistic confirm co-integrating association between variables. The result indicates four (4) co-integrating relationship at 5% level of significance while the Maximum Eigen statistics showed four (4) co-integrating equation at 5% level. From the foregoing, the study accepts the alternate hypothesis that there is a co-integrating relationship among variables considered during the period under consideration.

Akaike Information Criteria

Table 4.4 Lag Selection Criteria

Lag	LogL	LR	FPE	AIC	Lag	LogL
0	-3117.447	NA	8.25e+78	201.5772	201.9010	201.6828
1	-3018.531	146.7792	3.58e+77	198.3568	200.9473	199.2012
2	-2823.931	200.8767*	5.09e+73*	188.9633*	193.8204*	190.5466*
* indicates lag order selected by the criterion; LR: sequential modified LR test statistic (each test at 5% level); FPE: Final prediction error; AIC: Akaike information criterion; SC: Schwarz information criterion; HQ: Hannan-Quinn information criterion.						

Source: Researcher's Computation using E-view (2018)

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The importance of lag structures reduce this menace, the Akaike Information Criterion (AIC) was employed in deriving the optimum lag length and this was two (2).

Vector Error Correction Model in Causality test cannot be under estimated, because causality test is highly sensitive to lag structures. To

NB: *, ** and ***represents significant at 1%, 5% and 10% respectively

	Eq (5a)	Eq (5b)	Eq (5c)	Eq (5d)	Eq (5e)	Eq (5f)
Error Correction:	D(RGDP)	D(FDI)	D(INTR)	D(TDOP)	D(DINVT)	D(HCD)
CointEq1	-0.2186913	-0.248831	2.84E-06	-0.000125	-0.619E-06	1132.306
Std. error	(0.046603)	(0.10980)	(2.7E-06)	(4.9E-05)	(7.3E-06)	(2994.58)
t-statistic	[-5.46253]	[2.26594]	[1.03475]	[-2.55266]	[-0.84900]	[0.37812]
Vector Error Correction Result						
D(RGDP(-1))	290.8229	1856.589	2.28E-05	-0.000684	-5.28E-05	-145809.2
	(182.309)	(1324.97)	(1.6E-05)	(0.00028)	(4.2E-05)	(17243.7)
	[1.59522]	[1.40123]	[1.44084]	[-2.43470]	[-1.25634]	[-8.45581]
D(FDI(-1))	0.029058	-0.393237	-1.17E-09	6.68E-08	3.28E-09	3.793472
	(0.03372)	(0.24504)	(2.9E-09)	(5.2E-08)	(7.8E-09)	(3.18905)
	[0.86183]	[-1.60479]	[-0.40196]	[1.28639]	[0.42220]	[1.18953]
D(INTR(-1))	-1435709.	20067257	-0.200388	-4.868858	0.100261	-35927799
	(2493128)	(1.8E+07)	(0.21603)	(3.84174)	(0.57420)	(2.4E+08)
	[-0.57587]	[1.10750]	[-0.92758]	[-1.26736]	[0.17461]	[-0.15236]
D(TDOP(-1))	310828.3**	42981.99	-0.008530	-0.098207	0.036079	19864235
	(127429.)	(926118.)	(0.01104)	(0.19636)	(0.02935)	(1.2E+07)
	[2.43923]	[0.04641]	[-0.77253]	[-0.50014]	[1.22933]	[1.64809]
D(DINVT(-1))	-713186.5	-1022314.	0.064124	0.063818	-0.420503	-59719477
	(855976.)	(6220989)	(0.07417)	(1.31900)	(0.19714)	(8.1E+07)
	[-0.83319]	[-0.16433]	[0.86454]	[0.04838]	[-2.13299]	[-0.73762]
D(HCD(-1))	-0.005922*	0.001291	1.13E-10	-8.78E-10	-8.77E-11	-0.041733
	(0.00116)	(0.00847)	(1.0E-10)	(1.8E-09)	(2.7E-10)	(0.11018)
	[-5.08408]	[0.15245]	[1.11604]	[-0.48919]	[-0.32704]	[-0.37878]
C	24391744	55472365	-0.252796	-0.402915	-0.061578	2.39E+09
	(8230613)	(6.0E+07)	(0.71319)	(12.6828)	(1.89562)	(7.8E+08)
	[2.96354]	[0.92736]	[-0.35446]	[-0.03177]	[-0.03248]	[3.06952]
R-squared	0.743999	0.329512	0.303083	0.637609	0.317084	0.822331
Adj. R-squared	0.650908	0.085698	0.049659	0.505831	0.068751	0.757724
F-Statistic	7.992143	1.351488	1.195950	4.838497	1.276848	12.72824

Source: Researcher's Computation using E-view (2018)

Table 4.6 indicates that four (4) of the co-integrating variables D(RGDP), D(FDI), D(TDOP) and D(DINVT) are adjusting. This is embedded in the negative values of their respective coefficients when compared to their corresponding t-values in CointEq1. This means that the error correction is correctly signed and speed of adjustment in the five variables converges in the long run. Based on the rule of thumb, three (3) of the converging variable RGDP, FDI and TDOP were statistically significant. This is seen from their corresponding t-value of 5.46, 2.27 and 2.55 respectively that is greater than 2.0. [D(INTR)] and [D(HCD)] are the non-adjusting variables and they are not statistically significant. This means that interest rate (INTR) and human capital development (DHCD) has a non-significant positive effect on economic growth in the long run in Nigeria. More so, all the converging variables are mutually causal as shown by Vector Error Correction Model (VECM).

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The economic growth D(RGDP) (Eq 5a) model in table 4.6 which is the model of major concern shows respectively that one period lag value of D(RGDP(-1)), D(FDI(-1)) and D(TDOP(-1)) considered in the model has a positive effects on current year economic growth D(RGDP), but only the relationship of trade openness is significant at 5% level of significance. This promotes high level of economic growth that is prevalence in the Nigeria economy. The one year lag value of (D(HCD)-1) also significantly impacted negatively on current year economic growth at 5% level of significance. This means that government attention to human capital development in Nigeria economy has not yielded the desire result in promoting economic growth in Nigeria. In Eq 5b the one period lag of (RGDP)-1 considered shows a non significant positive relationship with current year D(FDI). This means that current economic growth experience in Nigeria has not yielded the desired result in attracting significant level of foreign direct investment in the Nigeria economy.

Generally, economic growth D(RGDP), Foreign direct investment D(FDI), Foreign portfolio investment D(FPI), Trade openness D(TDOP) and Domestic investment (DINVT) variables were correctly signed while interest rate D(INTR) and human capital development D(HCD) were not correctly signed. This also showed that government policies in interest rate and human capital development have not impacted well on economic growth in the long run. The coefficient of determination R^2 and it Adjusted version for economic growth has a very good-fit of the regression line of 74% and 65% respectively. This means that all the variables considered in the economic growth model account for approximately 65% of total systematic variation in economic growth in Nigeria. The F-statistic value of 7.99 is significant at 1% level. This implies that there is a significant relationship between all the endogenous variables taken together in the model. Thus, the overall goodness-of-fit of the model was on the affirmative.

Discussion of Findings and Policy Implications of Result

There is policy implication worthy of serious attention from the findings of this study. Apart from one period lag of trade openness D(TDOP)(-1) and Human Capital Development D(HCD)(-1) no other variables impacted meaningfully on economic growth variable. This reveals that no felt effect on economic growth increase in Nigeria due to weak policy attention in this area of the Nigeria economy. This could also imply ineffective policy effort at increasing economic growth in Nigeria. Finally, the result shows that foreign direct investment and trade openness had a desirable impact on economic growth even though FDI is not significant. This shows that economic growth could be increased if improved efforts and emphasis are placed in these directions. This finding is in line with Tsaurai (2017), Ali and Hussain (2017), Okonkwo, Egbunike and Udeh (2015) in the literature, that FDI positively but non-significantly influenced economic growth in emerging markets. HCD has a significant negative relationship with economic growth in Nigeria during the period under review.

Conclusion and Policy Recommendations

Foreign direct investments are salient to the success of economic growth of developing economy like Nigeria as such these investments cannot be overlooked. This is because foreign direct investment has a non-significant effect on growth in Nigeria. The government and policy makers must come up with policies and programs tailored toward enhancing foreign direct investments. This is because foreign direct investment is salient to the promotion of macroeconomic activities which spur economic growth in the long run. Thus, from the findings the study recommends as follows:

1. Policy attention to economic growth, foreign direct investment and trade openness by the Nigeria government is in the right direction but more serious policy attention should be done in order to achieve the desired objectives of increase growth in Nigeria economy.
2. The Nigeria government must provide and put in place the level of infrastructural development like good roads, stable power supply, security and other social amenities in the country, to attract more foreign investments especially FDI.

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RISING UNEMPLOYMENT AND YOUTH CRIMINALITY IN THE NIGERIAN SOCIETY

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Abstract

This research work examined unemployment and the rate of crime among youth in Nigeria, studying Ekae Community in Oredo Local Government Area of Edo State. The objectives of the study are to examine the relationship between unemployment and rate of crime among youths in the Community, amongst others. Data for this study were obtained with the use of questionnaire/Oral interview and analyzed with simple percentages and frequency distribution tables. From the findings, it was discovered that there is a significant relationship between unemployment and rate of crime and there is a significant relationship between the high level of corruption and the problem of unemployment in Nigeria. The study recommends that there role of Nigerian Government must include the formulation of policies and laws that could help improve the economic and social wellbeing of its citizens and wealth creation, and there is a need to increase jobs through small and medium enterprises and generally poverty alleviation schemes.

Keywords: *Unemployment, Crime-rates, youths, Nigeria*

1.0 Introduction

Over the past decades or more, the world has seen the stunning corridor of societal fragmentation, impious criminal intent and recursive economic recessions that precipitate unemployment. Unemployment is becoming increasingly recognized as menacing worldwide (Egunjobi, 2007). In the history of development economics, scholars have posited that the generic factor of unemployment is predicated upon the intermingling of poor leadership, economy mismanagement, civilizing process and poor industrial base (Oduwole, 2015). The changes experienced by the effects of unemployment in Nigeria over the past decades remain unprecedented. However, the ordeal of unemployment has received considerable critical attention as one of the foremost problems plaguing the economy of developing countries today (Alabi, 2014). Previous studies on unemployment such as the comprehensive work of Egunjobi (2007) pivots on the foreground that the youth unemployment crisis is not new; however, the present trend is mesological and has a staggering ever-increasing rate. This view is supported by Egunjobi 2007, the scholar buttressed that many opprobrium such as prostitution, armed robbery, alcoholism, and domestic violence, social and religious unrest have severely heightened parasocial interactions and festered ontological security all because of unemployment (Egunjobi, 2007). Recent evidence suggests that every year, millions graduate from Nigerian universities without hope of getting employed and foiled violent altercation (Ngwama 2014:138). Since democracy

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began in Nigeria, contemporary mediotisation projected that it is yet to offer significant job creation in the Federal, State and Local government civil service with a non-effective realpolitik (Ngwama, 2014). As of today, it goes beyond being ostensible that key organisations such as banks, schools, insurance companies etc. have exercised privy resolutions not to inject graduates into their organizations (Okoro, 2010). Okoro (2010) holds the view that it is no longer news that unemployment has become an adversary to the Nigeria's progress. It is also established that the jobless youths have started employing kidnapping as a substitute to robbery and pick pocketing. Highlighting the media moral panic, a broader perspective has been adopted by the Sun Newspaper (June 1, 2014), which articulated an interview between a columnist and a jobless youth on the issue of widespread unemployment nationwide. The single most striking response elicited from the interview revealed that the jobless youth was about to start a kidnapping transnational consulting firm. Therefore, his victims would become the goods he would sell in order to make good money due to the endemic unemployment in the nation. This brings to bear the idea of compartmentalisation. Compartmentalisation depicts the psychological facilitator that evil minded individuals use to overcome or neutralize whatever pang or guilt they might feel after committing a crime. Overall, there seems to be some evidence that indicate that the mortifying state of economic recession has been recognizable in the year 2012, when a significant number of workers in the banking industry was paroxysmally dismissed due to economic reasons. It is believed that the core sphere of Information Communication Technology (ICT) has become a significantly germane to various industries to carry out their daily duties effectively. The mounting dependency ratio on ICT has however pruned the opportunities for youths to get good jobs. Civil society group and non-governmental agencies are also very critical of the disproportionate population of uneducated Nigerians that were used to transfer documents, and shelve archives now have been laid off due to the escalating usage of ICTs in the work environment as a conceptual premise for prevalent unemployment rate (Cavell's report, 2013). There is a common consensus among social scientists (e.g. Alana 2003 and Oni 2007, cited in Douglaston 2012) who described the disregard of social control has magnified economic austerity which paves way for unemployment. However, previous studies have reported that poverty, unemployment, frustration, hopelessness, and the total lack of commitment of the leaders to the plight of the struggling Nigerian youths are some of the consequences of youth idleness (Alabi& Alana, 2012). Detailed examination by Gilbert (2010) equally argues that the religious catastrophes in some parts of the country could be traced to the high level of youth unemployment and poverty. The main purpose of this study therefore is to develop on the understanding between unemployment and youth criminality with a firm focalization on the challenges faced while controlling crime among the unemployed youths in Nigeria.

1.1 Statement of the Research Problem

In recent years, there has been an increasing interest in unemployment and the rate of crime among youths in Nigeria. However, recent trends of unemployment have led to the proliferation of studies that project the provocative state of unemployment is now sinister in the wake of widespread kidnapping, armed robbery, terrorism; prostitution etc. (Ngwama,2014). Central to this belief is that young people who persistently commit crime are the unemployed. As captured in the introductory section of this study, unemployment is only one dimension of the youth employment problem. In addition, it is important to ask why apart from high levels of unemployment, there is also a decline in the quality of employment available to youth. Thus, a primary concern is not just to create employment but to create decent work (Alabi and Alanana, 2012; ILO, 2012). The past years have seen the rapid menacing state of unemployment pivoting at very high levels. More recent developments have heightened the need to place employment at the centre of economic and social policies in Africa. It is the thought that the 2006 national census data showed that 20.18% of the Nigerian population is youths aged 15 – 24 years of age (National Population Commission, 2006). The central concern of this study is therefore predicated upon the need to examine the relationship between unemployment and rate of crime among youths.

1.2 Objectives of the Study

1. To examine the nature of crime committed among youths
2. To examine the factors responsible for unemployment among youths
3. To examine the relationship between unemployment and rate of crime among youths
4. To proffer control measures for the problem of youth criminality occasioned by unemployment

1.3 Hypotheses of the Study

This research seeks to address the following:

- H₀₁: There is no significant relationship between unemployment and rate of crime in Ekae Community in Oredo Local Government Area of Edo State.
- H₀₂: There is no significant relationship between the high level of corruption and the problem of unemployment in Nigeria.

2.1 Youths and the Society

youths are one of the greatest assets a nation could possibly possess. A detailed report from the National Youth Development Policy (2001) asserts that the youths are the foundation of a society; their energies, inventiveness, character and orientation define the pattern of development and security of a nation. Through their creative talents and labour power, a nation makes giant strides. The youths are a particular segment of the national population that is sensitive, energetic, and active and the most productive phase of life of citizens. The youths are also the most volatile when their energies are misdirected or channeled into wrong endeavours. It is highly identifiable that youth unemployment poses a great threat to the country's stability and development, and if not checkmated on time, it may lead to disastrous consequences for the nation.

2.2 The Concept of Unemployment

Recent evidence suggests that there seems to be a consensus on the definition of unemployment. What we know about unemployment is largely based upon studies that describe the condition of people who are without jobs (Okafor, 2011). The International Labour Organization (ILO) defines the unemployed as the number of economically active population who is without work but available and seeking work which also incorporates people who have lost their jobs and those who have voluntarily left work (World Bank, 1993). According to the National Bureau of Statistics (2009), the labour force of a country is a set of people or citizens who are willing and are able to make available at any given point in time their efforts for gainful employment, while the unemployed are the individuals with no work, but are looking for work at the time of any study. A number of researches have significantly highlighted Various forms of unemployment. These include: seasonal, frictional, cyclical, and structural unemployment (Adebayo, 1999; Damachi, 2001; Hollister and Goldstein, 1994; Todaro, 1992). More recent evidence suggests that unemployment is a global trend and it occurs mostly in the developing countries of the world. However, factors found to be influencing unemployment have been identified with social, economic, political and psychological attendants. So far however, investigators have ascertained that massive youth unemployment in any country is an indication of far more complex problems (Okafor, 2009). In the past years, a number of reports have sought to determine the stride of unemployment. One of such reports include the ILO (2007) report which asserted that the proportion of world unemployment is steadily increasing and that the number of those without jobs remained in an all time high of more than 195 million or 6.3 percent in 2007.

2.3 Factors Responsible for Youths Unemployment in Nigeria

• Rapid rural-urban migration

In general, therefore, it seems that the rate at which young people move from the rural areas to the urban centers in Nigeria in search of greener pastures is alarming. It can thus be suggested that many of these youths are fleeing from the poverty in the rural areas. This can be explained in the light of the push-pull factors. The push factors include the pressure resulting from man-land ratio in the rural areas and the existence of serious underemployment arising from the seasonal cycle of climate (Okafor, 2011). This is further compounded by the gross lack of infrastructural facilities in the rural areas, which makes the standard of living in the rural areas unattractive. It has commonly been assumed that since the industries and social amenities are concentrated in the urban areas, youths migrate into the urban areas to seek employment in the industries and ministries, as well as enjoy the comfort which the social amenities offer.

• Rapid population growth

Nigeria has continued to experience high rate of population growth. The increasing population growth has produced an overwhelming increase in the youth population thereby resulting in an attendant increase in the size of the working age population. With the 2006 population census in Nigeria, the nation's population was estimated to be 140,431,790 and projection for the future indicates that the population could be over 180 million by the year 2020, given an annual rate of 3.2 percent (National Population Commission and ICF Macro, 2009:3). This made Nigeria the most populous nation in Africa. The growth in population rate has resulted in rapid growth of the labour force which is far higher than the rate of jobs supply.

• Inappropriate school curricula

Various scholars have argued that as far as the formal sector is concerned, the average Nigerian graduate is unemployable, because of lack of necessary skills needed by the employers of labour for a formal employment. This is attributed to Nigeria's educational system in that the course content of most tertiary institutions in Nigeria lack entrepreneurial contents that would have enabled graduates to become job creators rather than job seekers. Many graduates in Nigeria lack entrepreneurial skills to facilitate self-employment (Oladunjoye & Abioye, 2011). To the policy makers and the youth themselves, employment means a job with salary and working for someone else. It is this perception that has continued to influence the educational institutions in Nigeria that provide skills and training. Based on this assumption, curricula and training programmes are generally tailored towards preparing young people

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for formal sector jobs. But since these jobs do not exist, there is often a mismatch between the skills possessed by the job seekers and the available jobs.

- **Rapid expansion of the educational system**

Following the deregulation of education, Nigeria government has been encouraging the opening of private schools and universities. However, the aggressive creation of more private and public-funded institutions has not been followed or matched with a commensurate job absorption strategy for the many graduates from these educational institutions. Whereas tertiary institutions have grown at multiple progression, jobs and employers have grown at arithmetic progression (Ajufu, 2013). This has led to the increase in the supply of educated manpower which outstrips the corresponding demand for them. This has contributed greatly to the problem of youth's unemployment in Nigeria. According to Manning and Junanka (1998), the total number of graduates turned out by higher institutions in Nigeria in 1986/87 was 73,339, which rose to 131,016 in 1996/97. For Musari (2009), about 4.5 million youths enter the labour market every year without any hope of getting employment for life sustenance. Getting jobs for the astronomical increase in the number of graduates produced in Nigeria has been a problem because the economy is too weak to absorb them.

- **Decline in the manufacturing sector**

The capacity of the manufacturing sector to absorb youths into its workforce has been hampered by the continuous decline in the sector. In 2009, over 837 factories have collapsed and closed up. About half of the remaining operating firms have been classified as "ailing", a situation that poses serious threat to the survival of the manufacturing sector in the country in the next few years (Okafor, 2011). According to a survey carried out as part of its membership operational audit in January 2010 by the Manufacturers Association of Nigeria (MAN), the 837 figure represents the cumulative aggregate of firms that have shut down operations in 2009 across the country. The MAN survey usually covers five manufacturing enclaves into which the country is divided in terms of manufacturing activities. These include the Lagos, northern, southeast, southwest and south-south areas. The report of the survey showed that in 2009, a total number of 176 firms became terminally ill and collapsed in the northern area, comprising the Kano and Kaduna manufacturing axis previous reports have highlighted that in the southeast area, which comprises Anambra, Enugu, Imo and Abia states, a total number of 178 companies closed shops during the period. While in the south-south area, which comprises Rivers, cross River and Akwa Ibom states, 46 companies shut down operations before December 2009. According to the survey, the southwest area, which comprises Oyo, Ogun, Osun, Ondo, Ekiti, Kogi and Kwara states, lost 225 companies during the year. A number of researchers have reported that the Lagos area covering Ikeja, Apapa, Ikorodu and other industrial divisions in the state, followed closely with 214 manufacturing firms closing shop before the end of 2009 (Maiyak, 2010; Okafor, 2008; Okafor, 2011).

- **Corruption**

There is common consensus that high level of corruption in Nigeria has robbed the country of developing a vibrant economic base in spite of her abundant natural resources. In addition, massive corruption is perpetuated in every sector and has permeated the entire social structure of Nigeria. Funds meant for development projects which could have generated employment have been misappropriated, diverted, or embezzled and stashed away in foreign banks. It is a commonly held view that the endemic corruption has robbed the country of the chance of using more than \$500 billion dollars estimated revenue from the sale of oil in the last 50 years to develop a vibrant economy that would have created jobs for the youths in the various sectors of economy (Okafor, 2005).

2.4 The concept of crime

The term crime will also be frequently used in this study which infers as an act committed in violation of a public law, breach or violation of some public right or duty due to a whole community, considered as a community. Any behavior that violates the criminal laws well as any law; criminal, civil, military, that prescribes, punitive action against offenders. Crime is also refers to any behavior contrary to the group's moral codes for which there are formalized group sanctions whether or not they are laws. Finally, any antisocial behavior harmful to individuals or groups (Chedoreson and Therodoryor, 1970:88). More recent attention on the definition of crime is Dambazau (1994) who defined crime as an act or omission against public interest and which is prescribed by law enacted by the legislature in the overall interests of the society. It also highlighted that prescribed punishment is attached in the event of violation and it involves four major principles which are public wrong, moral wrong, law and punishment for the criminal. Crime is also seen as a violation of the rules agreed to be respected by all members of the society, and upon which the rest members of the society mete sanction upon those guilty of the violation. It is for the same reason that the legal system views crime as a public and moral wrong.

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2.5 Criminality in Nigeria

Over the past decade, it is an already known fact that crime rate in Nigeria has assumed a worrisome dimension. In the light of the worsening crime situation, and the ineffectiveness of the crime control apparatuses, Nigeria can be deemed to have a crime problem. Much of the current literature on crime highlighted that the developing countries of the world are experiencing a prevalence of rising crime waves, criminal intentions and varying degree of delinquencies. Nigeria has been on the global crime map since 1980s (Dambazau, 2007). The nature of these crimes includes armed robbery, murder, rape, car theft, burglary, fraud, bribery and corruption, food and drug adulteration, gambling, smuggling, human trafficking, kidnapping, drug trafficking, money laundering, internet scam, advanced fee fraud (419) and other illegal activities. A report revealed a “training school” for jobless youths as armed robbers at Ajegunle area of Lagos. The report includes planning strategies of co-operation, launching an attack and escaping with loots. Their ages range between eighteen and twenty – eight years. The training school also conducts interview for the recruit. It was also revealed that the training school is where the bandits prepare programmes on which area to raid and plan how to operate different types of fire arms and ammunition. There is a large volume of published literature that described that suspects were nabbed during their morning training session where they were working out modalities on a number of houses to be raided for the week (Daily Sketch, 1990; Aremu and Ahmed, 2011). Sadly, however, there are reports of crimes committed mostly by the youths at virtually every corner of the country. Criminality has become an integral part of the nation’s daily life.

2.6 Exploring the link between unemployment and crime in Nigeria

Until recently, the problem of violent crimes in Nigeria has been exacerbated by the high rate of unemployment and economic hardship which has pushed many jobless youths some of whom are graduates into various deadly crimes (Edward, 2011). The published work of Bennel (2000) argued that urban society is becoming increasingly criminalized, especially with the proliferation of youth gangs. However, neither homes, nor markets are safe in Nigeria because of frequent occurrence of armed robbery incidents. Scholars have been highly concerned about the unemployment problem, which now seems beyond remedy. Researchers have overtime indicated that it has produced army of idle hands and some of them have decided to punish the society that fails to provide them with means of livelihood and dignity by robbing its members of their property at gunpoint (Ideyi, 2005). Unemployment has become a major problem tormenting the lives of Nigerian youths and this poses a serious risk to the Nigerian society. The phenomenon of youth unemployment is devastating to both the individual and the society as a whole both psychologically and economically. The magnitude of the danger which youth unemployment poses to the society is better understood when, according to Awogbenle and Iwuamadi (2010), over 64 million youths are unemployed and 1.6 million are under-employed. Unemployment causes frustration, dejection, desperation and dependency on family members and friends who also have their own problems to contend with. This precarious situation has left the youths in a vicious cycle of poverty that daily erodes their confidence and bright future.

The frustration and desperation that daily torments the unemployed creates a fertile ground for crime to thrive. In recent times, there have been notable adverse social, economic and political developments in Nigeria, a consequence of youth unemployment and under-employment, particularly exemplified by increasing militancy, violent crimes, kidnapping, restiveness and political instability (Ajufo, 2013). The scariest undertone of Nigeria’s socio-economic underachievement, by far, is the steady rise in youth crime, nurtured in a climate of increasing national income and the simultaneous failure of employment-generation and poverty alleviation programmes. Armed insurgencies ravaging the oil-rich and volatile Niger Delta region and destruction of lives and property by Boko Haram in the Northern part of the country are now competing for space in international headlines. The season of discontent has special ramifications for a nation with unemployed millions, and the net effect has been a tragic precipitation of violent crimes: assault, burglary, extortion and kidnapping etc. Decades of social and political turmoil has helped turn the strategically located African nation into an established junction for international drug smugglers (Osolor, 2010). Other highlights of Nigeria’s prolific crime syndicates are economic fraud usually in the form of innovative internet schemes, money laundering and racketeering. Previous studies such as Adejumo and Tayo-Olajubulu (2009) contended that unemployment has been identified as the major cause of social vices like armed robbery, destitution, prostitution, political thuggery, kidnapping and many more. What holds true for Nigeria and most other nations of equivalent human development indicators is the fact that crime is often a means of survival.

2.6 Theoretical Framework

For this study, the relevant theory utilized is the anomie theory as propounded by Emile Durkheim. Durkheim introduced the term in his book, *The Division of Labour in Society* in 1893. He believed that the specialized division of labour and the rapid expansion of industrialized society contained threats to social solidarity. He used the term

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Anomie to describe the condition of ‘deregulation’ occurring in the society. He posited that the general procedural rules of a society the rules of how people ought to behave have broken down. In recent years, researchers have

discerned that state of normlessness easily leads to deviant behaviour (Haralambos and Holborn, 2007). Thus, anomie refers to the breakdown of social norms and a condition where those norms no longer control the activities of the members of the society. Without clear rules to guide them, individuals cannot find their place in the society and have difficulty adjusting to the changing conditions of life. This in turn leads to dissatisfaction, frustration, conflict and deviant behaviours. In the field of crime study, Tard was one of the earliest writers to establish a relationship between crime and environment. He believes that people learn crime through imitation or contact with criminals in their environment. He holds that unhealthy exposure to certain environments would induce criminality. Similarly, Tard, Dahrendof (1976) found that poverty plays a vital role in crime. The effect of poverty suggests the poor are led to crime because of their relative deprivation and acute sense of want. In view of all that has been mentioned so far, the ascription of the social environment of the poor and jobless in Nigeria often leads them to crime. It is believed that the unemployed in Nigeria experience low self esteem, deprivation, frustration and acute want. This condition often leads the unemployed youths to deviant behaviours such as robbery, prostitution, kidnapping and so on in the society.

3.0 Materials and Methods of the Research

For this study, the mixed method was used in generating data in exploring the various aspects of unemployment and youth crime. It was considered that the research design for this project will be the survey method which offers significant information that will be collected from the respondents through the administration of questionnaires. However, the questionnaire will be closed ended. Traditionally, it has been described that the population of study can be defined as including all people or items with the characteristics one wishes to understand (Yomere & Agbonifoh, 1999). However, the criteria for selecting the population was composed of all individuals that live in Ekae Community in Oredo Local Government Area, with a total of 11,321 persons. A sample in a scientific research is a special subset of a population that is observed for purpose of making inferences about the nature of the total population itself. The study will utilise a definitive sample of 140 respondents which will be selected randomly. Its imperative to note that 70 will be female respondents while the remaining 70 will be male respondents. Questionnaire will be carefully designed with bracket to seek information from respondents by ticking or filling the spaces provided. The study uses direct personal oral interview of respondents, most especially in an effort to sample the views of the illiterate respondents within the study group. Copies of questionnaires will be distributed to the respondents by the researcher. They will be asked to fill the required information. Collection will be also done by the researcher. Personal interview will be conducted by the researcher. This is necessary in a research of this nature as some of the respondents who may be needed to contribute to the research endeavor may be illiterates. The data collected for this study will be analysed using simple descriptive statistical tools such as frequency, percentage and tabulation for easy computation of result.

$$\text{The percentage will be calculated as: } \frac{\text{Number of respondents}}{\text{Total number of respondents}} \times 100$$

In testing the hypotheses, a chi-square statistical technique will be used. This is usually calculated as follows:

$$X^2 = \frac{\sum (fo - fe)^2}{fe}$$

Where, fo = Observed frequency, fe = Expected frequency

X^2 = Measures of the departure of observed frequency from the frequency expected by chance.

The chi – square is the measure of the discrepancy existing between observed and expected frequencies.

The expected frequency is obtained by multiplying the row total by the column total and dividing by the grand total thus:

$$E = \frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$$

The sum of the chi – square obtained by applying the formulae above is compared with the critical value from the table. The critical value is read by matching the level of significance with the degree(s) of freedom, the degree(s) of freedom is obtained thus:

$$Df = (k - 1) (r - 1)$$

Where k = number of columns

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r = number of rows

Decision Rule: The critical value of test statistics of a test is that value that lies between the boundaries of the critical region. If the computed value of X^2 is higher than that obtained from the table, then the null hypothesis is rejected and

the alternate hypothesis accepted; but if the computed value of X^2 is lower than that obtained from the table, then the null hypothesis is accepted and the alternate hypothesis accepted is rejected.

4.0 Presentation and Analysis of Data

140 copies of questionnaire were administered to respondents in Ekae Community in Oredo Local Government Area of Edo State. 120 copies of the questionnaire were completed and retrieved. The analysis in this chapter was based on the data collected from the (120) respondents.

4.1 Analysis of Respondents' Bio-data		N= 120
Responses	Frequency	Percentage
SEX		
Male	63	52.5%
Female	57	47.5%
Age		
16 – 25 years	10	8.3%
26 – 35 years	40	33.3%
36 – 45 years	40	33.3%
46 and above	30	25%
Marital Stratus		
Single	30	25%
Married	90	75%
Educational Status		
Secondary	40	33.3%
Tertiary	80	66.7%
Occupational Status		
Employed	30	25%
Self employed	60	50%
Unemployed	15	12.5%
Student	15	12.5%

Source: Researchers' Survey, 2016

It is apparent from table that 52.5% of the respondents are male while 47.5% of the respondents are female.

From this table, it can be seen that 8.3% of the respondents are within the age of 16 – 20 years, 33.3% of the respondents are within the age of 21-30years, 33.3% of the respondents are within the age of 31- 40 years, and 16.7% of the respondents are within the age of 41- 50years while 8.3% of the respondents are 51-60years. What is interesting in this data is that 25% of the respondents are single while 75% of the respondents are married. As table 4.4 shows, there is a significant difference among respondents' educational status wherein 33.3% of the respondents have secondary education while 66.7% of the respondents have tertiary education. This table is quite revealing in several ways regarding respondents' occupational status that highlights 25% of the respondents are employed, 50% of the respondents are self-employed, 12.5% of the respondents are unemployed and 12.5% of the respondents are student.

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Table 4.2: Analysis of Research Questions *N=120*

Quwstion6: Unemployment is an endemic problem in your community	No of Respondents	Percentage
Strongly Agree	90	75%

Agree	30	25%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
(Question 7): The number of the unemployed increases by the day	No of Respondents	Percentage
Strongly Agree	90	75%
Agree	30	25%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
(Question 8): There are many individuals with job in your community	No of Respondents	Percentage
Strongly Agree	90	75%
Agree	30	25%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
(Question 9): Poverty and unemployment are interrelated.	No of Respondents	Percentage
Strongly Agree	90	75%
Agree	30	25%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
(Question 10): Rural-urban migration is a factor responsible for unemployment	No of Respondents	Percentage
Strongly Agree	90	75%
Agree	30	25%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
(Question 11): Rapid population growth is a factor responsible for unemployment.	No of Respondents	Percentage
Strongly Agree	60	50%
Agree	30	25%
Undecided	15	12.5%
Disagree	15	12.5%
Strongly Disagree	-	-

Source: Field survey, 2016

As captured in table 4.2, strong evidence that presupposes that unemployment is an endemic problem in communities was found as responses elicited making 75% of the respondents strongly agreed and 25% of the respondents agreed. The table reveals that there was a firm confidence that the number of unemployed increases by the day as 75% of the respondents strongly agreed and 25% of the respondents agreed. Interestingly, the table demonstrates that 75% of the respondents strongly agreed that there are many individuals with job in your community and 25% of the respondents agreed. Data from Table 4.2 indicates that 75% of the respondents strongly agreed that poverty and unemployment are interrelated and 25% of the respondents agreed. The table also illustrates that 75% of the respondents strongly agreed that rural-urban migration is a factor responsible for unemployment and 25% of the respondents agreed. Lastly from the table, 50% of the respondents strongly agreed that rapid population

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 growth is a factor responsible for unemployment, 25% of the respondents agreed, and 12.5% of the respondents were undecided and 12.5% of the respondents were undecided.

Table 4.3: Graduate unemployment in Nigeria

N=120

(Question 12): The average Nigerian graduate is unemployable, because of lack of necessary skills needed by the employers of labour for a formal employment.	No of Respondents	Percentage
Strongly Agree	60	50%
Agree	30	25%
Undecided	15	12.5%
Disagree	15	12.5%
Strongly Disagree	-	-
(Question 13): Many graduates in Nigeria lack entrepreneurial skills to facilitate self-employment.	No of Respondents	Percentage
Strongly Agree	60	50%
Agree	30	25%
Undecided	15	12.5%
Disagree	15	12.5%
Strongly Disagree	-	-
(Question 14): The aggressive creation of more private and public-funded institutions has not been followed or matched with a commensurate job absorption strategy for the many graduates from these educational institutions.	No of Respondents	Percentage
Strongly Agree	60	50%
Agree	30	25%
Undecided	15	12.5%
Disagree	15	12.5%
Strongly Disagree	-	-
Total	120	100%
(Question 15): The capacity of the manufacturing sector to absorb youths into its workforce has been scammed by the continuous decline in the sector.	No of Respondents	Percentage
Strongly Agree	60	50%
Agree	30	25%
Undecided	15	12.5%
Disagree	15	12.5%
Strongly Disagree	-	-
(Question 16): The high level of corruption has also contributed to the problem of unemployment in Nigeria.	No of Respondents	Percentage
Strongly Agree	90	75%
Agree	30	25%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-
(Question 17): Crime is the violation of the rules agreed to be respected by all members of the society, and upon which the rest members of the society mete sanction upon those guilty of the violation	No of Respondents	Percentage
Strongly Agree	60	50%
Agree	30	25%
Undecided	15	12.5%
Disagree	15	12.5%
Strongly Disagree	-	-
Total	120	100%

Source: Field survey, 2016.

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Table 4.4 shows that 50% of the respondents strongly agreed that the average Nigerian graduate is unemployable, because of lack of necessary skills needed by the employers of labour for a formal employment, 25% of the respondents agreed, and 12.5% of the respondents were undecided and 12.5% of the respondents were undecided. It

is obvious in Table 4.13 that 50% of the respondents strongly agreed that many graduates in Nigeria lack entrepreneurial skills to facilitate self-employment, 25% of the respondents agreed, 12.5% of the respondents were undecided and 12.5% of the respondents were undecided. Table 4.14 be evidence for that 50% of the respondents strongly agreed that the aggressive creation of more private and public-funded institutions has not been followed or matched with a commensurate job absorption strategy for the many graduates from these educational institutions, 25% of the respondents agreed, 12.5% of the respondents were undecided and 12.5% of the respondents were undecided. The table divulges that 50% of the respondents strongly agreed that the capacity of the manufacturing sector to absorb youths into its workforce has been hampered by the continuous decline in the sector, 25% of the respondents agreed, 12.5% of the respondents were undecided and 12.5% of the respondents were undecided. Table 4.16 makes known that 75% of the respondents strongly agreed that the high level of corruption has also contributed to the problem of unemployment in Nigeria and 25% of the respondents agreed. It also discloses that 50% of the respondents strongly agreed that crime is the violation of the rules agreed to be respected by all members of the society, and upon which the rest members of the society mete sanction upon those guilty of the violation, 25% of the respondents agreed, 12.5% of the respondents were undecided and 12.5% of the respondents were undecided.

Table 4.18: Criminality and the Nigerian society

N=120

(Question 18): Breaking and entry, robbery are common crimes in your community.	No of Respondents	Percentage
Strongly Agree	60	50%
Agree	30	25%
Undecided	15	12.5%
Disagree	15	12.5%
Strongly Disagree	-	-
(Question 19): Unemployment has become a major problem tormenting the lives of Nigerian youths and this poses a serious risk to the Nigerian society.	No of Respondents	Percentage
Strongly Agree	60	50%
Agree	30	25%
Undecided	15	12.5%
Disagree	15	12.5%
Strongly Disagree	-	-
(Question 20): There is a link between unemployment and crime among youth in your community Responses	No of Respondents	Percentage
Strongly Agree	90	75%
Agree	30	25%
Undecided	-	-
Disagree	-	-
Strongly Disagree	-	-

Table 4.18 points out that 50% of the respondents strongly agreed that breaking and entry, robbery are common crimes in their community, 25% of the respondents agreed, 12.5% of the respondents were undecided and 12.5% of the respondents were undecided. Table 4.19 makes obvious that 50% of the respondents strongly agreed that unemployment has become a major problem tormenting the lives of Nigerian youths and this poses a serious risk to the Nigerian society, 25% of the respondents agreed, 12.5% of the respondents were undecided and 12.5% of the respondents were undecided.

Table 4.20 demonstrates that 75% of the respondents strongly agreed that there is a link between unemployment and crime among youth in their community and 25% of the respondents agreed.

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Tests for Hypotheses

Hypothesis One: H_{01} : There is no significant relationship between unemployment and rate of crime in Ekae Community in Oredo LGA of Edo State.

(Question 20): There is a link between unemployment and crime among youth in your community. Response	O	E	(oi-ei)	(oi-ei) ²	$\frac{(oi-ei)^2}{E}$
Strongly agree	90	24	66	4356	181.5
Agree	30	24	6	36	1.5
Undecided	0	24	-24	576	24
Disagree	0	24	-24	576	24
Strongly disagree	0	24	-24	576	24
Total	120	120	0	6120	255

Source: Field survey, 2016.

$$X^2 = \frac{\sum (oi - ei)^2}{ei}$$

$$ei = \frac{90+30+0+0+0}{5} = 24$$

$$X^2 = \frac{\sum (oi - ei)^2}{ei} = 225$$

For chi square table

$$df = (r-1) (c-1)$$

$$(5-1) (2-1)$$

$$4 \times 1 = 4$$

The critical value using 5% level of significance is 9.448

Decision: Since 225 is greater than $X^2=9.448$, we reject the null hypothesis at the 0.05 level of significance and accept the alternate hypothesis.

Test for Hypothesis Two

H₀₂: There is no significant relationship between the high level of corruption and the problem of unemployment in Nigeria.

Table 4.16: (Question 16): The high level of corruption has also contributed to the problem of unemployment in Nigeria.

Response	Observed frequency (oi)	Expected frequency (ei)	(oi-ei)	(oi-ei) ²	$\frac{(oi-ei)^2}{E}$
Strongly agree	90	24	66	4356	181.5
Agree	30	24	6	36	1.5
Undecided	0	24	-24	576	24
Disagree	0	24	-24	576	24
Strongly disagree	0	24	-24	576	24
Total	120	120	0	6120	255

Source: Field survey, 2016.

$$X^2 = \frac{\sum (oi - ei)^2}{ei}$$

$$ei = \frac{90+30+0+0+0}{5} = 24$$

$$X^2 = \frac{\sum (oi - ei)^2}{ei} = 225$$

For chi square table

$$df = (r-1) (c-1)$$

$$(5-1) (2-1)$$

$$4 \times 1 = 4$$

The critical value using 5% level of significance is 9.448

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Decision

Since 225 is greater than $X^2=9.448$, we reject the null hypothesis at the 0.05 level of significance and accept the alternate hypothesis.

4.3 Discussion of Findings

The current study found that in testing hypothesis one, the critical value using 5% level of significance is 9.448, since the value of chi-square 225 is greater than the critical value 9.448, we reject the null hypothesis and accept the alternate hypothesis. This finding, while preliminary, suggests that there is a significant relationship between unemployment and rate of crime in Ekae Community in Oredo Local Government Area of Edo State. This finding may be explained by the fact that some jobless youths may find it gratifying to indulge themselves in criminal conducts as a way of joyriding or means for survival. This finding matched those observed in earlier studies such as (Edward 2011, Bennel 2000) who ascertained that because of the economic hardship that births unemployment, a significant number of unemployed youths are susceptible to committing a criminal act.

Another important finding was that in testing hypothesis two, the critical value using 5% level of significance is 9.448, since the value of chi-square 225 is greater than the critical value 9.448; we reject the null hypothesis and accept the alternate hypothesis. However, it could be conceivably be hypothesised that there is a significant relationship between the high level of corruption and the problem of unemployment in Nigeria. This finding further supports the idea of Okafor (2005) who posited that high level corruption in Nigeria has destabilized the economy which gave rise to an ever-increasing state of unemployment nationwide.

5.1 Summary of Findings

Some of the more significant findings to emerge from this study of unemployment and the rate of crime amongst youth in Ekae community in Oredo Local Government Area of Edo State are as follows:

- i. This study has shown that there is a significant relationship between unemployment and rate of crime in Ekae Community in Oredo Local Government Area of Edo State.
- ii. The second major finding was that there is a significant relationship between the high level of corruption and the problem of unemployment in Nigeria.

5.2 Conclusion

The overall structure of the study took the form of five chapters. The first chapter captures the introductory section of the study. Chapter two begins by laying the literature review; while the third chapter is concerned with the theoretical framework and research methods. The fourth chapter is presents the data and analysis of data. The fifth chapter draws upon the summary of findings, conclusion and recommendation. This study makes several noteworthy contributions that rapid population growth is a factor responsible for unemployment. The average Nigerian graduate is unemployable, because of lack of necessary skills needed by the employers of labour for a formal employment. Many graduates in Nigeria lack entrepreneurial skills to facilitate self-employment. In general, therefore, it is believed that the aggressive creation of more private and public-funded institutions has not been followed or matched with a commensurate job absorption strategy for the many graduates from these educational institutions. The capacity of the manufacturing sector to absorb youths into its workforce has been hampered by the continuous decline in the sector. The high level of corruption has also contributed to the problem of unemployment in Nigeria. Crime is the violation of the rules agreed to be respected by all members of the society, and upon which the rest members of the society mete sanction upon those guilty of the violation. It discernible that unemployment has become a major problem tormenting the lives of Nigerian youths and this poses a serious risk to the Nigerian society. There is a link between unemployment and crime among youth.

Some of the issues emerging from this study relate specifically to the reduction of youths' unemployment will translate into reduction in crime, and engender sustainable national development. The youths are an important part of the society, who should be encouraged to channel their energies to national development by being positively engaged in the system, and discouraged from activities that could be detrimental to the growth of the country. Therefore, every action taking towards youths' employment is an action towards crime reduction as well as promoting national development.

5.3 Recommendation

1. There is, therefore, a definite need for the role of Nigerian government must include the formulation of policies and laws that could help improve the economic and social wellbeing of its citizens and wealth creation.
2. However, unless governments adopt the policy of increasing jobs through small enterprises and poverty alleviation schemes the pruning of unemployment rate may not be attained
3. A key policy priority should therefore be the provision of skill acquisition centers for youths
4. Another important practical recommendation hinges on the government should diversify the economy so that youths can have a wider spectrum of career paths.

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FIRM ATTRIBUTES AND HUMAN RESOURCE ACCOUNTING DISCLOSURE OF LISTED HEALTHCARE FIRMS IN NIGERIA

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Abstract

This study examines the effect of firms' attributes on human resource accounting disclosure in Nigeria. It investigates the extent to which firm size, firm age, turnover, number of employees, leverage and profitability affect human resource accounting disclosure of listed healthcare firms in Nigeria. The population of the study is ten (10) listed healthcare firms in the Nigerian Stock Exchange (NSE) as at 2017 financial year end, which is the same as the sample of the study. The regression analysis was used to examine the effect of these attributes on the human resource accounting disclosure index, using EViews statistical package (version 9.0). The results show that there is a significant relationship between firm age, turnover, and number of employees, leverage and profitability on human resource accounting disclosure but firm size had no effect on human resource accounting disclosure level. The study, therefore, recommends that government and other relevant bodies should make human resource accounting disclosure in the annual report of listed companies compulsory and further research should consider other factors that might have significant effect on human resource accounting disclosure.

Keywords: Human resource, Human resource accounting, Human resource accounting disclosure

1. Introduction

Human resource (HR) is a vital asset in any organization. They are the employees in a business or organization that provide the requisite skills and intellect required for the production and marketing of goods and services.

This resource has contributed immensely to the value of an organisation, hence the need to properly account for it. There are various schools of thought on how human resource should be treated in the financial statement of a firm. Some believe that it should be expensed like every other operating expense, while others believe that due to the magnitude of funds invested by a company in human resources, the amount should be capitalized and subjected to amortization over a period of time. Measurement of cost and value of the people to organizations is highly important (Islam, Kamruzzaman & Redwanuzzaman, 2013).

Human resource could be at the stage of recruitment of employees, selection, hiring, training and staff development. This process involves huge costs that could have an impact on the profit of an organisation when it is treated as an expense in the financial statement.

The modern view of human resource accounting believes that companies should capitalize their human resource asset as it provides benefit measurable in monetary terms (Akinlo & Olayiwola, 2017; Islam, Kamruzzaman, & Redwanuzzaman, 2013). This would help to reduce the negative effect it might have on the financial statement when huge cost on the human resource are expensed.

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Due to the importance of this resource, there is a need for managers and preparers of financial statement to adequately disclose information that relates to HR and possibly introduce an independent report that would report on all investments that have been made on HR.

Human resource accounting which is also known as human capital/human asset accounting is the process of identifying and reporting the investment organizations make in its human resource. According to Monti-Belkaoui and Riahi-Belkaoui (1995) it is an extension of the accounting principles of matching the costs and revenues and of organizing data to communicate relevant information in financial terms.

This information that is in financial terms should be disclosed to the users of financial information. The financial statement is a medium for expressing the performance and financial performance of an entity.

The development of human resource accounting is necessary to provide a firm with accurate financial reports to guide its decisions. Although not all researchers support the external reporting of human capital. Some are of the opinion that human resource assets are highly mobile and does not have the characteristics of an asset which are customarily recorded in the books of a company, therefore it would not be logical to state that such an “asset” belongs to the company (Weiss, 1972).

In contrast, Likert (1967) believes that human asset provides economic benefit to an entity like every other non-current asset. So, it would not be out of place to assign “asset” status to it. Since it is capable of providing future service convertible into money. Hence like other assets it requires capitalization due to the huge investment that is made.

Wallman (1996) state that financial statements fail to measure and show the most significant pillars of business, which are human capital, organizational capital and customer capital. At the moment, there are no accounting standards that specifically cover the preparation and presentation of human resource accounting except IAS 38 on Intangible assets, IAS 19 on Employee Benefits and IAS 26 on Accounting and Reporting Retirement Benefit Plans that covers employee related issues. These are the few standards that narrowly covered issues on human resource accounting.

There are existing literature on firm characteristics and human resource disclosure but most of the studies focused on firm size, profitability, firm age, industry membership, quotation on the stock market and market value (Enofe, Mgbame, Oluya, &Ovie, 2013; Soshte, 2017; Onyinyechi & Ihendinhu, 2017; Syed, 2009; Vazakadis, Stavropouhous&Galani, 2013). Hence this study seeks to consider other variables in addition to some of the variables mentioned, that might likely have an effect on human resource accounting disclosure. Some of these variables to be considered are turnover and number of employees. In addition, to the best of the knowledge of the researcher, no study in Nigeria has focused on quoted healthcare companies in Nigeria. Most of the studies that focused on healthcare companies were carried out outside Nigeria. Therefore, this study has the objective of ascertaining the effect of firms’ attributes on human resource accounting disclosure of quoted healthcare firms in Nigeria since the healthcare sector is considered as one of the most importantknowledge-intensivesector.

2. Literature review

In 1961, Nobel Laureate, Theodore W. Schultz, was the first to use the term “Human Resource” in the American Economic Review Article titled: Investment in HC. Human resources are the people who make up the workforce of an organization, business sector, or economy (Lokanath & Richa, 2017). According to Syed (2009), it comprises of the energies, skills, talents and knowledge of people which are, or which potentially can be applied to the production of goods or rendering useful services.

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Human resource accounting has an objective to enhance the quality of financial decisions through the provision of information on human capital to internal and external users of such reports (Flamholtz, 1985). Human resource accounting seeks to recognize, measure and present investment made in Human resources of a firm that are not presently accounted for under conventional accounting practice. Human resource accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties (Enofe, Mgame&Otuya, 2013). In the view of Okpala and Chidi (2010), explain that human resource accounting relates to the quantification in monetary terms of human resources employed by an organization and assert that a well-developed system of human resource/capital accounting could contribute significantly to internal decisions by management and external decisions by investors.

Human Resource Accounting disclosure of an organization is a very germane factor to decision makers in the era of knowledge-based economy. Therefore, each organization should make frantic efforts to disclose its HRA information to internal and external decision makers. It Provides quantitative and qualitative information about the value of human assets and this information has been proved to be useful in making decisions internally and externally. Companies that disclose quantitative and qualitative information on HR may be perceived by the relevant stakeholders to be concerned about their welfare.

HRA helps the companies to evaluate the impact of their HR investment on the organization. Without proper valuation and accounting of human resources, the management may not be able to recognize the negative effects of certain programmes, aimed at improving profits in the short run (Lokanath & Richa, 2017).

According to Wallman (1996), financial statements fail to measure and show the most significant pillars of business, which are human capital, organization capital and customer capital. He believed that financial statements do not communicate to management and investors in what state the business is when it comes to human resources and their development.

There are few legislative and regulatory requirements in the world that provide guidelines on the disclosure of human resource accounting. In Europe, which is made up of developed countries, the European 4th Council Directive of 978 sets guidelines for the contents of financial statements in order to ensure uniform reporting by corporations within the European Union. The 4th Directive provides that information on employees should be on wages, salaries and social security costs. The International Financial Reporting Standards (IFRSs) and Financial Accounting Standard Board (FASB) of the United States do not provide clear-cut standards on the disclosure of human resources. Though there are some standards that recognize some employees related issues, we have: Employees benefits, IAS 19; and Intangible Assets, IAS 38, but just like the traditional method of accounting, the investment on human assets are expensed instead of capitalized. In Nigeria, disclosure on human resource is voluntarily and unregulated, so companies decide voluntarily what form and how much of information they want to disclose in their annual report.

Despite the challenge of human resource disclosure being voluntary, some researchers have made efforts in providing a framework for recognizing the extent of HR disclosure (Syed, 2009; Street and Bryant, 2000; Weidman, 2000; Adrem, 1999; Cooke, 1989)

Various researchers have sought to find out the impact of firm attributes on human resource disclosure.

Syed (2009) examined human resource accounting disclosure of Bangladesh companies and its association with corporate characteristics. The study covered fifty-five listed public limited companies in Dhaka Stock Exchange. These companies were selected using the simple random sampling technique. It was found out that company size is

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significantly associated with human resource accounting information, while company age had no relationship with human resource accounting information.

In similar study, Vazakidis, Stavropoulous and Galani (2013) researched on companies characteristics and human resource disclosure in Greece. The study investigated the extent to which Greek companies disclose information about the human resource in their annual reports and analyzes whether a number of firm characteristics are potential determinants of corporate social responsibility. A sample of thirty-eight companies, which prepared corporate Social reports were examined. It was observed that firm size, profitability and industry type do not have a significant impact on human resource information while quotation on the stock market does have a significant impact on HRI.

Enofe, Mgbame, Otuya and Ovie (2003) examined the effect firms performance on human resource accounting disclosure in Nigeria quoted firms by sampling fifty quoted companies, using the random sampling techniques, and it was found out that positive relationship exists between the financial performance of a company and its level of human resource accounting disclosure.

Lokannath and Richa (2017) examined human resource disclosure and its association with corporate attributes. The explanatory research design was employed to examine fifteen companies in terms of their market capitalization as at 31st December 2016. From the regression result, it was observed that market capitalization and promoters shareholders have a significant relationship with HR disclosure while firm age, profit after tax, total assets, turnover, all had an insignificant relationship on HR disclosure level.

Against this backdrop, this study seeks to empirically evaluate the relationship between firm attributes such as firm size, firm age, turnover, number of employees, leverage and profitability on human resource accounting disclosure of listed healthcare firms which to the best of the researchers knowledge have not been examined by any study in a developing country like Nigeria.

3. Theoretical Framework

3.1 Human Capital Theory

This theory was proposed by Schultz in 1961. The theory of human capital is rooted in the field of macroeconomic development theory (Schultz,1993). Becker's (1993) classic book, *Human Capital: A Theoretical and Empirical Analysis* with special reference to education, illustrates this domain. Becker argues that there are different kinds of capitals that include schooling, a computer training course and expenditures on medical care. Lectures on the virtues of punctuality and honesty are also capital. In the true sense, they improve health, raise earnings, or add to a person's appreciation of literature over a lifetime. Consequently, it is fully in keeping with the capital concept as traditionally defined to say that expenditures on education, training, and medical care, etc., are investment in capital. These are not simply costs but investments with valuable returns that can be calculated.

Basically, this theory emphasizes the value that people contribute to an organisation.

Human capital theorists believe that education, training and development is an investment since it goes a long way to improve productivity. It is a means of production into which additional investment yields additional output (Adebawoyo, Enyi & Adebawo, 2015). This theory is relevant to this study because it considers training and development, cost of production, employee value creation which translates to improving organizational performance.

3.2 Resource Dependence/Resource-Based Theory

The Resource Dependence theory was formulated by Pfeffer and Salancik in 1978. It suggests that when the companies lack essential resources, they will seek to establish relationships with parties upon whom they depend; they would choose to outsource the resource, for example, human capital. The focus of this theory is how firms manage their resource strategically in order to achieve their objective.

The Resource-Based theory was the pioneering work of Penrose in 1959. The major assumption of this theory is that firms can be successful if they gain and maintain competitive advantage (Porter, 1985).

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Penrose (1959) posits that a firm is a collection of productive resources. A resource is a fixed input which enables a firm to perform a particular task (Rubin, 1973). He further stated that the inputs provided by employees are categorized

into fixed input (i.e. employees that possess firm-specific skills) and variable input (employees who do not possess firm-specific skills).

According to Barney (1991) there are four basic resources that should be available in a firm for that firm to be strategically positioned to be able to have a competitive advantage over other firms. These resources were classified into four: value, rareness, inimitable and organisation (VRIO).

Without organisation the firm cannot sufficiently harness its resources which in the short or long run would affect the sustainability of existing competitive advantage. The essence of this theory to this study is that firms are encouraged to provide information on human capital as it relates to training and development, experience, qualifications and achievements since these translate into value creation in the market.

4. Hypotheses development

4.1 Firm size

In this study, firm size is measured by the total assets of the firm. Many disclosure studies suggest that there is a significant relationship between firm size and the extent of voluntary disclosure (Haniffa & Cooke, 2002; Wallace & Naser, 1995, Cooke, 1991; Chow & Wong-Boren, 1987).

Ullah, Uddin and Khanam (2014) in their study, the relationship between human resource disclosure and company attributes, an empirical study on textile companies in Bangladesh, using 29 listed textile companies in Bangladesh found that there is a significant relationship between size of the companies measured by gross revenue and HRA. This implies that the larger the textile companies the higher the amount of HR disclosure in annual report.

In a similar study by Denis, Walter, Marie and Michel (2009), attributes of social and human capital disclosure and information asymmetry between managers and investors- using 155 observations of web disclosure for the year 2005 of Toronto Stock Exchange of non-financial firm, it was observed that firm size has a positive relationship between the extent of corporate disclosure.

Petera, Wagner, Knorova and Siska (2015) investigated which firm characteristics are potential determinants of the level of disclosure on human resources practices. A total of 45 annual reports of large Czech companies were examined using content analysis to analyze the data. It was observed that firm size, proxied by the number of employees, have a significant positive association with composite disclosure index on human resources (CDI).

Kencana, Mukhtaruddin and Ria (2014). Firm characteristics and intellectual disclosure on service companies listed in Indonesian Stock Exchange period 2008-2012. It examined 146 service companies and observed that firm size affects intellectual capital significantly.

Alexander, Philip and Mai (2009) examined the determinants of intellectual capital disclosure of Australian companies, the study analyzed data from a sample of 125 publicly listed Australian firms and using content analysis to analyze the annual reports of the sampled companies. It was observed that firm size is a determinant for intellectual disclosure (HR) of firms.

Another study by Syed (2009) investigated the human resource accounting disclosure of Bangladesh companies and its association with corporate characteristics. He examined the association between firm size and human resource accounting and it was found that the size of the company is significantly related with human resource disclosure.

In contrast, Lokanath and Richa (2017) examined human resource disclosure and its association with corporate attributes. The study investigated the extent of human resource disclosures in annual reports by both the manufacturing and service industries in India; using the multiple regression models to analyze the impact of total assets (firm size) on HR disclosure. It was observed that total assets do not have a significant effect on the level of HR disclosures. There are diverse measures used as proxy for firm size. However, there is no stated criterion to choose the best proxy of firm size. (Cooke, 1992).

Yuan-Chieh, Huo-Tsiang, Hui-Ru and Wen-Hong (2009) studied firm attributes and intellectual capital disclosure; evidence from IPO prospectuses in Taiwan. Content analysis was used to analyze the frequency, quality and compound indicators in 142 IPO prospectus from 1992 to 2006. The regression results revealed that the corporate size in terms of sales is significantly negatively correlated to disclosure quality frequency and quality of overall

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intellectual capital. Based on the above, we hypothesize that: H1- there is no significant relationship between firm size and human resource accounting disclosure of listed healthcare firms in Nigeria.

4.2 Firm Age

Firm age is proxied by the number of years the company has existed since the date of incorporation. This is also the years of operation in the market as a listed public limited company. The level of human resource disclosure commitments of older and newer firms may be different (Vazakidis, Stavropoulos & Galain, 2013). The older a firm the more likely they will want to protect their reputation. They are more likely to be scrutinized by the general public and highly sensitive interest groups.

Older companies will reveal much more information of intellectual capital (Kencana, Mukhtaruddin & Ria, 2014). The older a company becomes the more experienced and aware they will become in disclosing relevant information to their stakeholders (Widiastuti, 2002).

Lokanath and Richa (2017) examined human resource disclosure and its association with corporate attributes. It was found that firm age does not have any influence over the level of human resource disclosure.

Kencana, Mukhtaruddin & Ria (2014) investigated firm characteristics and intellectual capital disclosure of service companies listed in Indonesia Stock Exchange period 2008-2012. The data used were secondary data from Indonesian Stock Exchange (ISE). The sampled companies were 146 service companies listed in the ISE. The result of the study showed that firm age affects intellectual capital disclosure significantly.

Owusu-Ansah (1998) and Akhtaruddin (2005) argued that older, well-established companies are likely to disclose more than newly established companies, the extent of a company's disclosure may be influenced by its age, i.e. stage of development and growth.

Ojokuku and Oladejo (2017) examined Firms' Characteristics and Human Resource Accounting Disclosure in Nigerian Quoted Manufacturing Companies. Using a sample of 37 randomly selected companies from the consumer goods, industrial goods, and agriculture and conglomerate sectors. The study concludes that firm age has a significant influence on human resource accounting disclosure in Nigeria quoted manufacturing companies.

In contrast, Ullah, Uddin and Khanam (2014) examined the relationship between human resource disclosure and company attributes, an empirical study on textile companies in Bangladesh, using 29 listed textile companies in Bangladesh found that there is an insignificant relationship between the age of companies and HRA. This implies that the longer the existence of a company does not have a significant impact on the HR disclosure in the annual report. From the above, we hypothesize that: H2- There is no significant relationship between firm age and human resource accounting disclosure of listed healthcare firms in Nigeria.

4.3 Turnover

In this study, it was observed that few researchers have used turnover as a variable to assess its impact on human resource accounting disclosure. Gustavo and Luiz (2016) assessed financial performance and information disclosure on human resources: an Analysis of companies in The IBrX – 100. The statistical technique of multiple regression was used to assist in the interpretation of data, based on a cross-sectional view. The result of the study shows that the Turnover is significantly related to the index of information disclosure on human resources.

Ullah, Uddin and Khanam (2014) in their study conclude that there is a significant relationship between the gross revenue of textile companies in Bangladesh and HRA. This implies that the more the gross revenue the higher the disclosure on HR.

Ojokuku and Oladejo (2017) examined the impact of firms' characteristics on human resource accounting disclosure in Nigerian quoted manufacturing companies. The findings of the study revealed that turnover does not have significant influence on human resource accounting disclosure.

Lokanath and Richa (2017) investigated the extent of human resource disclosure in manufacturing and service companies (IT) in India. The study was exploratory in nature and a sample of 15 companies was selected in terms of market capitalisation.

Using multiple regression analysis to examine the impact of the independent variables (age, turnover, total asset, profitability, market capitalisation and promoter's shareholders) on the dependent variable (level of HR disclosure). The result of the multiple regression showed that turnover with a p-value of 0.586, does not have any influence on the level of HR disclosure.

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Due to the contradictory findings, we therefore formulate the following hypothesis: H3-There is no significant relationship between turnover and human resource accounting disclosure of listed firms in Nigeria.

4.4 Number of employees

Several studies have been carried out to investigate the extent to which numbers of employees, which is also a proxy for firm size, have an impact on human resource disclosure, there are divergent conclusions on this subject matter.

Ojokuku and Oladejo (2017) assessed the impact of firms' characteristics on human resource accounting disclosure in Nigerian quoted manufacturing companies. The study sampled thirty-seven randomly selected companies from the consumer goods, industrial goods, and agriculture and conglomerate sectors. It was observed that number of employees have a significant influence on human resource accounting disclosure.

Yuan-Chieh, Huo-Tsiang, Hui-Ru and Wen-Hong (2009) examined firm attributes and intellectual capital disclosure; evidence from IPO prospectuses in Taiwan. Content analysis was used to analyze the frequency, quality and compound indicators in 142 IPO prospectus from 1992 to 2006. From their findings number of employees is significantly positively correlated to disclosure quality frequency and quality of overall intellectual capital.

Petera, Wagner, Knorova and Siska (2015) investigated which firm characteristics are potential determinant of the level of disclosure on human resources practices. A total of 45 annual reports of large Czech companies were examined using content analysis to analyze the data. It was observed that firm size, proxied by the number of employees, have a significant positive association with composite disclosure index on human resources (CDI).

Ekundayo and Odhigu (2016) in their study on the determinants of human capital accounting in Nigeria. It was found that the size of the employee has a significant impact on human capital accounting.

In contrast, Hojjat and Husain (2017) examined comparative analysis of human resource accounting practices and the effect of financial performance on human resource value in public sector companies in India. They analyzed empirically the relationship between the value of the human resource and financial performance, using total number of employees as one of the independent variables used to examine its impact on human resource accounting. It was observed that total number of employees does not have a significant impact on HRA.

As a result of the contradictory findings, we therefore formulate the following hypothesis: H4- There is no significant relationship between number of employees and human resource accounting disclosure of listed healthcare firms in Nigeria.

4.5 Leverage

This seeks to examine if leverage which is measured as total debt over the total assets of the firm has any impact on human resource accounting disclosure. The level of leverage is often regarded as an important factor for firms to determine their disclosure policy (An, Eggleton, Sharma, Haarim & Luo, 2017). In a study by Surinder, Vnekat and Monica (2016) on the impact of corporate characteristics on human resource disclosure, using 200 companies listed on the National Stock exchange, it was observed that leverage had a moderate though insignificant influence on human resource disclosure index. In a similar study by Annika and Erik (2015) on company characteristics and voluntary disclosure of intellectual capital- a study on Swedish listed companies, it was found that leverage does not have a significant relationship with human resource voluntary disclosure.

In contrast, Bibaki and Hejazi (2014) investigated the effect of profitability on the intellectual capital disclosure in listed companies in Tehran Stock Exchange. A sample of 77 firms and a financial period of 2010-2013. It was found that leverage has a significant impact on intellectual capital disclosure. The results of the studies are inconsistent, we therefore hypothesize that: H5- There is no significant relationship between leverage and human resource accounting disclosure of listed healthcare firms in Nigeria.

4.6 Profitability

Vazakidis, Stavropoulos and Galani (2013) examined company characteristics and human Resource Disclosure in Greece. It was observed that profitability has no effect on disclosure level of human resources. Profitability was measured as a ratio of net income (income after tax) and the equity capital.

Leyira, Clifford and John (2012) examined the relationship between firms' financial performance and human resource disclosure in Nigeria. Fifty-two companies quoted on the Nigerian Stock Exchange were used as the sample size for the study. Financial data from 2005-2009 were analyzed using regression statistical techniques. It was observed that financial performance which was proxied by return on equity and human resource disclosure are

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positively correlated. This supposes that an increase in return on equity would encourage firms to disclose more information on human resource capital in their annual report.

Lokanath and Richa (2017) investigated the extent of human resource disclosure in manufacturing and service companies (IT) in India. The study was exploratory in nature and a sample of 15 companies was selected in terms of market capitalisation. Using multiple regression analysis to examine the impact of the independent variables (age, turnover, total asset, profitability, market capitalisation and promoter’s shareholders) on the dependent variable (level of HR disclosure). It was observed that profitability does not have any influence over the level of HR disclosure. Due to the inconsistency in the studies, we therefore hypothesize that: H6- There is no significant relationship between profitability and human resource accounting disclosure of listed healthcare firms in Nigeria.

5. Methodology

The ex-post facto research design was adopted for this study in order to examine the extent to which firm attributes affect human resource accounting disclosure of healthcare firms in Nigeria.

5.1 Sample

The study focused on ten (10) companies listed on the Nigerian Stock Exchange (NSE) during the period 2010-2017. Due to the few numbers of the healthcare firms listed on the NSE, the researcher decided to use the entire population of the study.

5.2 Disclosure index construction and dependent variable

The dependent variable is represented as the human resource accounting disclosure index (HRADI). This index has been used by Syed (2009) to ascertain the level of HR disclosure of a firm. They are made up of fifteen (15) discretionary human capital disclosure items.

It shall be computed using the formula below:

$$HRADI = \frac{\text{Total score of individual company} \times 100}{\text{Maximum possible score obtainable}}$$

5.3 Model Development

The model for this study is stated below:

$$HRADI_{it} = B_0 + B_1FSIZE + B_2FAGE + B_3TOVER + B_4NEMP + B_5FLEV + B_6PROF + E_{it}$$

Where;

HRADI_{it} = Human Resource Accounting Disclosure Index

FSIZE = Firm Size (Natural log of Total asset of the firm)

FAGE = Firm Age (From date of incorporation)

TOVER=Turnover (The total revenue or sales of the firm)

NEMP = No. of Employees (Total number of employees in the firm)

FLEV= Firm Leverage (Total debt/Book value of total asset of the firm)

PROF = Profitability (Profit after tax of the firm)

B_i = Coefficients to be estimated

E= Error term

It= Individual firm at time t

Decision Rule: When the p-value is less than or equal to 5% level of significance the variable is assumed to be significant.

5.4 Descriptive statistics

Table 5.4.1: Human Resource Disclosure Percentage

COMPANIES	NO. OF ITEMS DISCLOSED	PERCENTAGE
Ecocorp Plc	11	73%
Fidson Healthcare Plc	11	73%
Evans Medical Plc	13	64%
Glaxosmith	14	94%
Neimeth	13	64%
May and Baker	12	80%
Union Diagnostic & Clinical Services	12	80%
Morison Ind. Plc	12	80%
Pharma Deko plc	9	75%
Nigeria German chemical Plc	10	67%

MAXIMUM POSSIBLE SCORE OBTAINABLE	15	
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Source: Researcher's computation (Eviews 9)

Table 5.4.1 above shows the level of disclosure of human resource disclosed information in the annual report of the healthcare companies under consideration. It is observed that Glaxosmith has the highest percentage of HRD information in its annual report followed by May and Baker, Union Diagnostic and Clinical Services and Morison Industrial Plc, with equal percentages of 80%. The company with the lowest HRD information from the Table 5.4.1 above is Evans Medical Plc, having a percentage of 64%.

6. Empirical results

The results of the multiple regression of the effect of firms characteristics on human resource accounting disclosure in listed healthcare firms in Nigeria shows an R-squared of 0.845659 (85%) and an adjusted R-Squared of 0.801562 (80%). This reveals a strong explanatory power of the model, which means the independent variables explain 80% of the variance in the dependent variable (human resource accounting disclosure index). The F-statistics is 19.17712 with a p-value of 0.000000, this suggests that the result statistically supports the significance of the model.

Table 6.1 Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.957557	0.243100	-3.938949	0.0008
LFSIZE	0.030277	0.025552	1.184910	0.2493
FAGE	0.005518	0.000754	7.322374	0.0000
LTOVER	0.055242	0.020241	2.729198	0.0126
NEMP	0.000360	0.000101	3.566659	0.0018
FLEV	-0.247238	0.053575	-4.614762	0.0001
LPROF	-0.017916	0.007871	-2.276372	0.0334
R-squared	0.845659	Mean dependent var		0.803214
Adjusted R-squared	0.801562	S.D. dependent var		0.084986
S.E. of regression	0.037858	Akaike info criterion		-3.497622
Sum squared resid	0.030098	Schwarz criterion		-3.164570
Log likelihood	55.96670	Hannan-Quinn criter.		-3.395805
F-statistic	19.17712	Durbin-Watson stat		0.899315
Prob(F-statistic)	0.000000			

Source: Researchers' computation (Eviews 9)

Multiple regression analysis technique was used to examine the influence of firms attributes on human resource accounting disclosure of healthcare firms in Nigeria. The period of the study was from 2010 to 2017 and the annual reports of the sampled firms were used to source for secondary data.

The human resource accounting disclosure index used by Syed (2009), having 15 HRADI items was adapted for this study to ascertain the HRADI, which is the dependent variable. The independent variables were: firm size, firm age, turnover, number of employees, leverage and profitability. The six hypotheses formulated in their null forms were tested using multiple regression.

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The result of the test of hypothesis one reveals that there is no significant relationship between firm size and human resource accounting disclosure. Total asset was used as a proxy for firm size and it suggests that the size of the firms has no significant effect on HRADI. This finding is consistent with the study of Lokanaath and Richa (2017), who found a significant relationship between firm size and human resource disclosures in annual reports by both the manufacturing and service industries in India. In contrast, the finding is inconsistent with the studies of Chow et al (1987); Cooke (1991); Wallace et al (1995); Haniffa et al (2002); Dennis, et al (2009); Syed (2009); Ullah, Uddin and Khanam (2014); Petera, Wagner, Knorova and Siska (2015).

The test of hypothesis two found a significant relationship between firm age and human resource accounting disclosure. This suggests that older firms are most likely willing to disclose human resource information on their annual reports. Older companies will reveal much more information of intellectual capital (Kencana, Mukhtaruddin&Ria, 2014). Due to the experience of older companies, they become aware and conscious of disclosing relevant information to their stakeholders (Widiastuti, 2002). This finding is consistent with the studies of Kencana, MukhtaruddinandRia (2014); Ojokuku and Oladejo (2017).

The third hypothesis state that there is no significant relationship between turnover and human resource disclosure of healthcare firms in Nigeria. The result of the regression analysis shows that there is a significant relationship between turnover and human resource disclosure. Firms with larger turnover are most likely to declare profit (surplus), thereby having sufficient resources to provide extra information to their stakeholders. The result further strengthens the position of Ullah, Uddin andKhanam (2014); Gustavo and Luiz (2016). It is not in tandem with the findings of Lokanath and Richa (2017) and Ojokuku et al (2017).

The result of the fourth hypothesis reveals that there is a statistically significant relationship between number of employees and human resource accounting disclosure. This finding is in tandem with the results of Yuan-Chieh, Huo-Tsiang, Hui-Ru and Wen-Hong (2009); Petera, Wagner, KnorovaandSiska (2015); Ekundayo and Odhigu (2016); and Ojokuku and Oladejo (2017) and does not agree with the result of Hojjat and Husain (2017) who found an insignificant relationship between number of employees and human resource accounting disclosure.

The result of the test of hypothesis five reveals that there is a significant relationship between leverage and human resource accounting disclosure. Firms with higher gearing ratio may be looking for other means to satisfy their stakeholders. Human resource disclosure could be one of the means they employ to achieve their plans. The result is not in tandem with the findings of An, Eggleton, Sharma, Haarim and Luo (2017) Annika et al (2015) who both found an insignificant association between leverage and human resource accounting disclosure.

The sixth hypothesis state that there is no significant relationship between profitability and human resource accounting disclosure of listed firms in Nigeria. From the regression table (Table 6.2). It is revealed that leverage is statically significant with a p-value of 0.0334. Which suggests that leverage has a significant relationship with human resource accounting disclosure. This finding is in tandem with a prior study by Bibaki and Hejazi (2014), but inconsistent with studies of Surinder, Vnekat and Monica (2016) and Annika and Erik (2015).

7. Conclusion

Voluntary disclosure of human resource has been in the academic discourse for some years, but only few countries that voluntarily disclosure information on the human resource. This study examined the influence of firms attributes on human resource accounting disclosure of listed healthcare firms in Nigeria.

From the analysis of the data obtained, it was observed that older firms are more likely to disclose information on human resource accounting in their annual report. As regards turnover, firms with a higher turnover are likely to have the required financial resources to provide additional information to their stakeholder. In addition, number of employees, leverage and profitability of the firms are determinants that influence the extent to which companies disclose information on human resource accounting.

The importance of disclosing human resource accounting information in the annual report of firms cannot be overemphasized. Stakeholders are clamouring for more information to enable them to make timely decisions. Hence, when this information is not made available, they are willing to incur extra cost to get them.

Government and other relevant bodies should take a step in ensuring that these intangible assets, especially human resource which are not duly accounted for in the annual report is well reported. Finally, researchers should consider investigating other firms' attributes or variables that might have an impact on human resource accounting disclosure of listed companies. Further research could also consider other attributes and sectors of the economy.

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**IMPACT OF CONDOM TELEVISION ADVERTISING ON TEENAGERS': A STUDY
OF Oredo AND Egor LOCAL GOVERNMENT AREAS, EDO STATE.**

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Abstract

This study examined the impact of condom television advertising on the sexual behavior of teenagers of Oredo and Egor Local Government Areas, Edo State. The survey research method was employed in the study. The population was seven hundred and fourteen thousand, six hundred and two (714,602) which comprised 77,389 teenagers from Oredo and 74,631 from Egor Local Governments respectively. The sample size of 384 was drawn using the simple random sampling technique. To justify the findings of this study each of the local government areas studied was purposively assigned 192 sample size. The results of the findings revealed that most of the teenagers engaged in pre-marital sex; that 168 of the respondents have used condom while 187 has not. Also, that condom advertisements on television should continue since it is not directly focused on teenagers and that less than half of the sample size consented to the fact that condom advertisement messages were bad. The study therefore recommended that advertisement messages of condoms which is geared toward preventing HIV/AIDS, STDs and unwanted pregnancies should not be offensive; that condom advertisement messages must stress the importance of responsibility that is to make the user to be aware of health hazards associated with sex. Furthermore, parents should not shy away from discussing sex related issues with teenagers instead of getting such information from either the media or peer group and that teenagers should abstain from having sex or use condom when tempted to do so.

Key words: Impact of Condom, Television, Advertising, Sexual Behavior and Teenagers.

Introduction

The impact of television no doubt is vital due to its enormous potentials as an audio-visual means of communication. Television enables the creative man to communicate by combining motion, sounds, words, color, personality and stage setting to express and demonstrate ideas to a large and widely distributed audience. Television advertisements usually play a role in introducing a product, reinforcing patronage of products and services and also encourages brand loyalty. Advertisements to a large extent are integral part of marketing strategies that have been the subject of a great deal of attention for several decades now. It does not only change emotions but also give subliminal message.

It is obvious that advertising influences the daily activities of people which is anchored on the inducement by catchy jingles, humor and messages that are repeated for maximum effect carried out through the broadcast media than any other medium. There is no gain-saying that the astronomical increase in sexually transmitted diseases (STD's) such as Syphilis, Gonorrhoea, Staphylococcus and Human Immune Deficiency Virus (HIV) which are prevalent through unprotected sex that lead to unwanted pregnancies became the reason for the invention of condom in the mid 1500's by Gabriel Fallopin. (<http://hom.nycap.rr.com/useful/condom/index.html>).

One of the objectives of media campaign for condom advertisements among other things is to present it as one of the safe means of having responsible sexual behavior. In this regard, brands of condom that feature on television adverts and currently in the market include Gold Circle, Kiss, Cool and Rough Rider etc. However, Tiantian (2010, p.28),

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observed that “the result of some emerging scientific investigations show that condoms are not as full proof as the manufacturers would want us to believe in the prevention of bacteria and viruses which carry STD’s and AIDS.”

Before now sex is seen as sacred to be discussed with children by their parents. The situation however, is changing due to exposure to the mass media, and sex education in schools which is claimed to be responsible for early exposure to practice sex with the result of having unwanted pregnancy (Akuffo, 2007). Taking cognizance of the postulations so far, it is admissible that condom advertisements messages negatively or positively influence the attitude of teenagers no matter where they find themselves.

It is against this background that this study is set to ascertain the impact of condom television advertisements on the attitudes of teenagers in Oredo and Egor Local Government Areas of Edo State.

Statement of the Problem

The advertisement of condom to a large extent has remained controversial in public discourse. According to a report by Malvin (2009), the tempo of controversy generated many years back is still very much alive hence parents are worried that boys and girls are learning about sex too early and asking embarrassing questions. They view open advertisement of condom as an attempt to encourage teenagers to experiment with sex. From experience there exist a controversy among teenagers of Oredo and Egor local governments who see advertising of condoms on television as steering them to get involved in promiscuity and other sexual acts or not. Also, according to a reports from ANDEWS (a newsletter for spreading advertisement knowledge), one major pitfall of condom advertisement is non-adherence to the decency aspect of the codes of advertizing.

Jennifer (2013) in a study titled: “the Influence of Television Adverts on Sexual Behaviour and Contraceptive Use among the Youth in Public Universities in Kenya: A Case Study of The University of Nairobi Students.” The study found out that majority of the respondents are actively involved in sexual activity, that most of the respondents strongly agreed that television adverts influenced their sexual behavior and attitude towards sex. This was also established during the Focus Group Interviews where participants indicated that as much as TV adverts influenced them to use contraceptives, peer pressure was the major influence towards sexual activity in the university. Since Jennifer did not study the impact of television advertising among teenagers’ the gap created in this regard is to be filled by this research.

Objectives of the Study

1. To find out if advertisements of condom on television influence its usage by teenagers of Oredo and Egor Local Government Areas of Edo State?
2. To ascertain how often teenagers of Oredo and Egor Local Governments have sex due to condom advertisements on television?
3. To determine if advertisement of condom on television be encouraged or not?
4. To x- ray what the teenagers of Oredo and Egor Local Governments think of the messages that they viewed on TV condom advertisements?

Research Questions

1. Does advertisements of condom on television influence its usage by teenagers of Oredo and Egor Local Government Areas of Edo State?
2. How often does teenagers of Oredo and Egor Local Governments have sex due to condom advertisements on television?
3. Should advertisement of condom on television be encouraged or not?
4. What does teenagers of Oredo and Egor Local Governments think of the messages that they viewed on TV condom advertisements?

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Significance of the Study

The study is significant as it hopes to contribute to the body of knowledge on the influence of television adverts of condom on the attitude of teenagers. The findings of this study would be used for further research on the influence of television adverts on the teenagers in other Local Government Areas of Edo State.

It will also spur Edo State government to know the key areas to address the social norms, myths and misconceptions, improving knowledge and practices of the teenagers in Oredo and Egor Local Government Areas with regard to reproductive health and condom use. This will no doubt enhance the progress made towards achieving Millennium Development Goals (MDGs) and Vision 2030 (wiping out the deadly menace of HIV/AIDS). The Ministry of health will benefit from the findings of this research because it will be a source of feedback on how to improve on condom advertisement /campaigns to achieve results.

Conceptual Framework

The word advertise comes from the Latin word "advertere" meaning to turn toward or to take note of. Certainly, the visual and verbal commercial messages that are a part of advertising are intended to attract attention and produce some response by viewers. Advertising is pervasive and virtually impossible to escape (online Encyclopedia 2016 cited in Asemah 2019, p.3). According to Onabajo (2012, p.1) advertising is "a structured form of applied communication applying verbal and non – verbal elements that are composed to fill specific space and time formats determined by the sponsor. It is directed to groups of people rather than to individuals. It is therefore non – persona." Asemah (2011a) cited in Asemah (2019, p.3) defined advertising as any communication that is paid for, identified by a sponsor, directed at a target audience through the various mass media like radio, television, billboards newspapers and magazines." Also, Arens, Weigold&Arens (2009) in Egbulefu (2014, p.48) see advertising as "the structured and composed non – personal communication of information, usually paid for and usually persuasive in nature about products, goods, services and ideas." According to Ibrahim, (2003) cited in Egbulefu, (2014, p.50) the major objectives of advertising are;

to inform target audience about the product, (service and ideas), the price and its distribution, to increase demand for the product through the culmination of improvement or interest and desire of a potential buyer; to support personal selling, that is in reaching areas that are inaccessible to sales people, open customer's door, for sales people and acquaint prospect with the sellers, to develop brand recognition, fight competition and reinforce brand loyalty and to increase sales of a product or, service and build goodwill and potential employees.

The first television advertisement was broadcast in the United States on July 1, 1941. The watchmaker Bulova paid \$9 for a placement on New York Station WNBT before a baseball game between the Brooklyn Dodgers and Philadelphia Phillies. More than any other point, 1948 proved to be the year television advertising truly began to take the center stage. (<https://marketingwit.com/television-advertising> history.) According to www.adglitz.com television advertising is about relaying a special social, political or sales pitch in a limited amount of time. It is expensive than other forms of promotion and is paid for by the advertiser. Advertising is aimed at generating demand for product, service idea or cause. In Nigeria television advertising started in 1959 when Western Nigeria established Western Nigeria Broadcasting Television Service. The first advertisement on this station was for Star Beer and Krola Soft Drink

According to Gay (1992), on a typical day, an average teenager or young adult sees over 3000 advertisements a day. Many questions arise about these advertisements, such as "Is advertising deceptive? Does it create or perpetuate stereotype? Does it create conformity? Does it create insecurity in order to sell goods? Does it cause people to buy things that they really don't need?" Advertisers use specific methods to target teenagers and young adults, but these methods are not always successful or ethical. It pays to advertise says a popular adage. This is true because advertising is a major element that contributes to the reputation of a brand and the organization. On the other hand a condom is a latex or rubber tubular sheath used during sexual intercourse to form a two way barrier that prevents the passage of genital fluids and their contents, including organisms, between sex partners.

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According to www.plannedparenthood.org Condom is a thin stretchy pouches that you wear on your penis during sex. Condoms provide great protection from both pregnancy and STDs. A male condom is made of latex a type of rubber. But some are made of materials that are safe for people with latex allergies, such as polyurethane. While female condom is inserted into the vagina; the other end is open and the ring sits outside the opening of the vagina. (<http://kidshealth.org>). It was produced in 1855 by Charles Goodyear

Theoretical Framework

The study is founded on the Cultivation Effect Theory. This theory asserts that one way of studying the influence of television advertising on the attitude of viewers is to examine the process of cultivation. Cultivation Effect Theory presupposes that when one is exposed to the media for some time, one tends to cultivate the habit of viewing that which he/she is exposed to from the point of the media. For instance, an excessive exposure to television may create the effect on people having a rather distorted view of their environment, making it look like what is portrayed on television is what exists in real life. Cultivation Theory deals with the total impact of mass communication on cultures and heavy viewers of television. According to the theory, viewers are cultivated to view reality similarly to what they watch on television.

It is concerned with the total individual impacts of communication through television. People use to learn socialization and cultivate their predisposition from experience which they have obtained through television. One negative effect of this is that, television does not generally present the realistic view of the world it tends to show and reinforce commonalities among us. So those who regularly watch television tend to see the world in the way television portrays it.

To this end, this theory is relevant to this study because the effect of condom advertising on television on the attitude of teenagers differs from one individual to the other. Though condom advertising may lead to condom use by some teenagers in intimate situations, it is reasonable to argue that mere exposure to condom advertising does not ensure that all viewers will be impacted in the same way.

Empirical Studies Related To the Study

In a study by Fagbamigbe¹, Adebowale¹, and Olaniyan, (2011), titled: "*A Comparative Analysis of Condom Use among Unmarried Youths in Rural Community in Nigeria*" explored and compared condom adverts and subsequent usage among in-school youths and out-of-school youths in South Western Nigeria. The population of the study used multistage random sampling technique to select eligible 600 youths aged 11-21 years which included 300 high school students and 300 out-of-school youths in Ekiti West Local Government area of Ekiti state, Nigeria.

Regular condom usage from condom adverts was recorded among 10.7% in-school youths and 20.6% among the out-of-school youths. Out-of-school youths are about one and half times more likely to use condom than in-school youths. The study concluded that although, condom usage from condom advertisements was low among the in – school youth population, but higher among out-of-school youths. The study recommended that teenagers should be given free access to condom use particularly the in-school youths.

According to Jennifer (2013) in a study titled: "the Influence of Television Adverts on Sexual Behaviour and Contraceptive Use among the Youth in Public Universities in Kenya: A Case Study of The University of Nairobi Students", examined the influence of television adverts on contraceptive use among the youth in public universities in Kenya. More specifically, the study sought to achieve the following specific objectives; to examine the extent to which TV adverts influenced sexual behavior of the youth in public universities, to establish whether TV adverts influenced the use of contraceptives by the youth in public universities, and to determine the influence of contraceptive adverts on sexual behavior of the youth in public universities.

Participants comprised undergraduate students who were from University of Nairobi School of Journalism and Mass communication. The target population was 1200 youths in their productive ages (16 - 24 years). Simple random sampling was used to determine the sample size of 291 respondents. Purposive sampling technique was also used to

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sample the focus group discussion. The study was guided by social learning theory and cultivation theory. The study used employed quantitative and qualitative research methods through the use of questionnaire and Focus Group Interviews (FGI).

The study found out that majority of the respondents are actively involved in sexual activity, that most of the respondents strongly agreed that television adverts influenced their sexual behavior and attitude towards sex. This was also established during the Focus Group Interviews where participants indicated that as much as TV adverts influenced them to use contraceptives, peer pressure was the major influence towards sexual activity in the university. The study concluded that Television adverts do have an impact on sexual behavior and contraceptive use among the youth in public universities. That television adverts also alter the sexual behavior of most youths by predicting and hastening adolescent sexual initiation. The study recommended that more television adverts/campaigns on contraceptives and condom use should be developed to enlighten the youth on risky sexual behaviors.

Method of Study

This study employed the survey research method using questionnaire as instrument of data collection. According to the 2006 Census, Oredo and Egor Local Government Areas of Edo State has a population of 374,515 and 340,287 respectively, which sum the total population to seven hundred and fourteen thousand, six hundred and two (714,602). From this population, Oredo Local Government has 77,389 teenagers while Egor has 74,631 teenagers respectively. The sample size of this study is 384. This sample was arrived at Krejcie and Margan (1970) Table of Sample size determination. Simple random sampling was employed to draw the individual samples for the quantitative data. To ensure an unbiased sample, every teenager in Oredo and Egor local government areas of Edo State had an equal opportunity to be selected in the sample. One of the best things about simple random sampling is the ease of assembling the sample. It is also considered as a fair way of selecting a sample from a given population since every member is given equal opportunities of being selected. Since this study is comparative, the sample size of 192 was purposively assigned to the two Local Governments under study.

Results of the Study

Out of the One hundred and Ninety-two copies of questionnaire administered in each of the two local governments, One Hundred and Eighty copies were retrieved from Oredo while One hundred and Seventy- five copies were retrieved from Egor.

RQ 1: Does advertisements of condom on television encourage teenagers of Oredo and Egor Local Government Areas of Edo State to have sex?

Answering this research question, from Oredo LGA, majority of the respondents 118 represented by 65.6% asserted (No) that condom adverts on television which they have watched did not encourage them to engage in sex while 62 respondents represented by 35.4% said (Yes) that it has encouraged them to engage in sex. In Egor LGA, 121 respondents which represents 69.1% said (No) meaning that condom adverts on television has not encouraged them to engage in sex while 54 (30.9%) of the respondents said (Yes).

RQ 2: How often does the teenagers of Oredo and Egor Local Governments use condom due to television advertisements?

Thirty-two respondents from Oredo Local Government representing 17.2% said they always use condom, 23 (12.8%) respondents use condom almost always, 15 (8.3%) occasionally use condom while 110 (61.2%) have never used condom. Also, in Egor LGA, 51 (29.1%) respondents always use condom for sexual intercourse, 29 (16.6%) almost always uses condom, 18 (10.3%) occasionally use condom while 77 (44.0%) have never used condom.

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RQ 3: Should television advertisement of condom be encouraged or not?

Majority of the respondents from Oredo LGA, 108(60.0%) asserted that television advertisement of condom should continue while 72 (40.0%) of the respondents said no. From Egor LGA, majority of the respondent 95 (54.3%) agreed that it should continue while 80 (45.7%) said it shouldn't continue.

RQ 4: What do you think of the message you listened to on condom advertisement?

From Oredo LGA, 39 (21.6%) of the respondents perceived the message listened to on condom adverts to be good, 35 (19.4%) of the respondents perceived it to be fair and 106 (59.0%) of the respondents perceived it to be bad while in Egor LGA, 68 (38.9%) of the respondents perceived the message they listened to on condom adverts to be good, 48 (27.5%) perceived it to be fair and 59 (33.7%) agreed that it was bad.

Discussion on Findings

RQ 1: To determine if condom advert on television influences its usage by teenagers in Oredo and Egor Local Government Areas.

When the teenagers were asked if the condom adverts they watched on television encourage them to engage in safe sex, majority of the respondents who answered no were more than those who answered yes. The study showed that respondents Oredo LGA were mostly influenced to engage in sex than respondents in Egor LGA.

The study findings showed that some of the respondents used condoms during their first sexual encounter while some of the respondents indicated that they didn't use condoms during their first sexual encounter. Among the respondents who used condoms the researcher also found out that majority of them almost always use condoms. It is on this note that the researcher concludes that condom adverts on television has influenced teenagers in Oredo and Egor LGA's a total of one hundred and seventy-eight (178) teenagers out of three hundred and fifty-five (355) had sex due to condom advertisement on television. This finding corroborates the research conducted by Jennifer (2013) on the "Influence of Television Adverts on Sexual Behaviour and Contraceptive use Among The Youth in Public Universities in Kenya: A Case Study of The University of Nairobi Students."

The participants comprised undergraduate students who were from University of Nairobi School of Journalism and Mass communication between the age bracket of (16-24) The study found out that majority of the respondents are actively involved in sexual activity, that most of the respondents strongly agreed that television adverts influenced their sexual behavior and attitude towards sex. This was also established during the Focus Group Interviews where participants indicated that as much as TV adverts influenced them to use contraceptives, peer pressure was the major influenced towards sexual activity in the university. The study concluded that Television adverts do have an impact on sexual behavior and contraceptive use among the youth in public universities. That television adverts also alter the sexual behavior of most youths by predicting and hastening adolescent sexual initiation. The study recommended that more television adverts/campaigns on contraceptives and condom use should be developed to enlighten the youth on risky sexual behaviors.

RQ 2: How often does the teenagers of Oredo and Egor Local Governments use condom due to television advertisements.

The findings from this research question depicts that one hundred and eighty seven respondents were not affected by condom advertisement (187) which is more than half the sample size while one hundred and sixty-eight (168) experienced sex in various degrees. What could be deduced from this situation is that teenagers' experience sex which they ought not to have due to condom advertisements on television.

This finding is in agreement with Fagbamigbe, Adebowale, &Olaniyan, (2011), who carried out a research on "Comparative Analysis of Condom Use among Unmarried Youths in Rural Communities in Nigeria" They explored

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and compared condom adverts and subsequent usage among in-school youths and out-of-school youths in South Western Nigeria. Between the age brackets of (11-21) years. The population of the study used multistage random sampling technique to select eligible 600 youths aged 11-21 years. The study revealed that 10.7% in-school youths and 20.6% among the out-of-school youths used condom regularly.

The study concluded that although, condom usage from condom advertisements was low among the in – school youth population, but higher among out-of-school youths. The study recommended that teenagers should be given free access to condom use particularly the in-school youths. While our study is recommending non engagement in sex by teenagers, Fagbamigbe¹, Adebowale¹, & Olaniyan, (2011) hold different opinion having encouraged in-school youths to have sex and should be exposed to condom advertisement.

RQ3: To ascertain if advertising of condom on television should be encouraged.

From the findings of this study, the respondents were asked if they think condom advertisements on television should be made to continue, majority of the respondents from Oredo LGA, asserted that the television advertisement of condom should continue. From Egor LGA, majority of the respondent were of the opinion that it should continue.

Furthermore, the respondents were asked to state the reason why they think condom adverts on television should continue, from Oredo LGA, 53.1% of the respondents said because it helped them to get information on condom, 30.3% of the respondents said because it helped them to engage in sex and 16.6% said because it helped them to know that with condom, they are safe to have sex. While in Egor LGA, 38.9% of the respondents said it helped them to get information on condom, 44.6% said it helped them to engage in sex while 16.6% agreed that it exposed them to understand that with condom, they are safe to have sex.

It is categorically clear from the findings that majority of the respondents answered that the television advertisement of condom should be made to continue. The studies conducted by Jennifer (2013) on the Influence of Television Adverts On Sexual Behaviour and Contraceptive Use among the Youths in Public Universities in Kenya: A Case Study of The University of Nairobi Students”, and Fagbamigbe, Adebowale, & Olaniyan, (2011), who carried out a research on “Comparative Analysis of Condom Use among Unmarried Youths in Rural Communities in Nigeria” agreed that condom advertisement should be encouraged. We also consent to the need of having condom advertised on television because teenagers are not the target group but adults.

RQ 4: What do you think of the message you listened to on condom advertisement?

The findings of this study showed that majority of the respondents have bad perception of the messages they listened or watched on condom adverts on television, while few of the respondents have good and fair perception of the messages.

It was also seen in the Table 4 that from the total number of respondents who had "bad perceptions" of condom advertisement messages on television, Oredo had the highest number of respondents' while Egor had few respondents. Also, in the 'Good perception' category, Egor LGA teenagers were more than Oredo LGA teenagers. Therefore, it is clear that teenagers in Oredo LGA had bad perception of condom advert messages on television while only few respondents in Egor LGA had good perception of the condom adverts messages.

Conclusion

The study concludes that Television advertisement of condom does have impact on the teenagers' exposure to sexual engagement though the impact is on a minimal scale as majority of the respondents did not have sexual intercourse and that Oredo teenagers were mostly influenced than those of Egor. This study brought to bear the fact that TV advertising messages on condom should be continued since it is yielding the required results as the general public do listen to it and act in accordance with the message as shown by the response attitude of the respondents.

Recommendations

Based on the research outcome, the following recommendations are made;

Advertisement messages of condoms as a prevention against HIV/AIDS, STDs and unwanted pregnancies should not be offensive.

The messages from the advertisement of condoms must also stress the importance of responsibility; that is the user must be aware of the consequences since there is no 100% guaranteed safety of using condom.

Parents should feel free to discuss sex with teenagers instead of allowing them get information on sex from either the media or peer group.

Teenagers are advised to abstain from pre-marital sex and if one decides to have sex, he or she should use condom.

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APPLICATION OF MODELS IN SOLVING PUBLIC RELATIONS AND ADVERTISING PROBLEMS

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Abstract

This paper examined the application of models in solving public relations and advertising problems. It x-rayed the merits and demerits of models in handling issues as they occur in organizations. The public relations models discussed are the RACE (Research, Action, Communication and Evaluation) RICEE, (Research, Information, Communication, Education and Evaluation) Two-Way Symmetric, Public Relations Transfer Process, IPCM (Information, Public Affairs, Communication Marketing.) and Partnership and Participation in Community Development Relations (PPCDR) while the advertising models are the AIDA (Attention, Interest, Desire and Action), DAGMAR which have five stages;(unaware, aware, comprehension, conviction and action.) DRIP, (Differentiate, Reminds, Inform and Persuade) and Ehrenberg which have the following components; awareness, trial, reinforcement and nudging. In all, the models explored depicts that research is central in understanding the trends of events and how to evaluate them. Taken cognizance of the afore stated facts, it becomes needful that companies or institutions should not sacrifice competence in the altar of ignorance while employing PR and Advertising professionals who should effectively employ models in solving problems.

Key words: Public Relations, Publics, Models, Advertising and professionals.

Introduction

In life, it is difficult if not impossible to have a community, a company, an organization and a corporate outfit without challenges confronting it. These challenges as they arise are either nibedat the bud or solved using various methods and applicable strategies as the case may be. In public relations, cases bordering on public acceptance, image management, cooperative social responsibility and crises of variegated dimensions, are inevitable. In the same vein, advertising practitioners are faced with issues of criticisms, how to win and retain customers, products quality and positioning. To overcome the afore-mentioned intervening problems tested strategies and models are employed by public relations and advertising practitioners to solve them.

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It is imperative to ask what does a model stands for. A model according to Ekeli (2014)“could be a plan, a chart or a direction” (p.2). The Oxford Advanced Learners Dictionary, International Students of 8th edition, defined a model as a simple description of a system used for explaining how something works or calculating what might happen. This definition is cogent to this study because models of public relations and advertising are employed to handle the step by step approaches used in solving public relations and advertising situations.

The Merits of Models

1. They provide coherence frame of reference (it is what you think about) for scientific enquiries
2. They help designers to relate point of interest from among the hoot of related descriptions.
3. They clarify the structure of complex events.
4. They give guidelines on what to look for and how to interpret what is seen.
5. They provide new ways to conceive hypothetic ideas and relationship. (Ekeli, 2014).

The Demerits of Models

According to Ekeli (2014), the demerits of a model is as explained below:

1. It tends to over simplify our ways of conceiving problems.
2. There is the failure to realize that there are sophisticated varies of scientific analogues.
3. It is often confused with realities which they are not. They are small and simplified while realities are large and complex.
4. It limits our awareness of unexplored possibility of conceptualization. (p.4)

Public Relations Models

The public relations models discussed in this study are the RACE, RICEE, Two-Way Symmetric, Public Relations Transfer Process, IPCM and Partnership and Participation in Community Development Relations (PPCDR)

The Race Model: The race model was propounded by Gruning and Hunt in 1984 and is said to be the earliest and most widely cited model in modern public relations. It is used in public relations process in planning and campaigning both nationally and internationally. In this model, R stands for Research, A stands for Action, C stands for Communication and E stands for Evaluation.

Research: It involves collecting much facts or data about an issue. It is a process of arriving at a reliable solution to problems through planned and systematic collection, analysis and interpretation of data. In public relations, we need data about our publics, their opinion, the insensitivity of such opinion, media use patterns and other characteristics.

According to Raymond (1980) in Igwenagor (2009), public relations research is planned, carefully organized, sophisticated fact finding, and listening to the opinion of others. He identified six areas in which research plays vital roles for public relations work.

- Provision of factual input for programming.
- Serves as an “early warning” system.
- Provision of input about public attitudes and opinions.
- Lubricating the public relations machinery.
- Securing internal support for the public relations function.
- Increasing communication effectiveness. (p.28)
-

Action: This has to do with drawing up concrete programmes of action – media actions, travel actions, financial actions and consultation actions etc. The actions must be concrete, measureable, feasible and related to the problems

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at hand. The action should be divided into general action and specific action. This is followed by establishing concrete plan which contains concrete objectives and techniques. The plans are then broken down into long-term and short-term plans.

Communication: Communication is the third element in the RACE model which indicates the best method(s) to employ in reaching out to the target publics. The various methods available include interpersonal, group or mass communication – radio, newspaper, television and internet. Public relations experts can also use special events, plant tours, opinion leaders, press releases and newsletters and news releases to drag down their points of view.

Evaluation: For any public relations activity to be successful, the activity must be properly evaluated. Evaluation also involves carrying out research to determine how well the activity has been executed, what result has been achieved, and how favourable has the target publics felt towards the views of your organization.

According to Nwosu (2011), “the RACE model stresses the importance of adopting a systematic approach in carrying out public relations projects as well as the great relevance of research and evaluation in modern public relations practice”(p.154).

The Transfer Process Model

Frank Jefkins in 1982 came up with the Transfer Process Model of public relations. According to the model, public relations can be used to change hostility to sympathy, prejudice to Acceptance; Apathy to interest and ignorance to knowledge. The major message or lesson as Nwosu (2011) puts it “is that public relations strategies can and should be used in any attempt to change over or convert people’s attitudes from their negative states to positive state. It can also be applied at the entire corporate organizational image and reputation movement level amidst at the specific project/programme management levels” (p.183)

To achieve the tenants of the Transfer Process Model, public relations must be seen as a philosophy and function of management. This implies that in every decision of management, it must consider how it will positively impact on the welling being of the publics. In this regard, it is imperative that the head of public relations should attend management meetings or else he or she becomes an errand boy. There is no gain-saying that if public relations is handled properly, it is capable of creating mutual understanding which build bridges for possible transfer of negative feelings to positive feelings between an organization and its various publics (Chukwudi, 2007). This model is effective in changing the attitude of a cross section of an organization’s publics from negative to positive that is disenchanted with the performance of the organization which can be as a result of several factors considered either true or false.

Two-Way Symmetric Model

According to Akpoveta (2007), this model by Gruning and Hunt as quoted in Ajala (2001) has its mutual understanding of two-way balance effect, from group one to group two and from group two to group one. In two-way symmetric model analogue exists instead of monologue.

This model makes it possible to achieve what Jefkins (1982) refers to as public relations transfer process. If effectively employed, the model makes it possible to transfer negative situation into positive achievements through information sharing and feedback mechanism.

This model can be well employed when an organization wants to boast her image or in solving problems that could arise as a result of interaction with both the internal and external publics. The imperative of this model is that there is feedback mechanism.

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The RICEE Model

This model was propounded by Ikechukwu Nwosu in 1996. The R stands for Research, I stands for Information, C stands for Communication, E stands for Education and the second E stands for Evaluation. This model which was first recommended by Nwosu (2011) as a public enlightenment model to manage general issues and problems has gone beyond this scope and has been applied in other areas of public relations management and practice. It has been successfully applied in solving environmental sanitation management. The model has led to a new dimension in public relations practice referred to as Environmental Public Relations Management. In this approach the members of a community are informed about on-going health issues, they are communicated of the various implications of the health problem. The next step deals with proper education on how to handle the problems emanating from it. Finally, an evaluation is carried out to determine the degree of compliance noting the changes as a result of the health campaign.

The IPCM Model

It was John Maston that propounded the IPCM Model in 1985. It introduces the idea of applying marketing strategies along with public relations strategies in trying to achieve public relations and other related objectives involving persuasion and changing of attitudes and opinion (Nwosu, 2011). In the model, I stands for Information, P stands for Public Affairs, C stands for Communication and M stands Marketing.

Information: In the model information implies that in solving public relations problems one should start by gathering all relevant intelligent information. It does not have to be systematic, it can be gotten from chamber of commerce, the media, opinion leaders and government public affairs. This involves getting information and penetrating into the public affairs of the country you want to market your product. Information is to be gathered from legislations, legal system, police system, traditional system. You should be abreast with the written and unwritten laws' in the country you intend to establish your business.

Communication: There is no gain- saying that neither national nor international public relations can succeed without adequate knowledge of the communication processes operating in a country where a business is established. Ogbodoh (2009) opined that it is imperative to understand the media and communication systems operating there such as satellite, telephone, telex and fax. Furthermore, there is need to do media analysis to understand the way the media report issues. Also, the knowledge of national and local newspapers, radio and television stations and their house styles are essential.

Marketing Component: The marketing component emphasizes on aggressive marketing strategies that will achieve the goals and objectives of setting up the business. In this regard, there is need to know how to reach distributors, wholesalers and retailers. You must also understand the interplay between the political environment and the marketing system. This model can be effectively applied when establishing and after establishing a business outfits either on the national or international scene.

The PPCRD Model (Partnership Participation in Community Relations Development)

The acronym PPCRD stands for Partnership and Participation in Community Relations Development. The model is a community relations model. The PPCRD which was propounded by Nkwocha Jossy seeks to engender harmonious relationship between companies and their various communities. The model in its application has the following processes:

1. The company enters into a memorandum of understanding with the community.

2. The memorandum of understanding stipulates various things that the company should do for the community in terms of employment, youth employment, scholarships, contracts awards to indigenes, and development projects.
3. The company picks its community relations and development manager from among the host community.
4. The company categories the community projects in order of priorities to be executed by the company.
5. The company finances the execution of the project with the members of the community acting as monitoring officers.

The Benefits of the PPCRD Model: According to Nwokwocha (2011) when this model was applied in Eleme Petrochemical Company Ltd and her host communities these were the benefits:

- a. Cordial relationship with host communities increased.
- b. Members of the communities become part of the company.
- c. The youths become gainfully employed.
- d. Militancy and youth restiveness became almost a thing of the past among indigenes of Eleme land.
- e. In 2007, when twelve (12) expatriates' workers of Eleme Petrochemical Company were kidnapped, the youths of Eleme protested for two days and condemned the act. (P.145)

Models of Advertising

The models of advertising discussed in this Chapter are the AIDA, DAGMAR, DRIP and Ehrenberg Model.

The AIDA Model

AIDA is an acronym which stands for Attention, Interest, Desire and Action. This means that the advertising message must first of all draw the attention of a person who is ignorant of the existence of a product, then the interest towards the product is gradually built. As time progresses, the person begins to desire or start thinking of buying the product for the first time. Finally, the person takes action. Before taking action, the potential customer become convinced by friends who have been using the product or the nature of the advertisement messages.

According to <http://smallbusiness.chrom.com/advertising-model-66761.html>, this model focuses on the buying and selling process. It shows the four phases of the psychological process people pass through as they decide whether or not to buy something. And a fifth element "permanent satisfaction" was later added to the Acronym as it looks to the importance of repeating sales with prior customers. This model can be quiet effective in introducing new products into the market. At this stage aggressive advertising is undertaken in order to create awareness to achieve the aims and objectives of the advertisement.

The DAGMAR Model

This model depicts five stages potential customers undergo as they become aware of either a business or a product. The stages are **unaware, aware, comprehension, conviction and action**. Each element in this model is of paramount importance in realizing the goals the advertiser tends to achieve through reaching the target audience in his or her advert messages. With both goals and audience cycle in mind, a business owner can apply the model as a framework for developing its advertising and promotional mix. The target audience is smoothly moved through these five phases which are based in psychology and common decision making pattern people follow when deciding whether to or not to buy a product. (<https://studiouguy.com/dagmar-approach>)

The DRIP Model

The acronym DRIP stands for Differentiate, Reminds, Inform and Persuade. The model emphasizes that through repeated contacts with a customer, sales will be increased. Through repeated contacts and advertising messages the product or business will in no small measure stand out among competitors. By reminding customers of your existence in the market, the services rendered it will lead them to take action by purchasing the product or use the services. The success of using the DRIP model is hinged on the fact that the seller has knowledge of research and an insight into the target market buying cycle. This model could be used by advertisers who want to be patronized in the competitive market because both brand loyalists and would be potential customers need to be reminded of the existence of the product or service. (<https://www.mbaskool.com/business-article/marketing/8956-drip-the-marketing-communication>)

Ehrenberg Model (Weak Theory)

The Ehrenberg model known as the “Weak theory” which have the following components: **awareness, trial, reinforcement and nudging** when used as an advertising campaign, could nudge consumers’ behavior and persuade them to buy a product. “Awareness” serves to let a customer know of the existence of a service or product, “trial inspires the customer’s interest” “reinforcement” encourages trust and finally “nudging seals the sale”.

The Innovation Adoption Model

The Innovation Adoption Model evolved from works on the diffusion of innovations. It shows the various stages a customer passes in accepting an innovation such as a new product. The steps a potential customer passes through are, awareness, interest, evaluation, trial and adoption.

The model is needful to companies that are at the introductory stage which should create awareness and interest among the target audience through aggressive advertising. This will lead them into marking favourable evaluation of the product and then actual purchase and use.

Explaining the processes of “trial” <https://www.reseachgate.net/publication/319336143> opines that marketers encourage “trial” by using demonstration or sampling programmes or allowing consumers to use a product with minimal commitment after trial then consumers either adopt the product or reject it. The application of this model is central to the overall success of advertising because would be customers do like giving samples of the product for test which will aid them in decision making to either buy or not. If the testing is positive the awareness and sale of the product is tremendously achieved.

Conclusion

Taking cognizance of the afore- stated postulations it is imperative to submit that public relations and advertising professionals should arm themselves with the knowledge of how to apply models in solving distinctive problems as they arise. This is because the corporate existence of any company or organization can only be achieved by winning their various publics/ customers and sustaining their loyalty/ patronage.

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EFFECT OF INTANGIBLE CORPORATE RESOURCES ON SUSTAINABLE COMPETITIVE ADVANTAGE IN SELECTED NIGERIAN BANKS.

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Abstract

This work focuses on effect of intangible resources on competitive advantage in the banking sector in Nigeria. Intangibles such as the human and structural intangibles were used while differentiation and cost leadership strategy were employed as components of competitive advantage. The population of the study were employees of ten deposit money banks in Benin City, Nigeria selected from the government approved twenty one deposit money banks. A sample size of 300 was adopted for this study. The instrument was a modified structured questionnaire. The test of hypotheses was done using regression analysis. Findings are that the intangible resources promote competitive advantage hence Nigerian banks may leverage on this and invest more in the development of their intangible resources.

Keywords: *Intangibles– Human and Structural Intangibles; Competitive Advantage - Differentiation and Cost Leadership.*

Introduction.

In recent times, focus on the management of an organizations' intangible corporate resources (ICR) has heightened as it has been identified as a significant influence and contributor to long run sustainable competitive advantage and performance in organizations (Lev, 2001; Perez & Famá 2006; Cater & Cater, 2009). Some scholars / literature (Hitt et al. 2001; Cater & Cater, 2009) opine that intangible resources function more critically in developing a competitive advantage than the conventional tangible resources as the intangibles serve as the prime platforms of competitiveness because of their inimitability, specificity, rarity and value contribution to the organization (Teixeira & Popadiuk, 2003). This study explores the intangible resources effects on competitive advantage in Nigerian banks.

The Nigerian banking sector reforms and consolidation exercise of 2005, led to significant transformations with substantial changes and challenges for banks and allied firms. This has translated into increased competitiveness across the banks, a struggle for the attainment of increasing market shares and an improved return on investments for their shareholders. The rigorous requirements and monitoring by the regulators, combined with a threatening macro environment and several challenging factors across the political, sociocultural and technological domains, all subsumed in highly challenging global business environment has led to hyper competitiveness across the banks and higher value delivery requests by the customers. The banks are constantly seeking for new strategies to help them

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maintain and improve competitiveness and have identified the management of intangibles as a strategic arena to explore and exploit in order to gain competitive advantage and outperform the competition. Over the decades however, banks have focused largely on the management of their tangible resources in the quest to boost their competitive advantage and performance. A review of literature suggests that not much has been done on intangible resources management and their effects on sustainable competitive advantage in Nigerian banks especially with its peculiar business environment laden with diverse challenges. This work focuses on evaluating the intangibles across the sampled Nigerian banks and confirm if the intangible resource dimensions will influence superior competitive advantage. This study is especially paramount as there appears a paucity of empirical studies on intangible resources management in the banking sector in Nigeria as a growing African economy. This paper proposes to contribute to literature on this subject.

2.0. Literature Review

Intangible Resources

Intangible corporate resources refer to all non-material resources owned by the firm and hinges on workers capabilities, organizational resources and operating procedures and relationships with the various stakeholders; and are useful for creating value and developing competitive advantage (Lev, 2001; Chahal, & Bakshi, 2014). They describe all organizational assets without physical form but potentially economically beneficial like other assets when properly harnessed in the organization (Iudicibus, Martins, Gelbeck and Santos, 2010). Scholars like Volkov and Garanina (2008), Tribo, Surroca and Waddock, (2010) maintain that intangibles help generate real profit both in the short and long run, promote firm competitive edge and enhance aggregate company performance. Other scholars asserts that intangibles like corporate reputation, innovative competence and the human resources management practices improve firm's competitiveness and performance and generate economic value to businesses (Russo and Harrison, 2005; Bansal, 2005; Axtle-Ortiz, 2012). The intangible resources are known to interact with everything within and outside the organization to create value, growth and improve the overall competitive market position (Teixeira et al. 2012; Khalique, 2018).

Intangible Resources and Intellectual Capital

There exists divergent views as regards the usage of the terms intangible resources and intellectual capital. Some researchers consider them as synonymous while others do not. Steward, (2010) posits that intellectual capital is the aggregate of everything everyone within an organization knows and owns useful in promoting value added products and services and in developing its competitive advantage in the industry (Steward 2010; Khalique, 2018). Lev, (2003) avers that the labels as either intangible resources, intellectual capital or knowledge resources are synonymous and may be interchangeable. The fundamental features is that they are physically untouchable and translate into future benefits for the organization (Lev, 2003). Other key features of intangible resources include rarity, uneasy to imitate, are non-substitutable (Barney, 1991; Wade & Hulland, 2004); should afford value and be appropriable, are somewhat difficult to identify, difficult to measure, relatively durable and helps the organization achieve a unique and distinct personality difficult to replicate by competing organizations (Harasim, 2008).

Structure of Intangible Corporate Resources (ICR)

Steward (2010) categorized intangibles into human, structural and customer capital while the International Accounting Standards Board, (IASB, 2006) cited in Archana and Pankaj, (2009) submits that intangibles may be categorized into - the human intangibles, marketing based intangibles, relational/customer based intangibles, contract related intangibles, technological intangibles and the artistic / symbolic intangibles. While the classification into the various categories is beneficial some components of the various categories overlap and consequently they may not be so conveniently categorized. This study adopts from the IASB (2006) categories with slight modification and focuses on the human and structural capital intangibles.

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Competitive Advantage

This is crucially important in business as it is inextricably linked with enhanced value creation, superior performance and is useful in the development greater economic value than industry competitors (Jobber, 2001; Ma, 2004). Porter (1985, 2000) views competitive advantage as the ability of an organization to make products that afford more value to the customer than that of rival organizations and this translates to increased sales and profitability for that organization. Porter (1985) further posits that an organizations' positional competitive advantage could either be through cost leadership/ delivering at lowest costs and by differentiation. The cost leadership strategy seeks to outperform the competitors by endeavoring to deliver its products/ services at a lower cost than industry rivals while the differentiation strategy strives to attain the advantage by affording increased value for customers' results in perceived superiority and consequently favorable customer judgments (Porter, 1985; Jobber, 2001) and consequently customers' preferences and eventual superior performance of organizations (Jobber, 2001).

Competitive Advantage: The Role of Intangible Resources

Studies such as Connolly and Hirschey (2005), Perez and Famá (2006), Surroca et al. (2010) and Khalique, (2018) demonstrate that the intangibles / intellectual capital promote the market value and support corporate competitiveness and wealth creation in organizations. The study of Nawaz, (2019) on intellectual capital effects on financial performance of UK based Islamic banks, showed that the value added coefficient is related positively with the financial returns and performance of the banks. Khalique et. al (2018) from their study on performance of Malaysian electrical/ electronic SMEs show that the identified intangible capital components are all positively linked to organizational performance. Saeed, Rasid, and Basiruddin, (2016) undertook a research on intellectual capital effects on performance of leading firms on the Pakistani Stock Exchange. Findings show intellectual capital is significantly positively associated with organizational performance. Although the structural capital efficiency had low contribution to the intangible capital, the research offers demonstrable evidence suggesting that better management of intangible capital resources would produce better returns for the organization. Conversely, however a negative correlation was reported by Carvalho et al. (2010) in a study of the intangibles and performance amongst Brazilian firms. This study explores the subsisting relationship between the intangibles and competitive advantage in the sampled banks in Nigeria.

Hypothesis Development

Human capital intangibles and sustainable competitive advantage.

The human capital intangibles describes the intellect, talent, aptitudes and skills of the employees, their knowledge, competences, commitment, loyalty, motivation (Bontis et al., 2000; Swart, 2006) and encompasses all the capacities of individuals, knowhow and experience owned by the firms' workforce. It represents the aggregation of individual competencies, knowledge, experiences and technology of the organizations employees alongside its creative and innovative capabilities (Edvinsson & Malone 1997; Chao 2011). Some studies report that the human capital intangibles have a positive relationship with competitive advantage and superior organizational performance (Hatch & Dyer 2004; Kayo, Teh & Basso, 2004; Amiri et. al 2010; Khalique et. al 2018). This paper seeks to investigate and establish the results that would hold true in the sampled Nigerian banks and hypothesizes that:

H1a. The human capital intangibles will be positively related with cost leadership strategy

H1b. The human capital intangibles will be positively related with the differentiation strategy.

Structural capital intangibles and sustainable competitive advantage.

Structural capital is the organizational mechanisms and internal skeletal configuration that supports employees in discharging their assignments and consequently the overall business performance (Swart, 2006). It relates to and represents the embodiment and supportive infrastructure for the employees and creates the enabling environment for human capital to perform in response to unexpected changes. It is made up of a formal and/or informal structure of the firm coupled with its culture, reputation, and relations among groups within and between firms (Barney, 2002). Components of an organizations structural capital include goodwill, assembled workforce knowledge, culture,

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information systems, networks, operations, procurement, logistics, supporting processes, infrastructure and process know how (Lev, 2003). Scholars like Hitt, Ireland, Camp and Sexton (2001); Zangouinezhad and Moshabaki, (2009) share the view that a firm's competitive strength hinges more on its structural capital than on the other dimensions

and that the structural capital is a prime platform for enhanced competitiveness and performance of companies. Okpara, (2015) found that the structural capital components such as organizational knowledge, culture and management role had positive effect on competitiveness and superior outcome of firms. Scholars like Saeed, Rasid, &Basiruddin, (2016) however did not find any significant connection between the structural intangibles and performance of firms in their study. In view of the foregoing, this study therefore seeks to establish if the structural intangibles will be positively related with competitive advantage in the sampled Nigerian banks and hypothesizes that:

H2a. the structural intangibles will have a positive association with the cost leadership strategy;

H2b. the structural intangibles will have a positive association with the differentiation strategy.

A review of literature shows a paucity of specific empirical works on this subject in deposit money banks in Nigeria as a developing African economy. Although some scholars have examined the relationship of intangibles on company performance across different sectors, this study however examines the intangible resources effects on competitive advantage in the deposit money banks in Nigeria using differentiation and cost leadership as sub components of competitive advantage.

3.0. Methods

This study employed a survey and a structured questionnaire was used to elicit responses from ten selected money deposit banks within Benin City, Southern Nigeria from the Central Bank of Nigeria approved twenty one banks. Two predictor variables – human and structural capital combined with one predicted variable i.e sustainable competitive advantage were employed in the study. The instrument was a modified structured questionnaire made up of Likert type scale statements previously validated and employed in the works of other scholars (Tovstiga, &Tulugurova, 2007; Cater & Cater 2009; Okpara 2015). The variables and number of items for each are reported alongside with the reliability alpha values in Table 1 below. The population of the study were employees of ten deposit money banks in Benin City, Nigeria selected from the government approved twenty one deposit money banks. A sample size of 300 was adopted for this study. All respondents were employees involved in the active banking operations spanning the cashiers/tellers, compliance staff, customer service officers, IT personnel, audit personnel, managers etc. A total of 300 copies of the instrument were administered proportionately to the employees of the banks of which a total of 195 were properly filled and returned, representing a near 65% response rate which was considered adequate. The test of hypotheses were done using regression analysis. The value (p) was used to take decision on the hypotheses. Where the p-value is less than or equal to 0.05 then the null hypothesis is not supported while if p-value is greater than 0.05, then the null hypothesis is supported.

Analysis and Results:

Reliability values

The reliability of the various variables was determined by the cronbach alpha statistics and had coefficient values between 0.73 and 0.84 for all the variables. The values were all around the 0.7 threshold indicating high degree constructs reliability except for the cost leadership component that had an alpha value of 0.627 which is also considered acceptable and within the tolerable limits.

Table 1. Reliability Values

	Constructs	No of items	Rating	alpha values
1	Human capital	10	1-5	.843
2	Structural capital	9	1-5	.736
3	Differentiation strategy	7	1-5	.748
	Cost leadership strategy	5	1-5	.627

Hypothesis Testing

The summarized test results of the earlier hypothesized relationships are reported below.

	Hypothesis	Standardized coefficient	t- value	P value	Result
1a	Human intangibles → cost leadership strategy	.509	8.210	0.00	Supported
1b	Human capital → differentiation strategy	.468	7.358	0.00	Supported
2a	Structural capital →cost leadership strategy	.373	5.580	0.00	Supported
2b	Structural capital → differentiation strategy	.259	3.721	0.00	Supported

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The results show that the human and structural intangibles are significantly related with sustainable competitive advantage in the sampled Nigerian banks. Regression analysis was further engaged to assess the aggregate effect of the two predictor variables on competitive advantage.

Regression results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681 ^a	.463	.452	.29845

a. Predictors: (Constant), StrucCap, humCap

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.601	4	3.650	40.982	.000 ^b
	Residual	16.924	190	.089		
	Total	31.525	194			

a. Dependent Variable: CompAdv

b. Predictors: (Constant), StrucCap, humCap

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.717	.218		7.873	.000
	humCap	.205	.060	.239	3.430	.001
	StrucCap	.045	.046	.057	.974	.332

a. Dependent Variable: CompAdv

The regression results reveals an R² value of 0.463 which implies that intangible resources to about 46.3% influences competitive advantage. The F-value of the model is 40.982 and the p-value is 0.000. This implies that the model used in this study is suitable for the data.. The relationship between intangible resources and competitive advantage is significant at 0.000. This supports the hypothesized relationship that the intangible resources in aggregation is significantly related with competitive advantage. Some earlier studies report more significant effects of the human capital intangibles than that of the structural capital (Goh, 2005, Ghosh &Maji, 2015, Khan 2018). The insignificant influence of the structural capital on competitive advantage in the regression results necessitates that the bank management should improve efforts in attaining optimum usage of the structural components so as to promote their competitive advantage.

Conclusion

The aim of this work was to ascertain the effect of the intangible corporate resources on sustainable competitive advantage in the banking sector in Nigeria using the dimensions of the human capital intangibles and structural intangibles. The results show that the intangible resources have effect on competitive advantage hence Nigerian banks may leverage on this and invest more in the development of their intangible capital.

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Survey Instrument on Intangible Resources and Competitive Advantage in Nigerian Banks.

	STATEMENTS	RESPONSES				
		SD	D	UD	A	SA
	Human Capital.					
1	Our employees are innovative, creative and bright.					
2	Our employees are widely considered as the best in the industry					
3	The competence of our employees is at the most ideal level we could ever hope to achieve.					
4	If certain individual employees suddenly left, we would be in big trouble.					
5	The expertise and decision making abilities managers have excellent					
6	The overall skills, creativity, innovativeness and knowhow of employees are excellent					
7	We have knowledgeable workers					
8	Our workers display high employee loyalty					
9	Our bank has adequate training and development program for our workers					
10	Our banks human resource management policies have improved over the years					
11	The size of employees in our bank is adequate and fair					
	Structural Capital.	SD	D	UD	A	SA
12	Our information system enables employees to have easy access to relevant information.					
13	We develop new ideas and products/services than any other bank in the industry.					
14	When an employee comes up with a new idea, the knowledge is not shared with other employees as much as it could be.					
15	Our bank has a good operating structure					
16	Our bank has an excellent reporting structure					
17	We have good physical equipment and other physical assets like computers, machinery, tools, vehicles, etc.					
18	Our advantages are embodied in the company and not in individuals — nobody can copy us by stealing our employees away from us					
19	Nobody can copy our corporate routines, processes and culture					
20	Our internal structure supports employee interactions with each other so they can better co-operate					
	Competitive Advantage (Cost-Leadership and Differentiation Based)	SD	D	UD	A	SA
21	Our costs/ service charges per unit service are lower than our competitors' costs.					
22	We have been continually improving our cost efficiency.					
23	We pride ourselves on being cost efficient					
24	Our business strategies are driven by our beliefs about how we can create greater value for customers					
25	We target customers where we have an opportunity for competitive advantage					
26	Our services are unique and nobody but our bank can offer them					
27	In comparison with our competitors the quality of our services are much better.					
28	In comparison with our competitors we are faster in satisfying our customers' needs / customer complaints.					
29	In comparison with our competitors we are more flexible in satisfying our customers' needs					
30	We measure customer satisfaction systematically and frequently					
31	Our strategy for competitive advantage is based on our understanding of customer's needs					
32	Our bank offers service-based advantages that are reliable, flexible and fast and affords great value for the customer					