



DELSU Journal of Management Sciences (DELJOMS)

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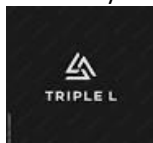
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The Delta Journal of Management Sciences (DELJOMS) is an academic, peer-reviewed journal focused on the dissemination of articles on all aspects of Management and Social Sciences. DELJOMS is published annually. The Journal provides a forum for the exchange of state-of-the-art ideas and information among scholars in Management and Social Sciences and related disciplines. DELJOMS is committed to publishing scholarly empirical and theoretical research articles that have a high impact. More often than not, they shed light on successful Management and Social Sciences strategies and analyze the failures to increase the chances of success in the current organizations nationally and globally because management is a highly intricate art which applies to any given domain such as finance, natural resources, human resources, or technological resources and the scope of journal is very vast.

The mission of DELJOMS is to publish empirical research that tests, extends, or builds on theories and contributes to the advancement of Management practice in our world today. All empirical methods including, but not limited to, qualitative, quantitative, meta-analytic, and mixed methods are welcome. To be published in DELJOMS, the research must make strong empirical and theoretical contributions and the manuscript should highlight the relevance of those contributions to management practice. Authors should strive to produce original, insightful, interesting, important, and theoretically bold research that demonstrates a significant "value-added" contribution to the fields in the understanding of an issue or topic.

The Journal faced some challenges associated with producing quality and standards while ensuring the best global practices with high impact empirical research-based studies. However, we are willing to publish as many articles received that meets standards and quality with cutting edge research gap output. It's also imperative that our reputation is hinged on a resolute commitment to maintaining high academic excellence which is our premium goal. In this edition, we have carefully selected articles to provide the reader with an analytical mind in discerning management issues of relevance. As a journal, we, therefore, advice researchers whose articles could not be published for some structural or procedural defects to revise their work for re-submission because DELJOMS is willing to reassess for future publication were applicable.

Professor A. Mukoro PhD

Editor-in-Chief

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Call for Papers

The Editorial Board of Delsu Journal of Management Sciences (DELJOMS) welcomes scholarly well-researched articles for consideration on any aspect of Management and Social Sciences and allied disciplines. DELJOMS which is a publication of Faculty of Management Sciences (FMS), Delta State University, Abraka, publishes original and cutting edge articles with relevant and significant contributions to the Management, Social Sciences' and allied disciplines.

DELJOMS provides a forum for discussion and analysis of issues in Management and Social Sciences with the exchange of information between professionals, academics and the global business world. The Journal is committed to the research of the highest quality in adopting the best global practices.

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Format for Typed Manuscripts: All typed scripts are required to be formatted as follows:

Cover Page: It should include the title of the article, name(s) of the authors as they want them to appear, the highest educational qualification(s) of the author(s) excluding honorary degrees and the institutional affiliation of the author(s).

Second Page: The page should repeat the title of the articles but should not in any way disclose the names and addresses of the author. It should include the abstract which should not exceed two hundred and fifty words (typed single –spacing in 12 Times New Roman font) and a list of not more than five keywords. The 12 point font size requirement applies to all the headings, subheadings and all other contents.

Main Body: Articles are normally not expected to exceed 20 pages of A4 paper, typewritten in double –line spacing. Sub-headings sections should not be numbered. However, tables, figures, maps and other illustrations should each be numbered and given a title which must be centred. All sub-headings should be justified.

Cited works/References: The prescribed references style is the American Psychological Association (APA) style.

Submission of Manuscripts: Authors who want to submit their articles considered for the bi-annual publication should send three hard copies of the manuscript to the Managing Editor and one virus-free soft copy in Microsoft word format by email to the DELJOMS email: deljoms@gmail.com

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EFFECTS OF EXCHANGE AND INFLATION RATE ON MANUFACTURING OUTPUT GROWTH IN NIGERIA: A BOUND TESTING APPROACH TO COINTEGRATION

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Abstract

The study investigated the performance of Nigeria's manufacturing sector from 1981 to 2022 in relation to currency depreciation. In order to ascertain this, the Central Bank of Nigeria (CBN) statistical bulletin's various issues provided the annual time series data for the dependent variables, which are the growth rate of manufacturing output, and the independent variables, which are the exchange rate, inflation rate, interest rate, and trade openness. The unit root was tested using the Augmented Dickey Fuller (ADF) method, and the long-term connection between the series was ascertained using the bound test technique to cointegration, also referred to as the Auto regressive distributed lag approach. The estimate's conclusions showed that there was a substantial adverse association between manufacturing performance and changes in interest rates, inflation, and exchange rates. Additionally, trade openness and manufacturing performance exhibited a negative link, nevertheless it was not very strong. The outcome demonstrated that any disturbance or out-of-equilibrium state in the system will be brought back to equilibrium at a rate of about 15.7% adjustment speed. It was suggested that in order to boost Nigerian industrial production, monetary authorities should work to keep the exchange rate generally stable and refrain from devaluing the currency.

Keyword: Exchange rate, Inflation Rate, Manufacturing Sector

Introduction

The attainment of macroeconomic objectives is often considered paramount goals to be achieved of political leaders and policy makers in every given nation. In order to secure stability, material prosperity, peace and social progress, every economy – Nigeria inclusive strives to attain these macroeconomic objectives among which include: rapid economic growth, high employment and full maximum productivity or output in all industrial sectors of the economy. To ensure high delivers on the resource and potentials of a nation, the role of manufacturing industries in the production of finished and intermediate goods for industrialization of an economy cannot be undermined (Okaro, 2017). Mbelede (2012) submitted that the manufacturing sector contributes to the process of enhancing raw

materials' value by converting them into finished goods. As a result, the manufacturing sector drives the transformation of raw materials into completed items and is the primary economic factor. The 18th and 19th centuries saw significant technical and social changes in Western nations, which gave rise to the manufacturing industries. This time frame was dubbed the "industrial revolution" by many. It all started in Britain, when fuel-based mechanisation took the role of labor-intensive textile manufacture. Engineering, construction, electronics, chemical, energy, textile, food and beverage, metalworking, plastic, transportation, and communications sectors are the several subsectors that make up the manufacturing sector (Central Bank of Nigeria, 2011). Charles (2012) noted that manufacturing industries are largely

considered an asset to any given nation because they help to create employment for boosts in the agricultural sector, facilitate the diversification of the economy.

Before the 1980s, Nigeria's manufacturing sector was recognised for making a respectable contribution to the GDP of the country. For example, in the 1980s, the manufacturing sector's share of GDP averaged 18% (i.e. between 1981 and 1989). This suggests that the manufacturing sector's contribution to GDP has not been very noteworthy. Unfortunately, the manufacturing sector's share of Nigeria's GDP was greater than 20 percent in 1994, but during the following years, it has decreased. In January 2010, as part of its membership operational audit, the Manufacturers Association of Nigeria (MAN) conducted a survey and found that out of the 2780 registered members, 840 (30.21%) of the manufacturing enterprises shuttered their plants. This may be due to their inability to cope with the challenges posted by the harsh operating environment in Nigeria; which include the exchange rate management problems and infrastructural decay. In the annual report of MAN for 2006, it was also claimed that the job loss in the sector between 1983 and January 2006 was estimated at 4.2million.

Furthermore, it was claimed in the Association's March 2016 Newsletter that the industry lost almost one million three hundred thousand (1.3 million) employment between 2006 and 2015. Particularly since 2002, the manufacturing sector's share of the GDP has been less than 10%; between 2013 and 2015, it barely averaged 9% (Premuimtimes, 2017). In the first two quarters of 2016, before the economic downturn, a number of Nigerian industrial enterprises faced various types of business failures. Before the economic downturn, a few businesses, namely Michelin and Dunlop Nigeria Plc (the two remaining Nigerian tyre manufacturers), closed their operations, fired hundreds of employees, and moved their headquarters to Ghana. Aside, these firms, several others involved in the production of completed and intermediate goods also shut down their plants temporarily because of high production cost incurred and other exogenous factors. The lack of proper electrical supply, the smuggling of foreign goods into the nation, trade liberalisation, the enormous importation of completed and intermediate goods, and the inadequate government backing for emerging businesses might all be contributing factors to this action. To support this argument, Okafor (2012) said that high interest rate on lending, high levels of difficulties in assessing raw materials, high exchange rate (or naira depreciation) and poor government budget execution may lead Nigeria's manufacturing sector to keep declining.

The government policy, the external sector, and macroeconomic performance are the elements Asinya

and Nelson (2014) highlighted as having significant effects on the devaluation of the Nigerian currency. They went on to say that the following are some of the ways that the dropping value of the naira affects the increase of production in industries such as manufacturing and the economy overall. First, as Nigeria's economy is highly dependent on imports and the country's inclination to import is strong, the depreciation of the naira would discourage importers due to the resulting increase in prices. As a result, imports are price inelastic. Second, depreciation typically lowers the price of export goods or at least makes them competitive in the global market, increasing demand. Two crucial elements were overlooked in this argument: the price structure and the elasticity of demand for the export. However, the reality that has surfaced indicates that the export goods from Nigeria are largely inelastic, with pricing set by the global market and not positively connected with fluctuations in the value of the naira.

Additional negative consequences of devaluation include poor per capita income, rising external debt, unemployment, and a lack of direct private investments abroad. In light of this, the main objective of this study was to examine how Nigeria's manufacturing sector is affected by currency rates and inflation. To achieve this, the following hypotheses were formulated and tested in the study:

1. Ho: Inflation rate has no significant effect on manufacturing output in Nigeria.
2. Ho: Exchange rate has no significant effect on manufacturing output in Nigeria.

Literature Review

Numerous studies have been conducted to investigate the relationship between macroeconomic variables and the performance of the manufacturing sector in Nigeria, as well as the factors that influence that performance both domestically and internationally. Lawal (2018) looked analysed the impact of changes in exchange rates on the production of Nigeria's manufacturing sector during a 28-year period, from 1986 to 2014. To investigate the impact of exchange rate fluctuations on the manufacturing sector, data on manufacturing output, the Consumer Price Index (CPI), government capital expenditure (GCE), and the real effective exchange rate (EXC) were sourced from the Central Bank of Nigeria (CBN) statistical bulletin and the World Development Indicators (WDI). The data were analysed using Autoregressive Distribution Lag (ARDL). Exchange rate variations were found to have an impact on the manufacturing sector's production in both the short and long term, using ARDL. The findings indicated a slight but favourable correlation between the exchange rate and manufacturing sector production. Nonetheless, the empirical research revealed a favourable relationship

between the manufacturing sector's production and the exchange rate.

Over a twenty-year period (1986–2005), Opaluwa, Umeh, and Abu (2017) investigated the effects of currency depreciation on the Nigerian manufacturing sector. Empirical technique was used for the investigation. The explanatory variables in the model were the manufacturing output employment rate and foreign private investment. The regression analysis's outcome reveals that each variable's coefficient included both positive and negative indications. In the end, the study's findings are statistically significant and demonstrate a negative impact.

Abubakar and Bambale (2017) investigated the relationship between company performance in Nigeria's northwest geopolitical zone and currency devaluation and depreciation. This study design is descriptive. High-level executives of organisations located in the six states that make up Nigeria's Northwestern geopolitical zone are the study's target demographic for the survey portion. The findings indicated that, in light of the Marshall-Lerner condition, there appears to be a theoretical conflict between the use of devaluation and Nigeria's current international trade situation.

Ehinomen and Oladipo (2017) looked at how currency depreciation affected Nigeria's industrial sector's expansion. E-view was used to do an Ordinary Least Square (OLS) multiple regression analysis. The study used time-series data to span the years 1986–2010. It was shown that there is a substantial correlation between domestic output and exchange rate appreciation in Nigeria. Additionally, the manufacturing sector will develop as a result of the appreciation of the currency rate. Additionally, it was determined from the computed regression line that devaluation and the manufacturing output are positively correlated.

In keeping with the goals of this study, secondary data were gathered from the central bank of Nigeria statistics bulletin, which covered the years 1970 to 2010, for Owolabi and Adegbite's (2017) investigation of the influence of monetary policy on industrial growth in the Nigerian economy. Using multiple regressions to examine data on variables like manufacturing output, Treasury Bills, deposit & leading, and rediscount rate for Nigeria from 1970 to 2010, the study concluded that all of these variables had a significant impact on the country's industrial growth, with an adjusted R² of 0.8156 (81.56%). The study's findings lead to the conclusion that while Treasury Bills have a negative influence on industrial output, Rediscount Rate and Deposit have a considerable favourable impact.

The effect of devaluation on Nigeria's economic development was examined by Momodu and Akani

(2017). For the error correction mechanism (ECM), the autoregressive distributed lags (ARDL) method was used in conjunction with the Johansen Co-integration technique using multivariate estimates. The (ARDL) and (ECM) results indicate when growth fluctuations are brief enough to be explained by the model's other components and devaluation. The conclusion was that devaluation makes local commodities more affordable on the global market, with a considerable relationship between interest rates and exchange rates. A rise in exports leads to higher levels of investment and output, which in turn raises exchange rates.

The effect of currency depreciation on the increase of industrial production in Nigeria between 1980 and 2014 was studied by Adekoya and Fagbohun (2016). For the stationarity test, it uses an augmented Dickey Fuller; for the long-run connection, it uses Engel-Granger cointegration; for the long-run estimate, it uses ordinary least square; and for the causal links, it uses the Granger causality test. The results show that while every variable is stationary at initial difference, there is a long-term link between them. Accordingly, the analysis came to the conclusion that Nigeria's exchange rate and monetary policies did not contribute to the country's manufacturing sector's predicted development. The depreciation of the exchange rate and government actions in Nigeria were studied by Oisaozoje and Opusunju (2016). They used time series secondary data spanning from 198 to 2011 in conjunction with an Ordinary Least Squares (OLS) regression analysis approach. First, the Philips-Perron (PP) and Augmented Dickey Fuller (ADF) tests were used to look for unit roots in the data. Next, a co-integration regression was performed to look at the variables' long-term association. The rate of adjustment to equilibrium was also evaluated using the short-run Vector Error Correction (VEC) model. Empirical evidence has demonstrated a noteworthy correlation between government monetary and fiscal policies and the depreciation of exchange rates.

Obialor (2017) investigated the impact of depreciation of the Nigerian Naira. Using sample data from 1986 to 2008, the study employed a structural vector auto-regression (SVAR) method to track the impact of monetary policy shocks on production and prices in Nigeria. Three different policy tools were used in the study to perform the experiment: wide money (M2), the minimum rediscount rate (MRR), and the effective exchange rate at the real level. Depending on the chosen policy variable, the study discovered evidence that devaluation has both nominal and real effects on economic parameters.

A 30-year empirical analysis of the Nigerian manufacturing sector's productivity by Oisaozoje and Opusunju (2016) revealed that the country's manufacturing production performed satisfactorily

from 1970 to 1980. However, both GDP growth and profitability have clearly been trending downward since 1980. The manufacturing sector's performance has also been adversely impacted by the 1983 oil price drop in the global oil market. This specific issue has led to a drop in government income, which has decreased foreign exchange earnings.

King-George (2013) looked at how changes in exchange rates affected the Nigerian manufacturing sector in an effort to determine the impact of currency rates on this sector. From 1986 to 2010, annual time series data were gathered on the manufacturing GDP, which serves as a proxy for economic growth, exchange rate, private foreign investment, and manufacturing employment rate. Using Ordinary Least Square (OLS) methods, multiple linear regressions were used. The study produced some intriguing findings. The findings showed that Nigeria's economic development is not much impacted by the exchange rate. Additionally, the manufacturing employment rate, private foreign investment, and exchange rate can all affect the dependent variable (the manufacturing gross domestic product).

Separating the Nigerian export industries into oil and non-oil sectors, Olufayo and Fagile (2014) looked at how exchange rate volatility affected the performance of these sectors. They used GARCH (generalised autoregressive conditional heteroskedasticity) and the econometrics approach of Seemingly Unrelated Regression (SUR) to test the exchange rate's volatility. They also looked at how the floating exchange rate policy affected the nominal exchange rate's volatility. The study used time series data from 1980 to 2011 and the GARCH model to establish a negative relationship—though one that is statistically not significant—between the volatility of the exchange rate and the export performance of the oil and non-oil sectors. They also found that the regime of floating exchange rates in Nigeria had a significant impact.

Numerous studies have also made an effort to look at the other factors that influence the rise of industrial output and how that production affects Nigeria's economic expansion. Adebisi (2013) looked at how Nigeria's manufacturing sector production was affected by fiscal policy. This study was conducted using an ex-post facto design, which is a type of quantitative research approach. Based on the size and degree of significance of the coefficient and p-value, the study's findings show that government spending has a considerable impact on manufacturing sector production. Additionally, there is a long-term correlation between fiscal regulation and manufacturing sector output. In the age of globalisation, Akinmulegun and Oluwole (2013) evaluated the manufacturing sector's contribution to Nigeria's economic growth. On time series data of pertinent

variables of manufacturing output, trade openness, and current account balance, the Ordinary Least Square (OLS) econometric approach was applied. Although the Nigerian manufacturing sector profited from the process of globalisation, the study concluded that the industry's degree of development was extremely little, indicating that the manufacturing sector of the economy is not much impacted by globalisation in terms of economic growth.

Nigeria's industrial production was examined by Kairo, Mang, Okeke, and Aondo (2017) in relation to bank lending and economic development. Utilising cointegration and vector error correction model (VECM) approaches, time series data spanning a 36-year period (1973-2009) were applied and tested. The study's conclusions demonstrate that bank lending rates and manufacturing capacity utilisation have a major impact on Nigeria's industrial output. However, it was not possible to determine a connection in the nation between industrial production and economic growth. Using a Vector Auto Regressive Model (VAR), Oladeji (2015) assessed the factors influencing the Nigerian manufacturing sector's capacity to profit from the Nigerian oil and gas industry content development bill. The author employed a SWOT analysis and literature review to ascertain the key factors influencing the Nigerian manufacturing sector's potential to benefit from the Local Content Development Bill. The VAR was then utilised to determine the most influential factors. According to the findings, interest rates (IR), capital goods imports (IM), and electricity generation (ELEC) have the greatest influence.

Currency depreciation and increase in industrial production in Nigeria have been the subject of several research (Adekoya & Fagbohun, 2016; Ehinomen & Oladipo, 2017; Abubakar & Bambale, 2017; Opaluwa, Umeh & Abu, 2017; Lawal, 2018). Exchange rate fluctuations have both a long-term and short-term relationship with manufacturing sector output, according to Lawal's (2018) analysis of the impact of these fluctuations on Nigeria's manufacturing sector output over the 28-year period from 1986 to 2014. Lawal did this analysis using the Autoregressive Distribution Lag (ARDL). Ehinomen and Oladipo (2017) investigated the effect of currency depreciation on the expansion of the Nigerian manufacturing sector using the Ordinary Least Square (OLS) multiple regression analysis and discovered that an appreciation in exchange rates encouraged the expansion of the manufacturing sector. Similarly, Adekoya and Fagbohun (2016) investigated how currency depreciation affected the increase of manufacturing production in Nigeria between 1980 and 2014 and discovered a one-way causal relationship between manufacturing output and the private sector, imports, and exchange rates. Consequently, the study came to

the conclusion that Nigeria's exchange rate and monetary policies had not been effective in fostering the country's manufacturing sector's projected growth. As a result of the aforementioned, the majority of recent research on the relationship between currency depreciation and industrial production in Nigeria has focused on export, import, bank credit, and exchange rates as ways to quantify the economy's external sector. In the use of foreign exchange rate as proxy for currency devaluation, all the studies simply examined the effect of average annual fluctuations of exchange rate on manufacturing output as against measuring the depth of the devalued currency by differencing the exchange rate between current period (at time t) from previous period (at time $t-1$). Consequently, the researcher seeks to investigate whether taking the differenced currency value would improve the outcome from previous studies. Furthermore, the recent studies on this area of interest shows that all to the best of the researcher's knowledge used annual time series which did not cover year 2016 and beyond where the value of the Nigerian naira was largely depreciated and fell against the US dollar and other international currencies like the Euro and British Pounds. Considering the highly volatile nature of the exchange rate within this period (year 2016 and beyond), it is pertinent to focus on year 2016 and beyond in the current investigations for better policy formations and regulations for economic stability. In addition to this, taking the average annual foreign exchange of ₦1 to US\$1 as a proxy for currency devaluation may not suffice in capturing the dynamics and fluctuations in the Nigerian naira in the international market. Hence, the researcher further seeks to employ differenced monthly average exchange rate in other to capture the effect of the devalued naira on domestic firms in the manufacturing industry of Nigeria.

The researcher is unaware of any study that has examined trade openness in addition to inflation and currency fluctuations, despite the knowledge on exchange rate, inflation rate, and manufacturing output growth in Nigeria from all of the prior review studies. Hence, this study seeks to fill this gap by investigating the effects of inflation and exchange rate on manufacturing output growth in Nigeria from 1981 to 2022. This period of about 39 years is considered large enough to determine the effect of inflation and exchange rate on manufacturing output in Nigeria.

Research Methods

Sources of Data

Secondary data were used in this investigation. Over a 42-year span, the study used yearly monthly time series data. The precise time frame covered is from 1981 to 2022. Various editions of the Central Bank of Nigeria (CBN) Statistical Bulletin provided the secondary data

required for the investigation. The remaining statistics, with the exception of the average monthly foreign exchange rate (₦1 to US\$1), were obtained from different CBN Statistical Bulletin issues.

Theoretical Framework

This study's theoretical foundation is the Mundell-Fleming theory, sometimes referred to as the "Mundell-Fleming model" or "M-F model." The Mundell-Fleming model analyses the traditional response to currency devaluations, and the outcome is a favourable impact on the current account. Since exports rise faster than imports, depreciation is thus expansionary in terms of GDP. Robert Mundell and Marcus Fleming proposed the Mundell-Fleming model, sometimes referred to as the IS-LM-BoP model, as an expansion of the IS-LM Model. The Mundell-Fleming model depicts a tiny open economy, while the conventional IS-LM model deals with economies operating under autarky. According to Mundell's research, the model may be used in Zurich, Brussels, and other places (Fleming, 1962; Mundell, 1963).

Whereas the closed-economy IS-LM model solely considers the link between the interest rate and output, the Mundell-Fleming model illustrates the short-run relationship between an economy's nominal exchange rate, interest rate, and output. The Mundell-Fleming model provides a solution to the claim that an economy cannot sustain a stable exchange rate, unrestricted capital mobility, higher output growth, and an independent monetary policy at the same time. Various names for this idea include the "impossible trinity," "unholy trinity," "irreconcilable trinity," "inconsistent trinity," or "Mundell-Fleming trilemma" (Fleming, 1962). The following variables are used in the M-F model: GDP is represented by Y , consumption by C , real money demand (actual money demand) by L , nominal money supply (M), price level by P , nominal interest rate by I , physical investment by I , government expenditure (an exogenous variable) by G , taxes by T , and net exports by NX . The following equations form the foundation of the Mundell-Fleming model:

The IS curve: $= + + +$

[1] The LM curve, $/ = (,)$.

[2] Lower GDP levels or higher interest rates cause the money demand to decline. The Balance of Payments, or BoP, Curve is shown as: $= +$

[3] Where KA is the capital account surplus, BoP is the balance of payments surplus, and CA is the current account surplus. The Mundell-Fleming model can be naturally expanded to take into account a wide range of other significant factors that influence how the current account reacts. These factors include: (i) the price elasticity of the world's (or country's) demand for

tradable goods, or how exports and imports fluctuate in response to changes in the real exchange rate; and (ii) the existence of supply shocks caused by the presence of intermediate supplies and raw materials, like oil, which may lead to increases in prices (Saibene & Sicouri, 2012).

Increases in exchange rates or currency depreciation, according to the Mundell–Fleming model, decrease the balance of payment deficit, albeit this may not always be the case. The Marshall-Lerner condition, which states that currency devaluation strengthens exports and reduces imports when the total price elasticity of market demand for the imports of a pair of nations trading the products between them is higher than unity, determines the effectiveness of devaluation (Dwivedi, 2001). Further, Mundell (1963) said that devaluation lowers the BOP deficit when the total, absolute value of the price elasticity of A's demand for imports and B's demand for A's exportables is larger than unity. When a country's total price responsiveness of demand for both imports and exports is less than unity, it also results in a greater imbalance in the balance of payments.

Furthermore, devaluation has no effect on the balance of payments (BOP) when the total elasticity of prices of demand for a nation's exportable goods and its importable goods equals one (Fleming, 1962). This is because the trade balance remains unaltered. According to empirical data, devaluation short-term depresses real output in the real sector and worsens the BOP (Abdullahil, Abdul-Hamid, Chowdhury, & Shahanara, 2013; Asinya, & Nelson, 2014). This is because, in the short aftermath of a devaluation, import prices have a propensity to increase more quickly on the domestic market than export prices, even in the absence of variations in the quantities imported and exported. This results in a J-shaped curve that economists refer to as the devaluation's "J-curve effect." The real, monetary, and external sectors of the economy are represented by equations [1, 2, and 3]. The way the three equations interact demonstrates how monetary and external sector activity may have an impact on the actual output of the economy's manufacturing sector.

Model Specification

In their paper, "Currency devaluation and manufacturing output growth in Nigeria," Adekoya and Fagbohun (2016) combined equations [3] and [4] as follows:

$$\text{OUTPUT} = \beta_0 + \beta_1 \text{EXCH}_t + \beta_2 \text{INF}_t + \beta_3 \text{INTR}_t + \beta_5 \text{NIMPO}_t + \beta_6 \text{NEXPO}_t + \varepsilon_t$$

U = Disturbance term
t = time (yearly trend)

[4] The output of the non-oil manufacturing sector is measured by OUTPUT in equation [4], the market exchange rate between the US dollar and the Nigerian naira, expressed in naira, is measured by exchange rate (EXR), and inflation (INF) is determined by the consumer price index in millions of Naira. Measured in millions of Naira, credit to the private sector (CPS) is the total amount of domestic credit extended to the private sector of the economy. The interest rate on a time deposit maturing in a year is used by commercial banks to calculate interest rates (INT). The total annual export of non-oil manufactured items is measured by export (NEXPO), while the total annual import of semi-finished and completed goods is measured by import (NIMPO). As a result, the variables in equation [4]'s right side correspond to the external market indicators as well as the extent of exchange rate restrictions and devaluation.

We will modify the Adekoya and Fagbohun (2016) model by swapping out a few variables. First, the dependent variable, OUTPUT, was substituted with the growth rate of industrial output. Second, trade openness—which is calculated as the ratio of the total of export and import to GDP—will take the role of export and import (NEXPO and NIMPO, respectively). Third, since interest rates are kept in the model to account for financial institution activity as a control variable, credit to the private sector will be eliminated. In the modified form of equation [4], the new equation is functionally expressed as follow:

$$\text{GRMOU} = f(\text{EXCH}, \text{INF}, \text{INT}, \text{TRAO})$$

[5] Assuming linearity among the variables, the econometric forms of the functional expression are given below thus:

$$\text{GRMOU} = \alpha_0 + \alpha_1 \text{EXCH}_t + \alpha_2 \text{INF}_t + \alpha_3 \text{INTR}_t + \alpha_4 \text{TRAO}_t + \varepsilon_t \quad [6]$$

$$\alpha_0 > 0, \quad \alpha_1 > 0, \quad \alpha_2 > 0, \quad \alpha_3 > 0 \quad \alpha_4 > 0$$

Where:

GRMOU = Growth rate of manufacturing output (%)

EXCH = Exchange rate (percentage difference between exchange rate in current and previous period of time t and time t-1 respectively)

INF = Inflation rate (%)

INTR = Interest rate (%)

TRAO = Trade openness [ratio of the sum of export (X) and import (M) to gross domestic product (GDP) i.e X+M/GDP]

α_0 , = Constant of the model

$\alpha_1 - \alpha_4$ are all coefficients of the estimates

Method of the Study

This study employed ARDL bound testing technique to cointegration and time series analysis utilising

Augmented Dickey Fuller (ADF) unit-root test as econometric methodologies.

Results

The degree of stationarity and integration order of the variables was evaluated using the Augmented Dickey Fuller Unit root test. The Dickey Fuller (AD) test is not as good as the ADF as it does not compensate for the serial relationship in the variable. In the test, the alternative hypothesis of stationarity was pitted against the null hypothesis of non-stationarity of the variables. Therefore, an order of integration test was performed for all variables using Augmented Dickey-Fuller (ADF) prior to the testing of the ARDL bound test. The Unit Root Test may persuade us to employ the ARDL model even if the ARDL framework does not include pre-testing of variables. This is to ensure that the variables are not I(2) stationary so as to avoid spurious results. The results of the ADF unit root test are presented in Table 4.1.

Table 4.1: Results of Augmented Dickey Fuller (ADF) Unit Root Test

(INTR), and degree of trade openness (TRAO) are all stationary at level I(0). The calculated ADF is greater than the McKinnon 5% critical values.

Lag Length Criteria

Test statistic	Computed F-statistic	Lag	Significance level	Bound Critical values	
				Lower Bounds	Upper Bounds
F-statistic	69.0935	4	5%	2.27	3.28

Consequently, the next step is to figure out the proper latency. To ascertain the proper lag length of models one, two, and three, lag-length selection criteria such as sequential modified LR test statistic (LR), Final Prediction Error (FPE), Akaike Information Criterion (AIC), Schwarz Information Criterion (SC), and Hanna-Quinn information criterion (HQ) were utilised. Table 4.2 presents the test results for the various lag selection techniques.

Table 4.2: Lag Order Selection Criteria (model)

Variable	ADF Calculated Value In Level	ADF Calculated Value At 1st Difference	McKinnon 5% Critical Value	Order Of Integration
GRMO	-5.9821*	-	-2.9390	I(0)
EXCH	-5.0153*	-	-2.9390	I(0)
INF	-2.9508*	-	-2.9390	I(0)
INFR	-3.659*	-	-2.9390	I(0)
TRAO	-2.4131	8.2597*	-2.9411	I(1)

Source: Regression Output using Eviews 12

*Significant at 5 per cent

The results of the unit root test in Table 4.1 demonstrate that the exchange rate depreciation (EXCH), growth rate of manufacturing sector output (GRMOU), inflation rate (INF), interest rate

Lag	LadL	LR	FPE	AIC	SC	HQ
0	-627.0133	NA	4675856.	35.22296	35.53087	35.33043
1	-404.0634	346.8110	313.1632	25.55908	28.02233	26.41882
2	-349.5868	63.55609	319.7279	25.25482	29.87342	26.86683
3	-259.0366	70.42788	87.83720	22.94648	29.72042	25.31077
4	-7.691181	97.74546*	0.021526*	11.70507*	20.63435*	14.82163*

* 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

After analysing the various lag lengths in Table 4.2 by estimating the VAR at each lag length and determining the whiteness of the resultant residuals, four lag lengths were chosen for the model, per the recommendation of the Akaike Information Criteria (AIC) statistic.

Bounds Test for Co-Integration

Applying the bound F-test to ascertain whether or not there is a long-run connection between the variables came next, after the determination of the variables' order of integration and lag length.

Table 4.3: Summary of ARDL Bound Test Results

Source: Regression Output using Eviews 12 (2022)

Table 4.3 displays the bound test for co-integration summary result for the model along with crucial values. 69.0935 is the computed F-statistic for the model derived from the bound test. These numbers are higher than the model's upper bound critical value of 3.28 at the 5% significance level. This suggests that the null hypothesis of no co-integration is rejected and that the alternative hypothesis of a unique co-integration (long run) relationship between the explanatory variables of exchange rate, inflation rate, other control variables, and manufacturing sector output is permitted.

Long Run Regression Results of Manufacturing Sector Output

Table 4 displays the findings of the ARDL method estimates of the long run coefficients for the model. AIC chose the model number four below.

Table: 4.4. Summary of the Long Run ARDL Regression Results

The values in parenthesis are t-statistic

Note: * is significant at 5% level of significance.

Source: Regression output using Eviews 12

The coefficient of exchange rate depreciation (EXCH) and the growth rate of Nigeria's manufacturing sector have a substantial inverse association, according to the regression result of the model estimation in Table 4.4. The growth rate of Nigeria's manufacturing sector decreases by 0.0032 percent for every percent increase in exchange rate depreciation. This is not in line with what one would anticipate apriori. This finding implies that, in the long run, currency devaluation has not aided in the expansion of Nigeria's manufacturing sector. Additionally, the inverse nature and significance of this variable is that, contrary to Adekoya and Fagbohun (2015) and Lawal (2016), who found that exchange rate appreciation has a positive relationship with the industry's manufacturing output, the use of depreciation as a mechanism to promote the growth of the Nigerian manufacturing sector has not enhanced sector productivity. In order to recover the value of the naira, it is necessary to examine the existing exchange rate policy in favour of appreciation and implement monetary discipline.

The growth of Nigeria's manufacturing sector is directly and significantly correlated with the inflation rate; a one percent increase in INF is accompanied by a 0.061 percent decline in sector growth. This variable's direct and important characteristics go counter to the apriori assumption. The outcome also shows that the expansion of Nigeria's manufacturing sector is directly and significantly impacted by interest rates (INTR). The growth of Nigeria's manufacturing sector increases by approximately 0.0536 percent for every one percent increase in INTR. This is not in line with what one would anticipate apriori. The importance of this finding lends credence to the idea that a properly controlled interest rate might eventually encourage the expansion of the manufacturing sector. This is consistent with research by Nwabuisi, Oke-Bello, Oyewole, Toriola, Folami, and Afolabi (2020), which found a statistically significant relationship between interest rates and the expansion of Nigeria's manufacturing sector.

The transparency of commerce According to model two's assessment, TRAO has a large but negative

impact on the expansion of Nigeria's manufacturing sector. Specifically, a one percent rise in TRAO causes a 0.0082 percent drop in the sector's growth. This doesn't match what was anticipated apriori. Table 4.4 below displays the outcome of the error correction representation of the chosen lag model according to the selection criteria.

Short Run Parsimonious Estimation of Manufacturing Sector Output

Table 4.5 presents a dynamic parsimonious error

Independent Variable	Dependent Variable GRMOU
Constant	1.6740* (19.3933)
EXCH	-0.0032* (-8.0980)
INF	0.0061* (4.0071)
INTR	0.0536* (9.3135)
TRAO	-0.0082 (-4.8864)

correction estimate to account for any short run variations in the long run co-integration equation estimation.

Table 4.5: Summary of Short Run Parsimonious Estimations

Independent Variable	Dependent Variable D(GRMOU)
D(GRMOU(-1))	-1.2105* (-32.9056)
D(GRMOU(-2))	-0.4759* (-16.3761)
D(GRMOU(-3))	-0.65039* (-23.5657)
D(EXCH)	-0.0120* (-41.4004)
D(EXCH(-1))	0.0003 (-1.9626)
D(EXCH(-2))	0.0018* (11.2108)
D(EXCH(-3))	-0.003*1 (-17.7589)
D(INF)	0.0047* (16.9770)
D(INF(-1))	-0.0029* (-10.5231)
D(INF(-2))	-0.0009* (-2.9394)
D(INF(-3))	-0.0007* (-2.9771)
D(INTR)	0.0100* (9.5449)
D(INTR(-1))	-0.0786* (-39.3302)
D(INTR(-2))	-0.0829* (-32.0162)
D(INTR(-3))	-0.0397* (-29.5163)
D(TRAO)	-0.0029* (-10.5231)

D(TRAO(-1))	0.0038* (6.1692)
D(TRAO(-2))	0.0193* (37.1367)
D(TRAO(-3))	-
ECM(-1)	-0.6909* (-42.9243)
R ²	0.7993
R ⁻²	0.7702
D.W Statistic	2.2397

The values in parenthesis are t-statistic

Note: * is significant at 5% level of significance.

Source: Regression Output using Eviews 12

The manufacturing sector's past growth rate at lags one, two, and three had an inverse and substantial influence on the sector's growth, in accordance with Table 4.5's ECM calculation. Based on the factors that plague the industry and impair its performance, this research suggests that the sector's growth rate over time has not been promising. The current year's model coefficients of the difference in naira exchange, or D(EXCH), have a substantial and inverse effect on the pace of growth of the Nigerian manufacturing sector. This is not in line with what one would anticipate a priori. This suggested that the short-term growth rate of the manufacturing sector has not been influenced by the naira exchange. However, there is a clear and substantial correlation between the two-year and one-year lags in the naira exchange rate, D(EXCH(-1)) and D(EXCH(-2)), and the growth rate of Nigeria's manufacturing sector. This demonstrates that sustained exchange rate depreciation increased the manufacturing sector's growth rate in the short term, but only at a three-month lag in the naira currency exchange rate D(EXCH(-3)). In other words, short-term currency depreciation has a substantial but opposite effect on the manufacturing sector's growth rate.

Moreover, the model's estimation findings demonstrate that, in the near term, the difference in the present inflation rate D(INF) has a direct and substantial effect on the growth rate of Nigeria's manufacturing sector. This suggests that the rate of expansion of Nigeria's manufacturing sector is stimulated by increases in the prices of goods and services. On the other hand, the growth rate of Nigeria's manufacturing sector is significantly and inversely affected at lags one, two, and three of the disparity in the rate of inflation, or D(INF(-1)), D(INF(-2)), and D(INF(-3)). This aligns with the a priori prediction. Contrary to the a priori expectation, the short-term expansion rate of the manufacturing sector is significantly and directly affected by the difference in interest rates, or D(INTR). This suggests that, in the short term, a well-managed rate of interest accelerates the growth rate of Nigeria's manufacturing industry.

The findings shown that the short-term growth rate of the manufacturing sector is directly and significantly impacted by the difference in the present trade openness D(TRAO), as well as at lag one D(TRAO(-1)), lag two D(TRAO(-2)), and lag three D(TRAO(-3)). This suggests that in the short term, the export of products and services may accelerate the growth rate of Nigeria's manufacturing sector. This finding indicated that the nation's manufacturing sector grows at a faster pace when finished goods and services are continuously exported.

At the 5% level, the model's coefficient of ECM(-1) is determined to be statistically significant. This demonstrates that the variables have a long-term connection. -0.6909 is the coefficient of the ECM term. This suggests that in the current year, approximately 69% of the imbalances in the manufacturing sector's growth rate from the previous year have been corrected. The relevance of the ECM is a validation of the presence of a long term link between the development rate of Nigeria manufacturing sector and the explanatory factors.

The coefficient of determinations R² of estimation of model is 0.7993 which indicates that about 79.9 per cent of the total variations in the growth rate of Nigeria manufacturing sector are explained by the variations in the explanatory variables. Finally, The Durbin Watson statistic value is 2.2397. This test value shows the absence of positive serial autocorrelation among the independent variables since the DW statistics is approximately equal to 2.

The result from the models showed that currency development (EXCH) and trade openness had inverse impact on growth rate of manufacturing output. By implication, the outcome of this study shows that exchange rate changes in the form of devaluation of the Nigerian naira against foreign currencies like the US dollar and trade openness has adverse effect on industries in the manufacturing sector. This could be due to the fact many manufacturing firms depend largely on the external sources to obtain their intermediate and semi-finished products for processing and reprocessing. Hence, border openness, poor import restrictions, low import duties and other favourable imports regulations could adversely affect industries. It could also bring about a downward shift in the demand for "made in Nigerian goods" simply because many infant manufacturing firms may be unable to stay competitive with the quality of goods and services imported into the Nigerian consumer market.

Inflation and interest rate also had inverse relationship with manufacturing performance. This result implies that increase in inflation and interest rate will bring about decrease in manufacturing output growth. This invariably shows that any monetary or credit policy that will bring about increase in the cost of borrowing

(interest rate) could reduce investment demand in the manufacturing sector and thereby affect manufacturing performance. Hence, specialized banks such as bank of industries (BOI) need to be mindful of their interest rate targeting and its implications on investment demand in the manufacturing sector.

Conclusion and Recommendations

The importance of the manufacturing sector in the real sector of the Nigerian economy cannot be overemphasized. Based on findings it is concluded that naira devaluation, inflation rate and trade openness adversely affect manufacturing performance while credit to private sector and supply of foreign currency promotes manufacturing performance. To this end, the following recommendations are made:

- 1) Monetary authorities should endeavour to maintain a relatively stability exchange rate and avoid currency devaluation in other to increase manufacturing output in Nigeria.
- 2) Deposit money banks and specialized banks such as Bank of Industries (BOIs) should review their loan policy by giving preference to would-be investors who seek for low interest loans to establish and develop their manufacturing firms. By increasing credit disbursed to the private sector and reducing the cost of borrowing, it is expected that investment demand in the manufacturing sector will rise and so also with manufacturing sector performance.
- 3) Import restrictions should be instituted in other to avoid naira fall against other hard currencies like United State dollar and British pounds. This is to avoid excessive trade openness and dumping activities that could adversely affect manufacturing sector.

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CONCEPTUAL REVIEW OF HERBERT SIMON'S DECISION-MAKING THEORIES AND ITS APPLICABILITY IN CONTEMPORARY ORGANISATIONS

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Abstract

Herbert Simon introduced the concept of bounded rationality, which posits that individuals make decisions with constraints on their information and resources, and the concept of satisficing, which suggests that individuals aim to make decisions that are satisfactory rather than optimal. His theories on information processing in decision-making have significantly influenced various disciplines, including economics, psychology, computer science, and management sciences which were developed in two areas: administrative theory and human problem-solving. His approach emphasizes the importance of understanding and embracing the constraints of human rationality in practical decision-making. This study aimed to examine the principles of bounded rationality and satisficing, and its applicability in Contemporary Organisations, especially with the evolution of artificial intelligence (AI). The study recommends the leverage of collective intelligence by fostering environments where team members can share their mental models and experiences to enhance the quality of decisions. Also, Policy Making should utilize insights from behavioural economics, grounded in Simon's theories, to inform policy-making, especially in public administration. This can help in designing policies that are realistic and effective in achieving desired outcomes.

Keywords: Decision-Making, Bounded rationality, Administrative Man, Information Processing, Artificial Intelligence.

Introduction

Herbert Simon, a Nobel Prize laureate in 1978, was a renowned economist, political scientist, a professor at Carnegie Mellon University, and cognitive psychologist who was recognized for his contributions to decision making and behavioural economics. He extensively wrote about decision making in organizations and his work has had a profound impact on various subjects like as economics, psychology, computer science and management sciences. He also introduced the idea of bounded rationality, which posits that individuals make decisions with constraints on their information and resources and also created the concept of satisficing, which suggests that individuals aim to make decisions that are satisfactory rather than optimal (Galanou, et al. 2015).

Herbert Simon's decision-making theories emerged during a time when the field of economics predominantly relied on the notion of rational actors making optimal choices based on complete information. Contrarily, Simon posited that in reality, decision-makers operate under constraints of limited information, cognitive limitations, and time pressures. He proposed that individuals and organizations often seek a satisfactory solution rather than an optimal one, coining the term "satisficing." This concept of bounded rationality acknowledged the imperfect and heuristic nature of human decision-making processes, paving the way for a more realistic and applicable understanding of human behaviour.

Simon has had a significant impact on the disciplines of economics, management, and psychology, also introducing the idea of procedural rationality, which suggests that individuals base their decisions on the methods they employ to assess options and make selections (Devi, et al. 2020) which prioritizes the decision-making process over the anticipated outcome. Simon's concept of bounded rationality offers a more realistic perspective on decision-making processes. It accepts that individuals have constraints of time and resources when making decisions, and it recognizes that they are not always able to be completely rational (Ding, et al. 2020). This approach is useful for comprehending how individuals truly make decisions in practical situations. While Bounded rationality can assist to understand why individuals occasionally make decisions that are not optimum because when individuals have restricted information and resources, they might not be capable of making the optimal decision (Battaglio, et al. 2019). Also due to constraints in information and resources, individuals may not be capable of making the optimal option as this might result in unfavourable consequences, including opting for a less efficient solution to a problem or making a decision that leads to an overall loss. Additionally, Bounded rationality does not necessarily consider illogical behaviour, as individuals may not always exhibit complete rationality, but might nonetheless behave irrationally under certain circumstances because it does not consistently account for individuals'

emotional or impulsive decision-making thought process.

By examining the principles of bounded rationality and satisficing, the article aims to illustrate how these concepts are applied in contemporary organizational settings and technological contexts. Additionally, the discussion will highlight the evolution of decision-making frameworks in light of Simon's contributions, while reaffirming its vital role in shaping effective decision-making strategies in an increasingly complex world and how such knowledge is applicable in the 21st century work environment.

Conceptual review

Herbert Simon and the origins of Information Processing

In the 21st century, Simon's insights remain remarkably relevant as the complexity and pace of decision-making continue to escalate. The digital age, characterized by an unprecedented volume of information and rapid technological advancements, poses new challenges and opportunities for decision-makers. The integration of artificial intelligence, big data analytics, and machine learning into decision-making processes echoes Simon's early recognition of the potential for technology to augment human cognitive capabilities. Moreover, contemporary organizational environments, marked by volatility, uncertainty, complexity, and ambiguity (VUCA), further necessitate the application of Simon's theories to navigate the intricate landscape of modern decision-making.

Within organization research, the study of information processing in decision-making can be traced back to Herbert Simon, a scientist focused on understanding problem-solving and decision-making processes. He revolutionized the field of economics by integrating psychological studies and introducing a more behavioural perspective to the analysis of human decision-making (Augier, et al. 2001). Simon's theories on information processing were primarily and extensively developed in two areas of research. The initial stream focused on administrative theory, highlighting hierarchically structured decision-making as the fundamental concept in the theory of bounded rationality. This concept was pivotal in establishing a behavioural perspective on rational choice, as outlined in Simon's research in 1955 and 1956. While the phrase "information processing" was not explicitly used in the original *Administrative Behaviour* (1946) book by Simon, the concept and its key elements were evidently included.

Various authors (March, et al. 1958; Cyert, 1963) viewed the organization as an information-processing and decision-making mechanism. March et al. (1958) examined the communication needs and procedures necessary for efficient coordination. Their conclusion suggests that an organization's ability to sustain a complex network of activities is constrained by its ability to manage the necessary communication for coordination, while Cyert (1963) argued that there is need for more dependable information regarding how organizations obtain and share information, how authoritative decisions are made, and how these decisions are put into action within the organization.

Another area of Simon's 1956 study, focused on human problem-solving, symbol processing, and heuristic search. They recognized the individual decision-making process as a crucial unit of analysis. This idea emphasizes the difference between the real task environment and how a certain individual perceives the task to be completed. Simon (1996) further stated that simplifying the real world for decision-making purposes creates differences between the simplified model and reality, which in turn, can account for many organizational behaviour phenomena.

Simon's work encompasses two separate information-processing areas which are related to organizations and individual psychology. His research on organizational structure included a focus on human decision-making, and his work on individual cognition was integrated into his research on organizations (Konaté, et al. 2020). He proposed that the subgroup or organizational participation of members affects their shared mental models and selective perception, he proposes that shared representations or common maps in social contexts provide individuals with a collective understanding of a situation, which is influenced by a firm's formal organizational structure (Dong, et al. 2018). It is believed that the socio-cognitive aspects of organizational structure connect individual thinking with group decision-making.

Insight into Herbert Simon' Decision-Making Theories.

Aspiration levels and search are two key concepts in Simon's decision-making theory that van der Voet, et al. (2022) address in their paper "Decision-Makers' Generation of Policy Solutions amidst Negative Performance". The authors contend that in complicated issues, the necessary answers must be developed and built rather than found through simple search. The behavioural framework is put to the test in this article by comparing it to threat rigidity theory expectations. In the context of juvenile care policy in Dutch towns, they find that negative performance information

reduces the originality of policy options proposed by decision makers through a survey-experimental research approach. Accordingly, their analysis shows that reduced creativity in response to unfavourable budgetary feedback is caused by the processes of threat-rigidity hypothesis. The article offers an empirical test of solution generation, a key component of behavioural public administration theory that has not yet been experimentally proven.

The different types of Decision-making theories include the following:

1. **Rational Decision-Making Model:** This implies that decision-makers are rational and aim to maximize utility. The process includes recognizing the issue, creating options, assessing them, and selecting the best solution. Simon introduced a three-stage model for decision-making: Intelligence Phase (identifying the problem and collecting information), Design Phase (creating and assessing solutions), and Choice Phase (choosing the most suitable solution based on information and preferences).

2. **Bounded rationality:** Herbert Simon's theory of bounded rationality acknowledges that individuals have restricted information and cognitive abilities, leading them to make judgements based on their available knowledge and processing capabilities. He disputed the traditional economic concept of perfect rationality by proposing that humans may not always be able to make completely rational decisions because of cognitive constraints, thereby noting that Decision-makers operate under restricted rationality, making judgements based on available knowledge rather than analysing all conceivable options exhaustively.

3. **Satisficing:** Satisficing is a concept introduced by Herbert Simon which proposes that people usually select for the first satisfactory choice instead of extensively seeking the optimal alternative. Satisficing entails selecting a solution that meets the decision-maker's requirements adequately, rather than extensively seeking the best possible option. This strategy is more practical considering the limitations of time, cognitive resources, and available information.

4. **Administrative Man Model:** Simon proposed the idea of the "administrative man" as a more accurate portrayal of decision-makers. An administrative individual does not adhere to the totally rational decision-making model but instead utilizes heuristics, rules of thumb, and satisficing methods in carrying out his duties.

5. **Organizational Decision-Making:** Simon's studies went beyond human decision-making to encompass

organizational decision processes. He contended that organizations encounter complexity and ambiguity, causing them to utilize satisficing tactics rather than striving for optimal outcomes.

6. **Information Processing:** Simon highlighted the importance of information processing in decision-making. Decision-makers frequently utilize shortcuts or heuristics to streamline intricate situations due to the constraints of their cognitive capacities.

Herbert Simon's "Multi-Participant" Decision-Making Theory.

Administrative behaviour theory refers to how individuals operate within organizations. Herbert Simon is attributed with the theory, specifically his discoveries on organizational functioning that contradict traditional approaches. The Herbert Simon Decision Making Theory was introduced in his famous book, *Administrative Behaviour* in 1946. He emphasized that timely decisions are crucial as delays might have a detrimental effect on an organization's goals. Efficient decision-making is crucial in contemporary workplace management as managers, team leaders, and employees must consistently make logical and well-founded judgements on a daily basis. As a result of this, effective decisions, choices, and strategies contribute to achieving the general organizational objectives more effectively (Ciurea, et al. 2019). It assists organizations in adopting and implementing strategies to maximize growth in terms of the products and/or services they provide knowing that decisions influence actions.

Al-Hashimi, et al. (2022) present a comprehensive model in their symposium essay that combines strategic decision-making and implementation, using procedural rationality. Through the analysis of multi-source data on 170 strategic decisions in the public sector in Qatar, a context where research on strategic decision making is scarce, it has been discovered that there is a positive correlation between procedural rationality, participation, and constructive politics, and the effective execution of strategic decisions. Their study illustrates that effective decision making alone is insufficient to guarantee the achievement of intended objectives. It emphasises the importance of complementing decision making with effective implementation processes, an area that has been significantly overlooked in the literature.

The general model of decision-making activities proposed by Herbert Simon is composed of several phases such as:

a) intelligence,

- b) design of alternatives and models, and
- c) choice of a solution to be released for implementation.
- d) A fourth phase, the evaluation of the decision implementation impact and possibly to re-start the process, was later added to the model.

In collaborative decision-making, the Simon's process model can be adapted to multi-participant settings.

Herbert Simon's Theory of Admirative Behaviour

Simon (1976) explained how goal specificity and formalization impact rational behaviour in provide the foundational principles that support decisions. Desirable goals assumptions are merged with factual assumptions to reach conclusions. Individuals in high-ranking roles base their decisions more on value considerations thereby making strategic judgements, whereas those in lower positions rely more on factual information thereby making operational decisions. Goals, although typically lacking specificity, can initiate a sequence of mean-ends chains. This involves creating a set of means to achieve the main goal, transforming each mean into a sub-goal, and then devising ways to accomplish the sub-goal, continuing this process until the means become specific actions. Each objective in the means-end hierarchy serves as both an end for the components below it and a means for the components above it.

Hansen et al. (2022) investigate the fundamental consequences of the behavioural model of performance-based learning. This concept, which is based on Simon's idea of bounded rationality, proposes that performance data has the ability to create organisational learning and guide public managers' choices about critical issues, organisational transformation, and priorities. After conducting two tests with managers employed in Denmark's public education system, the authors discovered that poor performance has an impact on problem focus but not on managers' intentions to explore for novel solutions. Additionally, they discover that low-performance signals strengthen preferences for modifications linked to performance but not for other types of adjustments.

Activities can only be assessed based on the aims they are meant to achieve. Goals can be assigned to various units, streamlining the decision-making process for participants. Suggests were made that an organization's hierarchy can be seen as a solidified series of means-ends chains that provide uniformity in decision-making and activities across the organization. Perrow (1986) states that Simon's paradigm emphasizes limited

organizations. He disapproved of Fayol's and Taylor's clichés and assumptions about the "economic man," instead suggesting the concept of the "administrative man" who acts in his self-interest but may not fully understand his motivations, he is only aware of a limited number of decision options, and is willing to accept a satisfactory solution rather than seeking the best one. The individual differentiates between the choices made when joining or exiting an organization and the choices made when actively participating. (Battaglio, et al, 2019).

Organizations streamline decision-making by limiting the goals towards which actions are aimed. Goals

control over participants through training, information, standard operating procedures, etc. -- focusing attention and conveying information.

Decision-Making and Problem Solving: Factors, Process and Execution

As posited by Devi et al. (2020), who extensively discussed the Problem-solving model through decision-making, they noted that it is crucial for organization and administration to outline strategies that can be utilized to uncover and develop choices in order to enhance decision-making and decision quality. Decision-making and issue resolution involve assessing situations, evaluating options, creating choices, and selecting the best course of action. Devi et al. (2020) further noted that Decisions making processes are majorly categorized into two types, which are;

Programmed decisions: these are decisions made utilizing simple operational procedures or other direct approaches. Organizations who devise unique techniques to manipulate these situations are highly effective for handling routine tasks such as employees requesting leave or authorization. When a similar situation occurs, the specific processes and procedures outlined by the programmed must be followed, and this occurs after a decision is made. Creating programmed routines helps establish norms, events, and policies that become organizational standards.

Non-programmed decisions: Non-programmed decisions are extraordinary and one-shot decisions. Unstructured decisions, unlike programmed decisions, are often managed by creativity and decision-making processes. Unplanned decisions are characterized by their unique and unconventional outcomes, which arise from newly developed or unexpected challenges.

Devi et al. (2020) also submitted that one of the following conditions arises while decisions are made: certainty, risk and uncertainty if objectives are to be met.

Certainty

- Decisions under certainty occur when a manager has prior knowledge of the outcome due to sufficient information.
- The management is aware of the available options, their convenience, and the conditions and repercussions associated with such decisions.
- There is a minimal risk of making a poor judgement in this scenario due to the low level of ambiguity.

Risk

- Most managerial decisions are made in risky conditions.
- A choice under risk occurs when a manager has limited knowledge to make a decision, leading to uncertainty about the repercussions. Probability evaluation is beneficial for managers in risky situations. This condition emphasizes the significance of a manager's experience and perception.

Uncertainty

- Decisions under ambiguity occur when the anticipated outcomes are unclear.
- There is a lack of awareness regarding all available options and their outcomes, even for those that are familiar.

From the explanations above, it is important for managers to establish specific expectations about the situations they find themselves in and to create a practical decision-making structure based on the given conditions. Uncertainty in situations necessitates the involvement of perception, judgement, and experience in the decision-making process which are not always consistent and reliable due to human perception.

Is the Herbert Simon proposed theories relevant in contemporary workplace?

From the review of extant literature, we can clearly say “Yes, Herbert Simon's proposed theories, particularly bounded rationality and satisficing, remain highly relevant today”. The different literatures underscore the enduring relevance of Simon's ideas, highlighting their application in various contemporary contexts, including organizational behaviour, artificial intelligence, and behavioural economics. As the complexity of decision-making continues to grow in the 21st century, Simon's insights remain crucial for developing effective strategies and systems to navigate this challenging landscape. Some reasons why his theory remains relevant today are;

1. **Realism in Decision-Making:** Simon's views offer a more accurate portrayal of decision-making processes in both individuals and organizations in real-life

scenarios. Bounded rationality recognizes the cognitive restrictions and limited information that decision-makers encounter, reflecting the real-world difficulties of decision-making in different situations. Al-Hashimi, et al, (2022) tested a model on 170 strategic decisions from senior executives in 38 Qatari public organizations. Their results showed that all realism dimensions positively impact the successful implementation and outcomes of strategic decisions, with successful implementation between procedural rationality, participation, and constructive politics. Van der Voet, et al., (2022) study also indicate that negative performance decreases the creativity of policy solutions in the absence of realism in decision making.

2. **Satisficing in Complex Environments:** Satisficing acknowledges that decision makers frequently select options that are deemed satisfactory rather than extensively seeking the best possible conclusion. Satisficing techniques are practical in complicated and dynamic contexts where perfect information is hard to come by, reflecting the decision-making process. Devi, et al. (2020) provides benchmarks about optimum performance by the system that can help to make better decisions, meet the challenges, and achieve the missions under the specific decision-making frameworks.

3. **Heuristics and Information Processing:** Simon emphasized the use of heuristics and simplifying methods in decision-making. In the current information-saturated setting, people and groups frequently depend on heuristics and shortcuts to efficiently handle large volumes of data. It is essential to grasp these cognitive shortcuts to understand decision-making processes. Joseph, et al, (2020) study proposed a roadmap for future research, emphasizing the role of cohesive information dissemination processes and organizational structure in decision-making and offering an ecological perspective of information processing. Also, Tunney, R. (2024) suggested in his book “Prospect Theory, and Heuristics and Biases” that man makes subjective judgements of probability and utility which sometimes differs from their objective counterparts, resulting in decisions that deviate from the normative model.

4. **Complex Adaptive Systems:** Simon's thoughts are in accordance with the comprehension of decision-making in complex adaptive systems. Within these systems, agents with limited reasoning engage, adjust, and decide based on evolving surroundings. The flexible and problem-solving character of decision-making is an essential aspect of this viewpoint. Campitelli, et al. (2010) opined that integrating Simon's approach with current approaches could lead to more

generalizable models, higher ecological validity, specification of cognitive processes, and better understanding of cognitive system characteristics and environmental contingencies.

5. **Human-centred Design:** Simon's focus on comprehending the human cognitive system and creating solutions that adhere to bounded rationality has impacted human-centred design methods in the field of design and innovation. Designers understand the significance of developing user-friendly and intuitive solutions that cater to human cognitive constraints. Candeia, et al, (2016) suggested that the use of new Information Technology (IT) concepts in computer-supported group decision-making. It uses Information Decision Support System (IDS), an IT platform, to illustrate the methodology and evolution of this solution. They pointed out that this is mainly possibly through the interference of knowledgeable human decisions as IDS offer a collaborative environment for decision-making, allowing users to collaborate on individual and group sessions, avoiding complex training and user rejection.

Summary and Conclusion

In contemporary research, AI and machine learning have advanced significantly, enabling more sophisticated decision-making systems. These technologies often incorporate principles of bounded rationality and satisficing to handle large datasets and make decisions under uncertainty. For example, recommendation systems in e-commerce and automated trading algorithms in finance utilize heuristic approaches to process information and make decisions efficiently. Herbert Simon's theories on decision-making has significantly influenced different disciplines, such as economics, psychology, and organizational behaviour. His approach emphasizes the significance of comprehending and embracing the constraints of human rationality in practical decision-making. Simon's concept of bounded rationality is highly applicable in the 21st century, especially in the realm of artificial intelligence (AI). AI systems are becoming more advanced and intricate, allowing them to make decisions that closely resemble human intellect. Nevertheless, the most sophisticated AI systems have constraints, like restricted data and processing capabilities. Therefore, they are still governed by the constrained rationality paradigm. Bounded rationality is also applicable in decision support systems. The purpose of these systems is to assist individuals in decision-making by offering them information and direction. Despite substantial advancements in the field of artificial intelligence since Simon's initial proposal, AI systems continue to encounter many of the limits noted by Simon. Although decision support systems

have advanced, they are not capable of completely replacing human decision-making processes as these involves complex reasonings. The concept of bounded rationality is dynamic, not fixed therefore frontiers of reason may vary and grow as AI systems and decision support systems continue to evolve. Simon acknowledges the cognitive constraints of decision makers through the concept of bounded rationality, as proposed by March and Simon in 1958. Herbert Simon's theories remain relevant as they effectively illustrate the constraints and difficulties of decision-making in a manner that reflects the intricacies of real-world scenarios. Additionally, Simon aids in comprehending how the decisions made by numerous individuals within an organization can be aligned with the organization's overarching objectives. Simon's insights remain influential in current discussions on decision-making as our knowledge of decision science progresses.

Recommendations

The study proposes several recommendations for improving decision-making processes in today's organisations. These include;

- i. incorporating bounded rationality into decision support systems, developing heuristic-based AI models, establishing organizational training programs to educate workers on cognitive biases and limits in decision-making, promoting satisficing strategies, designing adaptive organizational structures, implementing collaborative frameworks, using collective intelligence, and applying behavioural economics to policy making processes.
- ii. Also, future studies should explore the integration of bounded rationality in AI and machine learning algorithms, hybrid models, the impact of heuristics in decision-making, and the role of cognitive limitations in organizational behaviour.
- iii. Empirical research should be conducted to study the usefulness of different heuristics in diverse decision-making situations, as well as cross-disciplinary research to explore how heuristics are employed in various sectors such as finance, healthcare, and public policy.
- iv. Adaptive strategies should be explored to allow for flexible decision-making in volatile, uncertain, complex, and ambiguous (VUCA) settings. Human-centred design should be explored to integrate Simon's ideas into design thinking approaches, and user experience research should be conducted to understand how constrained rationality influences users' interaction with technology.

v. Behavioural model testing should be conducted to determine its applicability and efficacy, and feedback mechanisms should be explored to understand how various forms of feedback mechanisms impact organizational learning and decision-making results.

By addressing these suggestions and exploring future research topics, researchers and practitioners can continue to expand the knowledge of decision-making processes and build on Herbert Simon's core ideas to navigate the complexity of the contemporary world.

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CORPORATE GOVERNANCE AND ENTREPRENEURIAL PERFORMANCE OF LISTED CONGLOMERATES IN NIGERIA

BY

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Abstract

The study was conducted on the effect of corporate governance on entrepreneurial performance of listed conglomerates in Nigeria. Corporate governance was the independent variable, and it was proxied by board size and board composition while the dependent variable was entrepreneurial performance which was proxied by firm value. The population of the study comprised of listed conglomerates on the Nigerian stock and the period of study was between 2011 to 2020. The data was sourced from the financial statements of the firms and OLS regression was used to analyse the collected data. The result of the study showed that board size had a positive and significant effect on entrepreneurial performance, while board composition had no significant effect on entrepreneurial performance. The study therefore concluded that board size influences entrepreneurial performance. The study recommended that the management of the conglomerates should maintain the size of their boards just the way they are during the years considered for the study.

Keywords: Corporate governance, Entrepreneurial performance, Conglomerates

Introduction

Building and growing a venture is an important aspect of the life cycle of every business, as such, organizations continue to work their parts towards increasing their performance so that they can remain in business for a long time. Entrepreneurial performance is the output that is derived from the entrepreneurial activities (business) that an organization carries out over a period of time (Li, Terjensen, & Umans, 2018). Since the organization performs entrepreneurial when it is able to make use of its resources and develop business strategies that will be effective and position them better, it is therefore important for all managers to look into their performance levels and understand what can affect it. Increasing performance is however not always the case in the business world because there are times whereby organizations struggle to keep up with their performance levels due to certain factors that could be internal or external (Aslam & Haron, 2020). Since businesses don't always remain in high performance, then consistent digging into various components that can increase performance becomes important. Corporate governance is seen as one of the measures that could be employed by organizations to

regulate their activities and bring about decorum which could affect the performance of the firm overtime.

Corporate governance has been seen as the driver of the operations and performance of a company, this is because, it encompasses relationships ranging from stakeholders, frameworks, decision making and responsibility in the organization (Bhagat & Bolton, 2019). It is the set of rules, defined practices as well as processes through which an organization is directed and controlled. Hence, it could be said that corporate governance defines how, where, and what would be done to ensure the firm is positioned better while considering the stakeholders of the business. Though a line of relationship has been drawn between corporate governance and performance, managers will need to put in a lot of work to ensure that the governance structure is well implemented in such a way that it can bring the required result for the firm (Khan, Hussain, Ur-Rehman, & Maqbool, 2019).

The conglomerates tend to carry out different range of business activities at once and ensuring that the firm is gaining from its numerous investments need complex monitoring and a well-defined system. The Nigerian conglomerate industry is gradually building up but

there is need for the existing firms to perform better as the country is witnessing increased hike in exchange rates and inflation all coming together to reduce the firm's income. The need to increase the entrepreneurial performance of these firms is therefore vital in the current situation the country is in, hence the need for a study of this kind. Looking also at studies done in the area of entrepreneurial performance, it is seen that there are few related literatures that have made use of corporate governance dimensions to solve the pending issue. Also, most of the related studied done on entrepreneurial performance are done in other industries like manufacturing and small and medium enterprises, this therefore provides the room for the current study.

Based on the identified issues, the study therefore seeks to examine the effect of corporate governance on entrepreneurial performance of listed conglomerates in Nigeria. The hypotheses of the study are stated in null form.

H₀₁: Board size has no significant effect on entrepreneurial performance of listed conglomerates in Nigeria.

H₀₂: Board composition has no significant effect on entrepreneurial performance of listed conglomerates in Nigeria.

The study is limited to the listed conglomerates in Nigeria. Corporate governance measures is also limited to board size and board composition while entrepreneurial performance was measured as firm value.

Literature review

Entrepreneurial Performance

Businesses are established with the intention of making profit while carrying out its business activity, hence, it is considered the major goal of the firm and the key area to be looked at by researchers when there are issues with the firm. Entrepreneurial performance has been defined as the result of the business activities of a firm which was generated over the time of the business (Li, Terjensen, & Umans, 2018).

Based on the definitions provided by scholars, this study defines entrepreneurial performance as the output generated from the use of the firms' assets over time.

Board Size

The size of the board is the total number of board members, non-executive directors, independent directors and gray managers. The size of the body in business organizations varies with organization's needs and resources and associated costs. The question

remains: Is there an ideal board size? One size does not suit everyone.

For the purpose of this study, board size is defined as the percentage of the individuals that constitute the board of an organization.

Board Composition

The executive directors have specialized expertise, expertise and valuable knowledge about business policies of companies and everyday activities. However, there is a need for external managers to add new ideas, independence, objectivity and expertise in their field (Arayssi, Jizi, & Tabaja, 2020). As such, agency theory supports the participation of independent non-executive directors in promoting the independence of the board of directors.

For the purpose of this study, board composition is defined as the percentage of non-executive members to the percentage of executive members on the board of an organization.

Empirical review

Aslam and Haron, (2020) examined the impact of corporate governance on performance of islamic banks from 29 Islamic countries. The periods of 2008 to 2017 were studied and the data was collected from the financial statements. The data was analysed using OLS regression and the study discovered that audit committee and shariah board had a positive impact on performance of islamic banks. Board size and risk management committee have negative and significant effect on the performance of IBs.

Bhagat and Bolton, (2019) examined the influence of corporate governance on firm performance in United States. The study employed the use of quantitative approach and the data was collected from the database of the financial institutions considering the years 2003 to 2016 as the period for the study. the collected data was analysed using OLS regression. The study discovered that corporate governance has a positive influence on firm performance. However, carrying out the study in a different environment can show a different finding.

Khan, Hussain, Ur-Rehman, and Maqbool, (2019) looked at the mediating role of innovation between corporate governance and organizational performance in Pakistan.. the study looked at the effect of board size, board independence, board diversity and board meeting on organizational performance. Primary data was used in the study and it was collected with the aid of questionnaires. A sample of 407 were used and the study employed the use of PLS-SEM to conduct the analysis. The study discovered that board size and

board diversity had a positive effect on organizational performance and innovation mediated the relationship.

Loh and Nguyen, (2018) examined the effect of corporate governance on business performance in Singapore. The study employed the use of quantitative approach and the data was collected from listed companies on Singapore's stock exchange. The study employed the use of OLS regression to analyse the collected data. The study discovered that there is a positive relationship between corporate governance and business performance. The study discovered that corporate governance impacts on business performance.

Theoretical framework

Agency theory

The study is anchored upon the agency theory. The agency theory involves managers (agents) and owners (principals) in the business process, as it involves a collection of contracts between the two parties that handle the management and management of these resources. This study is looking at the relationship between corporate governance and entrepreneurial performance as such there is an agency relationship since the firm is managed by managers who are the agents that manage the resources of the owners/shareholders. Agency theory assumes that the agents must act in the best interest of the owners so the theory provides a framework for the current study.

Methodology

The study adopted a quantitative approach and ex-post facto design. This was done to be able to achieve the objective of the study which is trying to see the extent of effect between the variables identified. The population of the study comprises of the listed conglomerates on the Nigerian Stock Exchange. A total of five (5) conglomerates were identified as at 31 December, 2021 and the study employed a census of the population. A period of 2011 to 2020 which is a period of 10 years. OLS regression analysis was employed to analyze the collected data. Entrepreneurial performance was measured using Tobin Q, while BS was measured by dividing total number of the board members, board composition on the other was measured using the ratio of directors to non-directors.

The empirical analysis involves estimating the relationship between board size, board composition and entrepreneurial performance. The model is therefore presented as such:

$$EP = \beta_0 + \beta_1 BS + \beta_2 BCOMP + \varepsilon$$

Where EP represents entrepreneurial performance, BS represents board size, BCOMP represents board composition.

Analysis and Discussion

The descriptive statistics showed that the average performance for the firms studied was .2952 which is approximately 30%, signifying that most of the conglomerate's value during the periods considered for the study were not up to 50%. The result also showed that there was an average of 51% of board size from the firms. Board composition was seen to have an average of 38%. The result is presented in table 1.

Table 1: Descriptive summary

Variable	Obs	Mean	Std. dev.	Min.	Max
EP	50	.2952	.1260748	-.12	.52
BS	50	.512	1.471506	-2.97	9.3
BC	50	.3836	.0687129	.23	.45

Source: STATA Output, (2022)

The correlation between the variables of the study showed that there is a positive relationship between BS and EP with a Pearson r of .40, while board composition (BC) and EP had a relationship of .17. This signifies that an increase in board composition will increase the value of the firm positively. BC and BS were also seen to have a positive relationship with a Pearson r of 0.0225 which signifies that there is a relationship between the variables and there is no issue of multicollinearity. The result is presented in table 2.

Table 2: Correlation summary

	EP	BS	BC
EP	1.0000		
BS	0.4010	1.0000	
BC	0.1714	0.0225	1.0000

Source: STATA Output, (2022)

The normality test conducted on the data using Shapiro-Wilk test showed that EP has no normal distribution, and this was justified with a p-value of 0.00038. BS was also seen to lack normality as there was a significant p-value of 0.00000. BC also had a p-value of 0.00036. The result is presented in table 3.

Table 3: Swilk Test

Variab le	Obs	W	V	Z	Prob> z
EP	50	0.89685	4.851	3.368	0.00038

BS	50	0.44485	26.108	6.957	0.0000 0
BC	50	0.89625	4.880	3.380	0.0003 6

Source: STATA Output, (2022)

The regression result showed 63% or approximately 64% of entrepreneurial performance is explained by corporate governance, which showed that as the firm value increases, so does the corporate governance. This was found to be statistically significant at 2%. The regression results also showed that there is a positive and significant relationship between BS and EP as there was a coefficient of .034228 and a significant value of .004, while on the other hand, an insignificant p-value of .762 was found between BC and EP. Table 4 therefore presents the result.

Table 4: Regression Summary

Prob>F = 0.0210 R-squared = 0.6388				
	Coef.	Std. Err	T	p> t
BS	.034228	.0114491	2.99	0.004
BC	.1832408	.601843	0.30	0.762

Source: STATA Output, (2022)

The study conducted a heteroskedasticity test to check for errors in the residuals and it was discovered that there was a p-value of 0.4966, signifying that the data is homoscedastic since it is not significant at 5%. Due to the result of the HETTEST, the study did not proceed to GLS and used the OLS to test the hypotheses developed. The result for the HETTEST is presented in table 5.

Table 5: Heteroskedasticity test

Chi(2)	0.46
Prob > chi2	0.4966

Looking at the hypotheses developed, the study discovered that BS has no significant relationship with

EP, and looking at the result, it is seen that BS has a positive and significant effect on BC with a significant value of 0.004. Hence the null hypothesis one is rejected. The findings further support the finding of Bhagat and Bolton (2019) who also discovered a positive and significant relationship between the variables.

The study also developed a hypothesis stating that BC has no effect on EP. The result showed that BC does not significantly affect EP, as such, the hypotheses was accepted. This finding was in line with the finding of Li, Terjensen, and Umans (2018).

Conclusion and Recommendations

The study was conducted on the corporate governance and entrepreneurial performance of listed of listed conglomerates in Nigeria. After the analysis, it was discovered that board size had a positive and significant effect on entrepreneurial performance as such, the study concluded that board size has an effect on entrepreneurial performance. The study also examined the effect of board composition on entrepreneurial performance and it was discovered that a positive but insignificant effect exist. Based on the finding, the study concluded that board composition does not have any effect on entrepreneurial performance.

Looking at the conclusions, the study therefore proffers the following recommendations. The study concluded that board size has an effect on entrepreneurial performance, hence it is recommended that the management of the conglomerates should endeavour to consider the size of their board at all times and maintain the current range of numbers within the time frame of the study. This will help in improving their value.

Secondly, since board composition had no effect, it is therefore recommended that the management of the conglomerates should look into their board composition and see if some adjustments can be made. Within the years studied, there are more non-executives than the executives on the board, so more could be done on the composition of the board that can lead to a significant result.

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EFFECT OF PROFESSIONAL BEHAVIOUR AND VALUE EROSION ON ELECTRONIC HEALTH RECORD IN KADUNA METROPOLIS

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Abstract

Owing to the digital transformation around the world especially in the health sector, efforts have been exerted to improve the record keeping processes of hospitals, however, more needs to be done to ensure that the record keeping process is effective and secure. This study seeks to examine the effect of professional behaviour and value erosion on electronic health record in Kaduna metropolis. The population of the study comprised of the 225 doctors, nurses and record keeping personnels of the hospitals in Kaduna metropolis. The study employed the use of census; hence the entire population of the study were considered the unit of analysis. The study employed a descriptive survey design and structured questionnaires were used to collect the data from the respondents. Descriptive statistics and multiple regression analysis were used in analyzing the data. The study discovered that professional behaviour and value erosion have positive effect on electronic health record in Kaduna metropolis. The study therefore concluded that the reason why the professional behaviour has a positive effect on electronic health record keeping because professionals in the health sector understand the value of record keeping and how it can aid their performance. the study recommended amongst others.

Keywords: Professional behaviour, Value erosion, Electronic health record, Kaduna metropolis

Introduction

Around the world, electronic health record has become the norm in many public and private organizations, health sector included. This is due to the importance of record keeping in effective organization and managing of activities conduct towards the goal of firm (Alzghaibi & Hutchings, 2022). Hospitals store records electronically to ensure that the records are handy for official references and efficient delivery of services to their clients. When the record of an individual is stored electronically, it makes it easier for the patient or client to be referred to other workstations within the premises to receive proper attention without moving around with physical files. This makes work easier for the health workers as well as the client. Records stored

electronically are easy to retrieve and acted upon quickly thereby making the health workers more efficient and professional in their work (Mayer et al., 2020) . There are different components that can promote the success of electronic record keeping, one of which is the level of professional behavior and value erosion in the health sector.

Professional behaviour is a key element when it comes to the discussion of record keeping in the health sector (Patey et al., 2023). Owing to the increased number of professionals in the hospital setting, their professional behaviour towards electronic record keeping matters a lot since they are collectors and users of the information using electronic devices. Professionals in

the hospitals include the doctors, nurses and the record keepers who contribute to the input of the data at the initial stage. In modern health systems, these professionals encourage the use of electronic records because it eases their work, however, not all professionals are excited about the electronic health record keeping due to their reluctance in acceptance of digitization in their work. Value erosion comes up when the professionals in the health sector do not believe in the value that the electronic record can bring to them professionally.

Value erosion deals with the gradual decline in the perceived value of a product or asset. In the health sector, it deals with views that health professionals have on electronic health record with the thought that it does not increase value to their work (Skeff et al., 2022).

The health sector is a vital component of the economy as it deals with the health of the people which is vital for economic growth. Though digitizing the health sector most especially the area of digital record keeping, most hospitals still struggle to keep records electronically (Akpa et al., 2021). According to Ayanlade, (2018), 50% of hospitals maintain an electronic system but do not efficiently use it to achieve the goal of the hospital. In other words, hospitals do not make use of electronic record keeping improving their efficiency, since most of the times such systems are ignored for traditional approaches.

Also looking at literatures in the area it is seen that most of the studies in the study area concentrated on other drivers of electronic record keeping such as digital transformation, with rare studies that have looked at the role of professional behaviour and value erosion on electronic record keeping. Most of the studies also concentrated on other countries with very few studies like Akpa et al., (2021); Azogu et al., (2019); Funmilola et al., (2015) which have looked at the role of other indicators on electronic record keeping.

Hence, this study tends to understand the extent to which professional behaviour and value erosion have on electronic record keeping in hospital in Kaduna metropolis.

The main objective of the study is to examine the effect of professional behaviour and value erosion on electronic health record in Kaduna metropolis. The hypotheses of the study were stated in null form.

H₀₁: Professional behaviour has no significant effect on electronic health record in Kaduna metropolis.

H₀₂: Value erosion has no significant effect on electronic health record in Kaduna metropolis.

The study will contribute to the health sector by providing the professionals with the required information needed for improvement of the storage and usage of the health record. The study will also provide researchers interested in the study area with needed information to expand the study on.

The study is limited to hospitals within Kaduna metropolis, while concentrating on health professionals, such as doctors, nurses and health record keepers. The study also made use of quantitative approach and structured questionnaire.

Literature Electronic Health Record

An electronic health record is a digital and comprehensive patient health record that includes a patient's medical history, diagnoses, treatments, medications, allergies, and other pertinent health information. It is designed to be accessible to authorized healthcare providers and allows for the secure sharing of patient data across different healthcare settings, facilitating coordinated and efficient patient care. An electronic medical record is a digital record of a patient's medical information and history maintained by a single healthcare provider or organization. It contains clinical data, such as patient demographics, progress notes, lab results, and radiology reports, and is used by healthcare professionals within a specific facility to document and manage patient care. A personal health record is an electronic system where individuals can maintain and manage their health information. It typically includes data on medical history, medications, allergies, immunizations, and can be maintained and updated by the patient themselves. While it is under the control of the patient, they may choose to share this information with healthcare providers to facilitate better care coordination.

Professional behaviour

Professional behavior in health workers refers to the conduct and demeanor exhibited by individuals working in healthcare settings that adhere to established standards, ethics, and values (Bowman et al., 2022). It encompasses qualities such as integrity, respect, empathy, confidentiality, and accountability in their interactions with patients, colleagues, and the healthcare system. Ethical conduct in healthcare professionals involves adhering to a set of moral principles and values while providing patient care. It includes respecting patient autonomy, informed consent, maintaining patient confidentiality, and

upholding the principles of beneficence and non-maleficence, ensuring that the patient's best interests are paramount in decision-making and treatment. Professionalism in healthcare encompasses a wide range of behaviors, including punctuality, effective communication, teamwork, and a commitment to lifelong learning and improvement (van Berkel et al., 2022). It involves displaying competence in one's field, maintaining a high level of clinical knowledge, and being responsive to the changing demands of the healthcare environment while always prioritizing the welfare and safety of patients.

Value erosion

Value erosion in the context of the healthcare workplace typically refers to the gradual deterioration or loss of certain core values or principles that are essential for maintaining a high standard of care and professionalism. According to Skeff et al., (2022) , value erosion in the health workplace refers to the progressive decline in the adherence to fundamental ethical and professional values among healthcare professionals and organizations. This may manifest as a decrease in patient-centered care, a lack of transparency, or a decline in the quality of services, ultimately compromising the integrity and trust within the healthcare system.

The erosion of ethical values in healthcare occurs when healthcare professionals or institutions begin to compromise on ethical standards and principles, such as integrity, honesty, and patient confidentiality. This can result in unethical behaviors, such as fraud, neglect of patient rights, or conflicts of interest, which can undermine the overall integrity of the healthcare system.

Value erosion in the healthcare workplace can also relate to the diminishing emphasis on patient-centered values, where the patient's well-being and preferences take a back seat to financial considerations or administrative burdens (Bowman et al., 2022) . This erosion can lead to decreased patient satisfaction, lower quality of care, and a breakdown in the patient-provider relationship.

Empirical Review

Van Berkel et al., (2022) examined the role of street level bureaucrats’ performance through promoting professional behavior through human resource management using conceptual approach. The study made use of data collected from literatures which were analysed and the study discovered that street level bureaucrats performance can be improved though professional behaviour from human resource managers.

Tomas et al., (2021) examined the effect of undergraduate nursing students self-reported

professional behaviour in Namibia. The study examined how professional behaviour of student nurses in Namibai can increase their performance. The study explored a sample of 100 nursing students. The data was collected with the aid of questionnaires and the study used descriptive statistics to analyse the collected information. The study discovered that professional behaviour could increase the performance of the nurse students in Namibia.

Patey et al., (2023) examined the health impact and prevalence of evidence behavior on health care professional behavior. Conceptual approach was adopted for the study and the information was used for the analysis. The study discovered that health impact and prevalence of evidence behavior influences health care professional beahviuor.

Looking at the studies, it is seen that most of the studies were conducted outside Nigeria with a mixture of variables that are not in this study. Hence this study seeks to breach the gaps identified.

Methodology

The study adopts the descriptive survey design and a post-positivism paradigm. Hence the study employed a quantitative approach. The study makes use of primary data to source information on the independent and dependent variable. Questionnaires will be used to elicit the information from the respondents of the study. The population of the study comprises of the staffs of hospitals in Kaduna Metropolis. The total staff strength of the organization is 225. The population ranges from the doctors to the nurses and the health care record keepers. The study adopted a census for the population.

The study adopts the use of questionnaires to gather information about the respondents and also employed the use of descriptive statistics, correlation and regression.

Data analysis and Interpretation

The study was conducted on the effect of professional behaviour and value erosion. The study employed the use of primary source of data. The analysis of the study began with the reliability test which was done using the Cronbach alpha test for reliability. Table 1 then presents the findings.

Table 1: Reliability Test

Variable(s)	Alpha Coefficient	N of Items
PB	.962	6
VE	.983	6
HER	.955	7

Looking at table 1, it is seen that the instrument used had a total of 19 questions and each variables had 6 questions except for electronic health record (EHR) which had 7. Looking at the first variable, which is professional behaviour (PB), it is seen that it has 6 questions also and has an alpha of .962. This implies that the questions used in testing the variable is reliable. The second item in the questionnaire was value erosion (VE), it was discovered that the variable has an alpha of .983 and 6 questions. This also signifies that the variable has reliability. Hence it could be declared that the questionnaire used in the study is very reliable and is fit to test for the variables in the study. After the instrument test for reliability, the study went ahead to look at the descriptive statistics of the respondents. Table 2 therefore presents the age range of the respondents.

Table 2 Age of the Respondents

Age	Frequency	Percentage
30 and less	75	33.6
31 – 45	92	41.2
45 and more	56	25.1
Total	223	100.0

Table 2 presents the age of the respondents, and looking closely at the table it is seen that the respondents within the age range of 30 and less were 75 and they represented 33.6% of the response rate. The respondents with the age range of 31 – 45, were 92 and they represent 41.2% of the response rate. The respondents that fell within the age range of 45 and more happen to be 56 in number and they represented 25.1% of the response rate. The result of the age of respondents shows that the respondents within the age range of 31 – 45 happen to be the highest with a frequency of 86 and a percentage of 41.2%. After the age of the respondents, the study proceeded to understand the work division of the respondents. Table 3 therefore presents the result.

Table 3 Response on Job Profession of the employees

Cadre	Frequency	Percentage
Doctors	102	45.7
Nurses	50	22.4
HIMS	71	31.8
Total	223	100.0

Looking at table 3 it is discovered that there were more responses from the doctors of the hospitals because they had the highest frequency of 102 which represented 45.7% of the response rate. This was followed by the health record personnels (HIMS) which were 71 in number and had a percentage of 31.8%. The nurses had 50 response rate which represented 22.4% of the response rate. After the

descriptive statistics, the study forged ahead to look at the correlation between the variables of the study. Table 4 therefore presented the correlation result.

Table 4: Correlation Summary

	PB	VE	EHR
PB	1		
VE	-.623 .000	1	
EHR	.752 .000	-.697 .000	1

Table 4 therefore presents the correlation between the variables. The study looks at the relationship between the independent variables first then it would be followed by the relationship between the independent variable and the dependent variable. Looking at the table, it is discovered that professional (PB) has a negative Pearson r of -.623 and a p value of .000 with value erosion (VE). This result showed that there is an inverse relationship between professional behaviour and value erosion of medical practitioners. As their professional behaviour increases, it reduces the value erosion from the system.

In considering the relationship between the independent variables and the dependent variables, it was discovered that PB and electronic health record (EHR), have a Pearson r of .752 and a significant value of .000. This implies that PB and EHR has a positive and significant relationship. In order words, 1% increase in professional behaviour in the hospitals will lead to an increase in electronic health record usage with about 75%. VE and EHR had a Pearson r of -.697 and a significant value of .000. This implies that 1% increase in value erosion will lead to about 69% decrease in electronic health record usage and maintenance.

After the correlation presentation, the study went ahead to present the regression summary. The result is presented in table 5.

Table 5: Model Summary

R ²	Adj. R ²	Sig.	Std. Est of Error
.651	.643	.000	.33348

Looking at table 5, it is discovered that the developed model had an R square of .651, which implies that 65% of electronic health record in the hospitals is explained by professional behaviour and value erosion. 35% of electronic health record is therefore covered by the variables that were not captured in this study. The R square shows that the positive impact is a strong one as it is above .50. The adjusted R square was seen to be around .643, which shows that even when the model

was adjusted for the individual variables, there was still an impact of about 64%.

The model that was developed was also found to be significant with a p-value of .000. The p-value was not above .5 which then made it significant. The model also presented the estimated error of the model which was found to be around .33348. The estimated error was not above .5 which signifies that there is a low estimated error. The low estimated error meant that there is no over flattening in the individual coefficients of the variables in the regression line. It was also important to see the individual impact that the independent variables will have on the dependent variable. This was then presented in table 6.

Table 6: Coefficients of the Variables

Variable	Coefficient	Sig.	VIF
PB	.436	.000	2.567
VE	-.225	.000	2.092

Table 6 presented the coefficients of the independent variables on the dependent variable. PB was discovered to have a beta coefficient of .436 and a significant value of .000. This implies that there is a positive and significant impact on electronic record keeping. Looking at the beta coefficient, it will be seen that 1% increase in professional behaviour will impact about 43% or approximately 44% of electronic record in the hospitals. Value erosion was seen to have a beta coefficient of -.225 and a significant p-value of .000. This implies that there is a negative and significant impact between value erosion and electronic health record. It is further understood that an increase in the value erosion of the medical practitioners will lead to a decrease in the electronic health record by about 22%.

It was important to look at the multicollinearity test of the study. The variance inflation factor (VIF) was used to measure the level of collinearity in the variables. All the variables were seen to have VIFs that were not up to 5. Which implies that there was no problem of multicollinearity between the variables.

The study was conducted on the effect of professional behaviour and value erosion on electronic health record and the hypotheses of the study were all stated in null form. The study had three hypotheses which was tested using the p-value and coefficients from the regression.

Hypothesis one of the study states that there is no significant effect between professional behaviour and electronic health record.

H₀₁: Professional behaviour has no significant effect on electronic health record in Kaduna Metropolis.

The first hypothesis was stated that absolutely no influence exists between communication and employee performance, however, it was discovered that the relationship had a beta coefficient of .43 and a significant p-value. Based on the result, which was positive and also significant, the study therefore rejects the null hypothesis one. This finding goes in line with the finding of (Patey et al., 2023).

The second hypothesis of the study stated that there is no influence between value erosion and electronic health record.

H₀₂: Value erosion has no significant effect on electronic health record in Kaduna Metropolis.

The data on value erosion and electronic health record was discovered to have a negative beta coefficient of -.225 and a significant p-value of .000. This therefore implies that there is a negative and significant relationship between value erosion and electronic health record. Considering the finding, the study therefore rejects the second null hypothesis. This finding follows the finding of (Skeff et al., 2022).

Conclusion and recommendations

Based on the findings of the study, the following conclusions were therefore drawn. The study concluded that professional behaviour had a positive effect on electronic health record because when the health practitioners are professional in their dealings, they would understand the value that record will bring to them since it will increase their efficiency and reduce the time spent on trying to manually assess the previous records of a client or patient.

The study also concluded that value erosion had a negative effect because, when electronic health record is not seen as significant by some of the health practitioners, it will hinder the process of proper usage of the records hence making the system less efficient.

Hence, the following recommendations were proffered:

1. The management of the health facilities need to continue to increase the advocacy of professionalism in their work and stating how the digital transformation can make the system better. This can be done through seminars and weekly meetings.
2. The study also recommends that health practitioners need to be enlightened about the relevance of electronic health record and how it adds value to their work, this will ensure that they consider it as a useful resource and make use of it to improve efficiency thereby reducing the erosion of value.

3. The study also recommends that other researchers can introduce the role of leadership style as a mediator in the relationship to see whether it will give a different effect.

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ENTREPRENEURIAL TRAITS AND COMPETENCIES FOR ENTREPRENEURIAL SUCCESS

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Abstract

Our business climate is competitive, thus in order to compete, one must be original and creative. While creativity and innovation are crucial, competence is absolutely necessary for every organization to flourish. To accomplish entrepreneurial goals, one can get these through education, picking up new abilities, attitudes, and interpersonal skills. One can also pursue knowledge by taking initiative and being proactive. Thus, the study looks at the competences and traits needed for entrepreneurial success as they relate to character attributes and leadership abilities. In order to examine entrepreneurial abilities and performance, the study used a theoretical method and analyzed pertinent literature. Research indicates a strong correlation between company performance and the use of core entrepreneurial competencies, learner abilities, and personal attributes connected to entrepreneurship. Entrepreneurs who want to take on management roles need to possess organizational and interpersonal skills, which are closely linked to the success of their businesses. According to the study findings, government funding for education and training should be prioritized. Entrepreneurs ought to be more proactive and seek out entrepreneurial training. The study came to the conclusion that while entrepreneurial competencies may be acquired through education and training programs, they also act as benchmarks for developing strategies that, when put into practice, improve the achievement of company objectives.

Keywords: *Entrepreneurial Competencies. Skill, Performance, SMEs, Entrepreneurial Success*

Introduction

Entrepreneurial competencies are character characteristics, abilities, and knowledge that have the potential to improve an organization's performance (Man, Lau, & Chan, 2002). Scholars claim that a certain set of skills associated with managing profitable businesses is known as entrepreneurial competences (Mitchelmore and Rowley, 2010). According to studies, an entrepreneur's effectiveness in their commercial endeavors may be greatly enhanced by possessing the qualities and abilities known as entrepreneurial competencies (Bridge, Neill, and Martin, 2009). In addition, studies on entrepreneurial abilities are mainly concerned with three topics: 1) antecedents (education, background, family, and qualities); 2) results (performance, competitive advantage); and 3) processes (opportunity, organizing, and commitments). Furthermore, Man, Lau, and Chan (2002) recognized

the following as crucial, crucial, and significant entrepreneurial competencies: organizational competency, commitment competency, connection competency, strategic competency, opportunity identification competency, and conceptual competency. The competitive business climate that entrepreneurial enterprises work in is seen as being exceedingly complicated due to the rapid advancement of technology. An entrepreneur must engage with these external entities, necessitating a high level of competence in a variety of areas, such as behavioral, technological, psychological, intellectual, and management components. Entrepreneurs face constant pressure to employ a certain skill set in order to succeed in their commercial endeavors (Chukwuka 2016). An individual's fundamental traits that result in the establishment of new firms are referred to as entrepreneurial abilities. These characteristics include

both specialized and general knowledge, as well as traits, motivations, self-perceptions, social obligations, and abilities that the individual may or may not be aware of.

In other words, someone could unintentionally display particular traits. While some of these abilities are innate, others can only be learned via experience, education, and training (Cavanagh 2005). This also speaks to an entrepreneur's overall ability to complete this activity effectively. Several studies have discovered a favorable relationship between the presence of competences and organizational success.

Literature Review

The concept of Entrepreneurial Competencies and Traits

Man et al. (2008) claim that an entrepreneur's entrepreneurial skill and labor comprise all of their abilities to complete a task successfully. The six main competency categories that the authors defined are conceptual competence, organizational, strategic, connection, opportunity, and commitment. Because of its comprehensiveness, we utilize this classification of entrepreneurial skills for our current study.

Entrepreneurs in the modern economy need to possess the managerial, intellectual, behavioral, and attitudinal qualities necessary in a competitive environment in order to generate commercial value. Entrepreneurs are catalysts for change in the economy. A successful entrepreneur must possess the following qualities: talent, enthusiasm, drive, optimism, flexibility, resourcefulness, and problem-solving skills in addition to being informed about their industry, willing to take risks, and able to communicate with others. According to Man et al. (2008), interventions like selection and training in entrepreneurship have the ability to impart and change entrepreneurial abilities. Enhancing entrepreneurship requires the possession of attributes associated with entrepreneurial aptitude. Previous research has tried to classify the traits and skills of entrepreneurs. Planning, finance, and marketing are the three most important skill areas for Jamaican firms, according to Huck and McEwen (1991).

Conversely, Chandler and Jansen (1992) contend that the ability to identify, anticipate, and grasp opportunities is critical to the success of a firm. Process views may be used to look at the qualities of entrepreneurial abilities by seeing an entrepreneur in action. When used properly, entrepreneurial personality characteristics, abilities, and learning skills may result in exceptional performance and maximum corporate profit. Relationship skills include, according to Man et

al. (2008), collaborating with the environment, using relations, communication, interpersonal skills, and persuasive ability. Building relationships involves both creating and repairing relationships, according to Bird's (1995) concept of entrepreneurial bonding. The entrepreneurial role that drives a business to success, according to Chandler & Jansen (1992), is defined by a high degree of proficiency in committing, making decisions, and acting constructively toward their duties and tasks. Entrepreneurs must possess these attributes in order to prosper. This is comparable to the urge that entrepreneurs have to see their projects through to completion (Chandler & Jansen, 1992). The business landscape is evolving, and entrepreneurs are growing more inventive and creative, but in the lack of competence, any company's ability to expand will be severely limited (Chukwuka, 2023). Entrepreneurs need to take proactive measures in their surroundings to lessen the negative effects of the difficult business climate. The need for entrepreneurial skills is rising, yet some business owners lack creativity, are risk-averse, lack enthusiasm for their work, are reactive, unreliable, and unprepared to pick up new skills due to gaps in their knowledge. This is only achievable if the company owners work really hard to be creative, fearless, devoted, submissive, and willing to pick up new skills that will make their

Types of Entrepreneurial Competencies

Man et al. (2008) have distinguished between the following areas of entrepreneurial competence: A. Personal capabilities in entrepreneurship
B. Examples of venture initiation and success competences are enterprise management abilities and enterprise launching competencies.

Personal Entrepreneurial Competencies

The traits of an individual determine their capacity to complete the work successfully and efficiently. The following are some instances of personal business competencies:

a) Recognize and grab opportunities.

An entrepreneur is always on the lookout for and exploiting chances. He recognizes and seizes new business prospects and non-traditional sources of capital, real estate, machinery, workspace, and assistance (Hodgelts et al., 2003).

b) Being proactive

The proprietor of the company should be able to respond promptly and go above and beyond what is required. Because he always stays one step ahead of the competition, he has the potential to become a corporate star. Before being asked or coerced, he moves to expand the company into new markets, goods, or services.

c) Sturdiness

An entrepreneur may take many attempts or use other strategies to overcome an obstacle that prevents them from achieving their objectives. An entrepreneur use a range of techniques, either repeated or varied, to get beyond a big obstacle.

d) Obtaining Information

To accomplish corporate objectives or comprehend company difficulties, entrepreneurs do independent study on how to deliver a good or service. To be clear about what is required or desired, they ask clarifying questions or seek out further information. They conduct their own independent research and employ networks or contacts to gather relevant information.

d) The Need for Excellent Work Quality

An entrepreneur chooses to pursue certain excellence levels because it brings him happiness. An entrepreneur declares their desire to create or offer a better product or service. They have a positive opinion of their own or their company's work when compared to others.

f) Commitment to work contract

An entrepreneur prioritizes getting a task done. They promise to finish a project or go above and above. They show concern for the client's well-being and take full accountability for any problems that arise from working on someone else's behalf (Inegbenebor et al., 1999).

d) Making Efficiency a Priority

A profitable business is always looking for ways to do things faster, cheaper, or with fewer resources. They search for methods to complete tasks more quickly or affordably. An entrepreneur uses tools or abilities for business purposes to increase productivity. He was concerned about the benefits and drawbacks of a particular development, modification, or course of action.

f) Systematic Planning

An entrepreneur creates and implements logical, sequential strategies in order to achieve goals. They strategize by breaking down big tasks into smaller ones, coming up with plans, anticipating roadblocks, and assessing options. They tackle their work methodically and logically.

g) Resolving Problems

To reach their objectives, entrepreneurs search for unique and sometimes even exclusive ideas. They employ novel approaches to problem-solving and generate original ideas or inventive solutions. A successful entrepreneur is by nature a problem solver, since the best way to make money is to recognize social problems and seek to find solutions (Chukwuka 2016).

h) Confidence in Oneself

Entrepreneurs will feel a great sense of confidence in their abilities because of this ability. They exude confidence in their capacity to finish a job or find a solution. They depend on their own judgment while making decisions.

f) Assertiveness

An entrepreneur deals with others' difficulties and issues right away. Companies with this ability demonstrate their legitimacy for infringing on other people's rights. They demand responsibility and retribution from those who fall short of their standards. They highlight their own experience, reliability, or other individual or organizational traits. They also show a strong conviction in the products or services offered by their own business or organization (Kirrane 2009).

j) Convincing

Companies that are adept at this talent successfully look for others to carry out the tasks quickly and effectively. An entrepreneur has to be able to persuade or influence others in order to gather resources, buy materials, plan his manufacturing, and promote his products or services.

j) Applying Persuasion Techniques

An entrepreneur may leverage powerful people to assist him in accomplishing his business goals. Entrepreneurs that possess this ability have an influence on the people and organizations around them in order to coordinate production, mobilize resources, and promote goods and services in order to build commercial relationships.

L) Monitoring

Entrepreneurs that possess this ability usually keep an eye on or observe every activity that the business undertakes to guarantee that the task is completed to a high standard.

m) Concern for the Well-Being of Employees

Entrepreneurs that possess this ability act to improve worker welfare and address employees' personal concerns in a constructive manner.

Competencies for Venture Initiation and Success

The entrepreneur has to possess not just personal talents but also the competencies necessary for initiating, growing, and maintaining the firm.

It is further separated into two competency categories:

- i. Competencies for Beginning an Enterprise
- ii. Competencies in enterprise management.

a) Competency to understand the nature of the business

- To evaluate the individual advantages of becoming a small business owner.
- To evaluate the risks to oneself involved with small company ownership.
- To look at ways to maximize opportunities while lowering the risks involved in managing a business.

b) The competency to assess one's potential as an entrepreneur

- To consider the specific skills and credentials needed to manage a business of one's own.
- To evaluate one's own creative, problem-solving, and decision-making skills.
- To evaluate one's own capacity for personnel, operations, planning, administration, and public relations.

c) The competency to create a business strategy

- Understand the value of a business plan for a startup.
- To grasp the suitable framework for a company plan.
- Identifying and applying a process for generating a business plan.
- To grasp how to implement the company's plan.

d) The opportunity to determine the form of ownership for a corporation

- To look at the sort of ownership of the company
- To complete the essential actions in order to apply for business ownership.
- To set up the procedures and rules essential for a successful multi-ownership.
- To determine the sort of business that would best fulfill your needs,

d) The competency to organize the market strategy

- To apply life cycle analysis and product classification as planning tools for marketing efforts.
- To establish and adapt marketing programs for a business.
- To aid in activity evaluation and make use of decision-making tools.
- To analyze techniques to enhance the quality of marketing decisions.

g) Competency to locate the business

- To contrast customer transportation, parking, and other services at various sites.
- To finish a corporate location feasibility study.
- calculating the price of renovating or improving a commercial space
- To give a capacity comparison to the company.

h) The competency to finance the business

- Outlining the potential sources of information for launching a new company.
- To determine the starting capital of a business
- To create a projected profit and loss account and financial flow statement for the new company.
- Compiling a package of credit applications.

h) Enterprise Management Proficiency

For this, the following skills are required:

- setting up organizational targets and goals
- to create a diagram that illustrates the organization's hierarchical structure.

- To create policies and procedures for business control

i) The competency to manage staff

- To establish the company's aims and objectives
- To draw a diagram that shows the hierarchical structure of the company.
- To create policies and procedures for business control
- To draft a job description for a position inside the organization.
- To develop an online training program for employees.
- To compile a list of individuals who work for the firm.
- To develop a framework for a procedure for staff assessment.
- To schedule a remedial conversation on a particular problem with an employee.

j) Competency to advance the company

- To create a long-range marketing plan;
- To describe the processes involved in creating marketing and advertising
- Examining rival marketing initiatives
- Promotional effectiveness evaluation
- Organizing a program for community relations

k) Competency to oversee sales efforts

- To develop a company-wide advertising plan
- To develop a plan for educating and motivating salespeople.
- to develop a company-wide advertising plan

L) Competency to maintain company's account record

- To choose who would oversee and maintain the company's accounting records.
- To describe bookkeeping using double entry.
- Selecting the ledges and notebooks that the firm will employ.
- To identify which records including sales, cash transactions, cash transfers, accounts receivable, accounts outstanding, wages, pocket cash, inventory, budgets, and other information will be employed by the firm.
- To review the company documents.
- Figure out how to keep business records on a microcomputer.

M) The competency to manage company's finance

- To highlight the necessity of controlling financial flow
- Determining the processes for financial control and describing the approaches for finding revenue flow patterns

- To investigate into problematic activities in financial management
- To outline the procedures required in creating a financial summary of the owner's equity.
- To look at financial management methods that apply to small firms.
- To identify the parts that make up the breakeven point problem. to investigate an application for microcomputer financial management.

N) Competency to manage customer credit and collection

- Assessing the resources and legal rights of credit guarantors; developing a series of follow-up tasks and credit collection reminders;
- To establish a variety of credit and recovery strategies.
- Establishing a credit promotion plan; examining data sources and systems relevant to credit and collection operations; and putting together a credit promotion strategy.

O) Competency to protect the business

- To design protocols for the company that will assist in reducing losses from shoplifting, employee or vendor theft, fraudulent checks, physical harm, or product liability.
- Determine the types, amounts, and expenses of protection that the company need.

Entrepreneurial Traits for Entrepreneurial Success

Observing the environment, we can tell that certain businesses are thriving. They know how to run their businesses well and are dedicated to making them highly profitable. The following questions are often posed: who are they? What do they own? and a few more inquiries concerning their workings. They have successfully achieved a careful balance between skill, understanding, and personality. All of these are known as entrepreneurial qualities or skills. The gathering and retention of information about any work or activity is known as knowledge. All acts are based on knowledge. Only information can guarantee achievement (Gartner, 1990).

Success is determined by one's ability or talent to use knowledge acquired to achieve desired outcomes. The term "skill" describes the ability to apply or use information in practical settings. Thus, skill and knowledge play a role in success. People are driven to action by innate desires that serve as motivation. "A motive is an interior condition that energizes, activates, or moves and guides or redirects behavior objectives," says Steneir. David McClelland defines "achievement motivation" as an individual's inner drive to accomplish a goal. An individual's drive to keep becoming better comes from their desire to accomplish a goal. Therefore, the key to success in any undertaking

is possessing a well-balanced combination of drive, abilities, and knowledge.

Ecuador, Malawi, and India were the three countries where the Entrepreneurship Development Institute of India [EDI] carried out study under the direction of renowned behavioral scientist Professor David C. McClelland. It has been discovered that some aptitudes or competencies result in superior performance. Even while an entrepreneur might already have some abilities, experience, training, and mentoring can all help to improve them. The research revealed certain abilities that are essential for achieving excellent achievement, which is enumerated below:

Initiative: The innate desire to act or start a project is known as initiative. As they say, "well started is half done." The person who initiates a business venture is known as an entrepreneur. The need to try something new drives most inventors. In essence, an entrepreneur is an innovator who forges new alliances to launch and accelerate economic growth.

Seeking Opportunities: An entrepreneur is constantly alert for business opportunities and he is prepared to seize them when they present themselves in the organization's best interests.

Persistence: An entrepreneur is never deterred by setbacks. 'Fail seven times, rise up eight' is a Japanese proverb that he holds dear. He uses the "try-try-again" strategy to get past obstacles in the way of achieving his goals.

Information Seeker: A prosperous businessman is always on the lookout for novel ideas that can advance his goals. He is prepared to seek the advice of professionals in the field.

Quality Consciousness: Businesses that are successful do not settle for mediocre or mediocre performance. They set high expectations for themselves and then put forth great effort to live up to them. Their unwavering commitment to excellence is clear in everything they do.

Work ethic: Prosperous companies are prepared to go to any lengths to fulfill their commitments. Regardless of the costs involved, they believe it is morally required to keep their word and fulfill their pledges.

Dedication to Efficiency: High performers are constantly searching for new approaches to increase output. They are excited to create and experiment with new techniques that will make work simpler, better, easier, and more affordable.

Appropriate Planning: As they plan or adjust their future course of action, successful entrepreneurs keep their goals front and center. They believe in creating pertinent and practical plans and ensuring proper execution of those plans in order to achieve their objectives.

Problem Solver: Successful businesses view problems as challenges and work tirelessly to find the best

answer for them. They will first comprehend the issue and then devise a suitable strategy for overcoming it.

Self-confidence: Top performers are not intimidated by adversity because they trust in their own skills and talents. They are unconcerned about future risks because they have complete confidence in their knowledge, ability, and expertise.

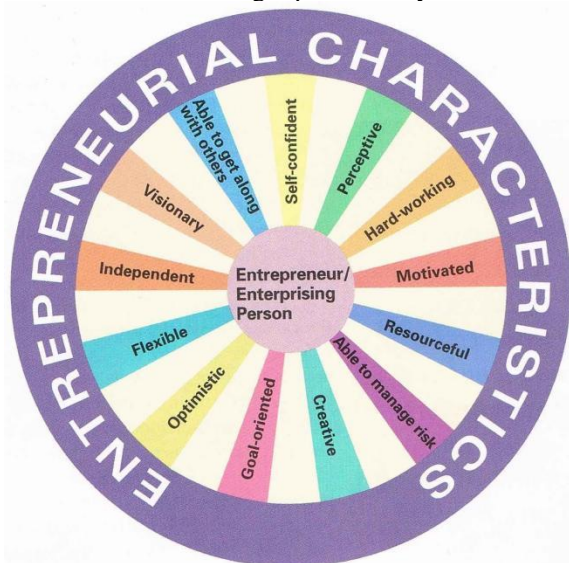
Assertive: A confident individual understands what to say, when to say it, how to say it, and to whom to say it. He believes in his skills and guarantees that others share his viewpoint in order to advance the organization's interests.

Persuasive: A successful entrepreneur can persuade others to do the job that he wants them to do by using solid arguments and logical thinking. He will use cerebral rather than physical power to persuade others.

Effective Monitoring: Top workers ensure that everything in their companies is done according to their desires. They guarantee that the organization's objectives are met in the best possible way through regular monitoring of its operations.

Employee Welfare: The future of the company depends on its employees. The company will perform well if its workers are dedicated, committed, and loyal. A successful entrepreneur attempts to advance the interests of the company by promoting the interests of the employees. He takes a personal interest in resolving issues that employees face and creates the impression that the interests of workers and management are interdependent.

Effective Strategist: A successful entrepreneur is capable of developing pertinent strategies targeted at protecting or promoting the interests of the company. Strategy may pertain to dealing with potential uncertainties or challenges presented by rivals.



Source: Cavanagh (2005), *American Business Values with International Perspectives*, New York

Traits of Successful Entrepreneurs

A corporation requires a lot of work to get started. Anyone who tells you that it isn't is either dishonest or has never begun one. The hours are long, the sacrifices are considerable, and every day seems to bring new issues and obstacles. If you lack the fortitude to deal with these challenges, your company may collapse quicker than it began (Hodgetts et al., 2003).

Entrepreneurship is clearly not for everyone. But how do you know if it's right for you? You should begin by asking yourself what it takes to be a boss, because you will be doing the majority of the work up front on your own. If you can't lead yourself from the beginning, you won't be able to lead your company or future workers through development and success.

If you enjoy only a few hours of actual work per day, with the rest of your time spent either looking busy or hanging out at the water cooler catching up on TV talk, a modest but consistent paycheck and benefits, and are content with routine day in and day out, stop reading and go back to your cushy desk job. If you are looking for a task that is both financially and emotionally rewarding, continue on, because you have what it takes to be a great entrepreneur (Cavanagh, 2005) Great innovators, from Henry Ford to Steve Jobs, share many characteristics. Do you share at least half of these characteristics to show how you compare to these successful entrepreneurs?

Excellent leadership capabilities

A leader is someone who prioritizes the objective over any discomfort that the labor required to get there may bring. But a leader is not merely someone who never gives up. A leader has strong communication skills and the ability to rally a group of people around a shared objective in such a way that everyone is motivated and works together to achieve the goal. A leader earns his team's faith and regard by demonstrating good work qualities and confidence, then creating an atmosphere that spreads these values throughout the team. A boss who no one will follow is not a leader at all (Chukwuka 2021).

Extremely Self-Driven

Knowing even a little bit about some of history's most renowned business innovators will teach you that leaders are usually intense characters. Nobody advances by sitting back and waiting for it to come to them. Successful individuals go out into the world and use their deeds to effect change. Leaders typically appreciate challenges and will work tirelessly to fix issues that arise. They usually excel at assisting their teams change with them by motivating them toward

new goals and opportunities, and they adjust well to changing circumstances without unraveling. Often, successful entrepreneurs are motivated by a larger vision or objective than just the job at hand, and they are able to think on a more universal level in this respect. They are also frequently very passionate about their ideas, which push them toward these ultimate aims and are infamously difficult to sway (Hodgels, 2003).

Strong sense of basic ethics and integrity

Business is viable because there is a widely accepted code of ethics that supports the very fiber on which trade is done. Cheaters and thieves may gain in the near term, but they always fail in the long run. You will discover that effective, long-term business people maintain the highest levels of integrity because, at the end of the day, if you cannot establish yourself as a credible businessperson and no one will do business with you, you are out of business. When dealing with clients or leading a team, successful leaders admit mistakes and give solutions to correct them rather than lying about, blaming others for, or dwelling on the issue itself.

Willingness to Fail

Successful businesses are risk-takers who have all overcome one major barrier: they are not scared of loss. That's not to suggest they jump in with abandon. In reality, entrepreneurs are frequently effective because they are calculated and capable of making the best decisions in even the most difficult situations. They acknowledge, however, that even if they make the best decision imaginable, things do not always go as planned and may fail in any case. If you've heard the adage "nothing risked, nothing won," this is precisely what it means: don't be afraid to fail; put yourself out there and give it your all. Again, there isn't a single great entrepreneur lounging on his sofa wondering, "What if?"

Serial Innovators

Entrepreneurs are almost characterized by their relentless pursuit of new ideas and improvements to established processes. In actuality, this was how the majority of them got their businesses started. Many business concepts rely on improving goods, services, and procedures in order to gain business, so successful people embrace change and often rely on it to improve their effectiveness as leaders and, ultimately, the success of their companies.

Know what you do not know.

While great entrepreneurs generally have strong personalities, the finest have realized that there is always a lesson to be learned. They are rarely afraid to

ask questions when the responses will provide them with insight that they can then use to effect change. Successful businesspeople are self-assured but not egotistical to the point where their arrogance becomes a flaw that prevents them from seeing the big picture and eventually making the best business choices.

Spirit of Competition

Entrepreneurs appreciate a good challenge and want to succeed. They would have to, because starting a company is one of the most difficult tasks a person can face in their lifetime. In a company, there is always rivalry to gain new customers and increase market share. It's also a personal challenge to use all of this to concentrate inward and build a company from the ground up into a force that either generates a lot of money or is so successful that it can be sold or purchased for a profit.

Understand the value of a strong peer network.

Entrepreneurs almost never achieve success on their own. The best realize that success requires a network of connections, business partners, financial partners, colleagues, and resources. Successful individuals cultivate these connections and surround themselves with people who can help them become more effective. Any effective boss is only as good as the people who back him up (Inegbenebor et al., 1999).

Theoretical Framework

The resource dependence theory was chosen after a thorough evaluation of the many theories pertaining to entrepreneurship and organization; as a result, it is the most appropriate for the research. Resource dependency theory, according to Pfeffer & Salancik (1978), is the study of how an organization's external resources impact its behavior. Obtaining outside resources is a fundamental component of any company's tactical and strategic management. The best divisional structure of an organization, hiring practices for boards and staff, production techniques, contract structure, external organizational ties, and several other facets of organizational strategy are all affected by resource dependency theory.

It was Mayer who first proposed the hypothesis in 1999. The accessibility of resources is introduced by this notion. According to this notion, organizations often try to lessen the unpredictability of outside impact by making sure that the resources they need for survival and growth are available. This idea demonstrates how a company's ability to operate is based on the information it has available to it. Resource dependence theory is important because, in order for entrepreneurs to stay competent and add value to their firms, they

require a variety of skills, education, training, and knowledge, all of which can only be obtained through information gathering.

Methodology

This study adopted the qualitative method, which includes a theoretical approach and a literature review. Secondary data sources were used by the researcher.

Results

Throughout the investigation, the following conclusions were reached:

1. Entrepreneurs who engage in entrepreneurial activities need to possess strategic, opportunity, commitment, and competencies; the success of their businesses is positively correlated with these competences. Additionally, entrepreneurs engage in duties and pursuits similar to those of managers.
2. The competency to organize and form relationships is a prerequisite for working as an entrepreneur or a manager, and it is favorably connected with the success of the firm.
3. Technical proficiency is necessary for entrepreneurs to perform functional roles, and business performance is favorably correlated with this ability.
4. Personal competency is necessary for entrepreneurship, management, and functional positions in order to assist entrepreneurs in completing a variety of activities, and this personal competency is favorably correlated with the success of businesses.

Conclusion and Recommendations

It is widely held that entrepreneurs are key figures in the companies they start and forces for economic transformation. By investigating their surroundings, entrepreneurs may identify and seize excellent prospects that can help their company. It takes careful management of both internal and external resources for entrepreneurs to turn these chances into successful outcomes. Even if there are resources that are easily accessible in their surroundings, the success of the entrepreneurs depends on their capacity to get and utilize such resources. It is obvious that entrepreneurs should take on challenging projects and develop their skill sets, creativity, and inventiveness. They should also be willing to acquire new knowledge.

In order to secure their survival and success in the market, entrepreneurs must be proactive due to the intricacy of the jobs they do. It's also thought that their personal objectives and company aspirations influence how they manage their company. It is important for entrepreneurs to acquire pertinent abilities since this will ultimately improve the success of their businesses. In light of the noteworthy role that entrepreneurs play in the advancement of a country, the following recommendations are made:

1. The government should commit to providing funding for education and training in order to guarantee that entrepreneurs gain strategic competency, which will improve their ability to make wise decisions, encourage planning, and assist in problem-solving through the development of skills, knowledge, and abilities for the accomplishment of business objectives.
2. Entrepreneurial trainers should view competence as a tool for creative practice to develop new goods and organize all efforts towards the business's expansion and successful operation.
3. As a way to increase business knowledge, employ ethical business methods, and raise confidence and a sense of empowerment, entrepreneurs ought to seek out entrepreneurship training programs.
4. Effective entrepreneurship education should enhance the personal qualities and learning abilities of entrepreneurs by providing them with the information, abilities, and mindset to satisfy startup requirements in a creative and efficient manner that promotes business growth.

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REWARD MANAGEMENT AND EMPLOYEES PERFORMANCE IN MANUFACTURING FIRMS IN SOUTHEAST, NIGERIA

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Abstract

This study is on reward management and employees' performance in manufacturing firms in southeast, Nigeria. The broad objective of the study is to investigate reward management and employees' performance in manufacturing firms in southeast, Nigeria. While the specific objectives are to examine the effect of promotion on employees' productivity and evaluate the effect of recognition on employees' commitment in manufacturing firms in southeast, Nigeria. This study employed a longitudinal survey research design. The area of the present study is South-Eastern, Nigeria. The population of the study is 5,011 and the study sample size 895 respondents. The data were analyzed and presented in frequency and percentage tables. Regression statistical tools was used to test the hypotheses with the aid of SPSS Version 26. The findings of the study revealed that promotion does have significant effect on employees' productivity in manufacturing firms in southeast, Nigeria. And that recognition does have significant effect on employees' commitment in manufacturing firms in southeast, Nigeria. It concluded that promotion significantly influences employees' productivity, while recognition has a notable impact on employees' commitment within these organizations. Therefore, implementing effective reward management strategies tailored to the specific needs and preferences of employees in manufacturing firms in southeast Nigeria can lead to improved productivity and commitment levels among the workforce. The study among other things recommended that employers should establish a clear and transparent promotion system based on meritocracy and performance evaluation. This will motivate employees to work harder to achieve promotions, leading to increased productivity within the organization.

Keywords: Reward, Management, Employees, Performance, Manufacturing firms.

Introduction

Background of the study

Business organizations operate within a global landscape where retaining market share is a paramount challenge. To address this, effective rewards systems are utilized to attract, retain, and motivate employees, viewed as crucial tools for organizational success (Okeke et al., 2020). It is widely acknowledged that any reward system failing to motivate employees is deemed ineffective, as employees, in pursuit of their daily needs, seek compensation for their contributions to the organization (Okeke et al., 2020). Consequently, organizations without a genuine concern for their workers' welfare are perceived as destined for failure.

Diverse types of rewards, such as extrinsic and intrinsic, financial and non-financial, performance-based, and member-based, are employed by organizations to incentivize employees for optimal performance, aligning with organizational objectives (Okeke et al., 2020). In the global age, the quest for competent and motivated employees is paramount for organizations aiming to secure a broader market presence. Consequently, understanding what motivates employees becomes crucial for organizations to harness their best contributions (Onuegbu&Ngige, 2018).

The performance of manufacturing firms is intricately linked to how their employees are rewarded, utilized, and provided with conducive working environments (Okoli

I.E., 2018). In essence, employees constitute the foundation of an organization's existence, recognized as a critical source of competitive advantage in today's competitive environment (Mbah et al., 2015). The willingness of employees to leverage their skills and knowledge significantly influences organizational success (D. Tuvei et al., 2016). Affirming this, Roshna and Rohan (2016) emphasize that employees are the assets and brains driving the processes within an organization, serving as the backbone of corporate survival.

However, the management of rewards becomes pivotal, as employees compare what they receive with their perceived contributions. When there is a perceived imbalance, where employees feel their efforts surpass the rewards received, it signals a flaw in the rewards management system. Such discrepancies can undermine employee commitment, potentially impacting organizational performance adversely (Okoli et al., 2020). Therefore, organizations need to carefully manage their rewards systems to ensure alignment with employee contributions, fostering a positive and mutually beneficial work environment. It is against this backdrop that the researcher seeks to investigate reward management and employees' performance in manufacturing firms in southeast, Nigeria.

Statement of the Problem

The process of implementing an effective reward system is often thwarted by the complexities associated with choosing suitable motivational tools. Additionally, constraints related to financial resources pose a significant barrier to the execution of reward programs. Furthermore, the resistance of some organizational leaders to embrace and implement these initiatives further compounds the challenges faced in establishing an effective reward system.

It is evident that individuals within organizations draw motivation from both monetary and non-monetary rewards. Total remuneration encompasses financial rewards (both fixed and variable) and non-financial rewards such as praise, achievement, responsibility, freedom, job satisfaction, job security, and personal growth. Every employee possesses a unique set of motivations and incentives that drive their effort expenditure, ranging from financial considerations to non-financial aspects like recognition, career advancement, or job security.

The dichotomy between financial and non-financial rewards emerges as a crucial aspect of motivation, with both recognized as effective tools for inspiring workers and subsequently enhancing performance. Despite this understanding, there appears to be a reluctance among most employers to embrace and implement comprehensive reward systems. This reluctance contributes to a negative impact on employee performance, highlighting the need for organizations to overcome these barriers and actively adopt holistic

reward strategies. By doing so, organizations can cultivate a motivational environment that caters to the diverse needs of their workforce, ultimately fostering improved employee performance and contributing to the attainment of organizational objectives. There is need therefore, to investigate reward management and employees' performance in manufacturing firms in Enugu State.

Objectives of the study

The broad objective of the study is to investigate reward management and employees' performance in manufacturing firms in southeast, Nigeria. Specifically, other objectives are:

- i. To examine the effect of promotion on employees' productivity in manufacturing firms in southeast, Nigeria.
- ii. To evaluate the effect of recognition on employees' commitment in manufacturing firms in southeast, Nigeria.

Research questions

- i. What is the effect of promotion on employees' productivity in manufacturing firms in southeast, Nigeria?
- ii. What is the effect of recognition on employees' commitment in manufacturing firms in southeast, Nigeria?

Statement of Hypotheses

Ho1: Promotion does not have significant effect on employees' productivity in manufacturing firms in southeast, Nigeria.

Ho2: Recognition does not have significant effect on employees' commitment in manufacturing firms in southeast, Nigeria.

Scope of the Study

The topic of this study is reward management and employees' performance in manufacturing firms in southeast, Nigeria. Geographically, this study focuses on selected manufacturing firms in southeast, Nigeria. The independent variable of the study is reward management, which is proxied by promotion and recognition. The dependent variable of the study is on employees' performance which is proxied by employees' productivity and employees' commitment. The unit of analysis is the employees of the selected manufacturing firms in southeast, Nigeria.

REVIEW OF RELATED LITERATURE

Conceptual Review

Reward

Reward is defined as the compensations provided to employees by their superiors, constituting what employees receive in acknowledgment of their positive contributions to the organization (William and Werther, 2016). This

compensation can take various forms, including monetary, non-monetary, or psychological payments granted to employees in exchange for their tasks in the workplace (Kreitner, 2014; Bratton & Jeff, 2012). It encompasses all financial returns, tangible services, and benefits that an employee derives from their employment relationship (Malhotra, Powan, & Peter, 2017). Furthermore, it is regarded as any valuable offering provided to employees in recognition of their positive contributions to the organization (Okioga, 2012), acting as a form of "payback" for commendable actions within an organizational context. Sterman (1994), as cited in Okioga (2012), emphasizes that organizations failing to reward creativity and originality are destined to face challenges. Thus, reward not only serves as an expression of appreciation for outstanding performances but may also instigate a heightened level of commitment, potentially enhancing employee retention within an organization.

Various forms of rewards recognized in the literature include promotion, pay increase, monetary incentives, employee benefits, status symbols, recognition, and praise (Okioga, 2012). Chiobiwa et al. (2010) also identify salary, promotion, bonuses, and other incentives as forms of organizational rewards. These rewards are often classified in different ways; for instance, Porter and Lawler (1968), as cited in Nujjoo and Meyer (2012), classify rewards as extrinsic and intrinsic. Extrinsic rewards, external to the job, include competitive salaries, pay raises, and merit bonuses (Mahaney and Lederer, 2016). These are primarily associated with financial incentives. In contrast, intrinsic rewards are predominantly non-monetary and encompass elements such as status, recognition, praise, and personal satisfaction (Mahaney and Lederer, 2016). Intrinsic rewards are known to have a sustained impact on employees (Ali et al., 2016).

Weatherly (2012) offers another classification, categorizing rewards as either monetary or non-monetary. Monetary rewards involve tangible elements such as pay and bonuses, while non-monetary rewards consist of intangible aspects such as praise and recognition. This multifaceted nature of rewards underscores their importance as powerful motivators, influencing employee satisfaction, commitment, and overall organizational success.

Reward Management

Agbaeze et al. (2017) define reward management as the comprehensive process encompassing the development and implementation of strategies, policies, and systems aimed at fostering organizational success in achieving its objectives. This involves the attraction and retention of necessary personnel, as well as the enhancement of motivation and commitment among employees, as articulated by Armstrong (2012). Armstrong further

contends that reward management extends beyond the mere creation of strategies and policies; it is intricately tied to the cultivation of appropriate organizational cultures, accentuating core values, and improving employee motivation and commitment.

The holistic perspective on reward management, as presented by Mbah (2015), emphasizes that it is not solely concerned with the design and development of reward strategies or policies. Equally crucial is the fair and equitable implementation of these strategies, along with ongoing evaluation to identify areas for improvement, addition, or reduction. This continuous assessment is essential for refining the process and contributing to enhanced overall organizational performance.

Reward management, according to Ndede (2014), serves as a multifaceted tool. Beyond its role in motivating employees and ensuring their engagement, it also plays a pivotal role in managing the expectations that employees hold regarding their employer or organization, and vice versa. In essence, reward management emerges as a dynamic and strategic function within an organization, influencing not only individual motivation and commitment but also contributing significantly to the establishment of a positive organizational culture and effective employee-employer relationships.

Components of Reward Management

a. Promotion

Employee movement within an organization to a position characterized by increased responsibility and prestige is commonly referred to as promotion (Okioga, 2012). This organizational practice serves to incentivize individuals to exert additional effort, both for personal advancement and the overall benefit of the organization (Prasad, 2011). Promotion, as asserted by Gomez and Davis (2013), has the potential to foster greater organizational efficiency and elevate employee morale when implemented effectively. According to Das and Baruah (2013), talented employees actively seek career growth opportunities, particularly in the form of advancement and internal promotions, to reach the pinnacle of their professional journeys.

The significance of promotions extends beyond a mere change in job title. It provides individuals with avenues for personal growth, heightened responsibility, and an elevated social status within the organizational hierarchy. Recognizing this, promotions are considered effective tools for encouraging positive behavior among employees, contributing to a sense of job satisfaction by instilling the belief that career progression is attainable (Gomez and Davis, 2013). Reward structures that incorporate fair and ample opportunities for employees' contributions to be recognized through promotions are associated with positive job attitudes. Such structures create openings for increased responsibility, personal development, and an elevated social standing within the organizational context (Serena and Muhammed, 2014). Thus, a well-structured promotion system not only benefits individual employees

but also contributes significantly to the overall positive atmosphere within the organization.

b. Recognition

Recognition is construed as a form of acknowledgment accompanied by a display of appreciation (Okioga, 2012). It takes the form of both informal and formal expressions, representing a timely acknowledgment of employees' behavior (Kiruthiga and Magesh, 2014). When employees receive such appreciation for their performances, it acts as a motivator, encouraging them to sustain or elevate their level of work (Prasad, 2001). Whether the recognition emanates from supervisors, team members, or coworkers, it has the potential to enhance loyalty to the organization, as noted by Walker (2001), cited in Das and Baruah (2013). The absence of recognition within an organization can lead to employee attrition (Moncarz, Zhao & Kay, 2009).

Praise is identified as a specific form of recognition, contributing to morale-boosting. The acknowledgment and praise received by employees may not only provide satisfaction but also contribute to employee retention (Shakeel & But, 2015). Moreover, the act of recognizing employees within an organization yields fundamental outcomes on employee productivity. Danish & Usman (2010) and Ngatia (2014) assert that when rewards, including recognition, are appropriately implemented, they foster a conducive working atmosphere capable of motivating workers to achieve high levels of performance. Recognition, whether verbal or written, serves as a means of appreciating an individual's work, acknowledging their efforts, and expressing praise for a job well done. It is a mechanism for signaling that employees' contributions are valued. When employees receive such appreciation for their efforts, it instills enthusiasm, satisfaction, and a sense of worth. This, in turn, boosts their productivity levels, contributing positively to the overall work environment within the organization.

Employee Performance

Performance is the skillful completion of tasks within defined boundaries, influenced by numerous factors in the workplace. Saeed et al. (2013) define employee performance as the execution of job tasks according to the prescribed job description. Motowidlo (2003) argues that it represents the behavior expected of employees while on the job, encompassing their understanding of tasks, ability to perform them, and the effort exerted in completing them. Prasetya and Kato (2011) define employee performance as the achieved outcome of actions, reflecting the skills of employees in specific situations. Additionally, employee performance refers to the actions or tasks completed by individuals within a specific timeframe (Swasto, 1996, cited in Khan, Rehman, and Akran, 2012).

Dessler (2008) views employee performance as work-related tasks expected of employees and assesses how well these tasks are executed. Performance evaluations are conducted regularly, ranging from monthly to annually, to

identify and address areas for improvement in the business (Dessler, 2008). Employee performance evaluation involves a comprehensive analysis of an employee's performance over a specified period, examining relevant documents to gauge the extent to which goals are achieved (USAID, 2009).

The commitment level of employees is directly linked to their performance, as an increase in commitment tends to enhance employee performance (Mwebi and Kadaga, 2015). Employee performance is reflected in their behavior toward their job, with various criteria used to assess behavior across different tasks (Mwebi and Kadaga, 2015). Muchiti and Gachunga (2015) highlight that employees with greater control over work schedules tend to exhibit increased engagement, commitment, retention, and job satisfaction.

Yeh and Hong (2012) emphasize that employee performance manifests in both the quality and quantity of work, indicating a correlation between employee performance and productivity. The overall performance of an organization is intricately tied to the commitment level of its employees (Ivancevich, 2010). In essence, the behaviors, actions, and commitment of employees collectively contribute to individual and organizational performance, highlighting the interconnected nature of these elements in the workplace.

Components of Employee Performance

a. Productivity

Employee productivity can be understood as the effectiveness with which organizations and their workforce generate value from the available inputs, as articulated by Cheese (2015). Joshi and Balyan (2011) provide a definition of employee productivity, also referred to as labor productivity, emphasizing it as the output per person or system. According to Samnani and Singh (2014), productivity can be defined as the ratio of outputs to inputs, representing the volume of output produced in relation to a given volume of inputs or resources. Improved productivity serves as an indicator of heightened efficiency within a firm.

The advantages of productivity for organizations are diverse. Chen et al. (2015) argue that productivity leads to tangible income, allowing the organization to fulfill its commitments to customers, suppliers, employees, shareholders, and the government (in terms of taxes and regulation). Additionally, it positions the firm to maintain competitiveness or even enhance its standing in the marketplace.

Onyije (2015) echoes similar sentiments, recognizing productivity as a key driver of success within organizations. Elevated levels of productivity result in lower unit costs, contributing significantly to the overall success of the organization. The significance of productivity extends beyond financial metrics; it is perceived as a mechanism for growing the business in a manner that satisfies the needs of both employees and

employers, thereby fostering a harmonious and successful organizational environment.

b. Efficiency

Efficiency, in essence, refers to the productivity of estimated effects, specifically emphasizing productivity without any form of waste. It revolves around the capacity of workers to operate in a highly productive manner while minimizing waste in terms of energy, time, and cost. Efficiency can be seen as a contrast between the utilization of inputs in a clearly defined process and the resultant outputs. For example, when a decision-making entity, be it an individual, corporation, administrative institution, or a state, achieves a level of output considered the maximum achievable based on present conditions, it is deemed efficient. Conversely, if it produces less than what is estimated, it is labeled as inefficient. Therefore, efficiency is derived from the relationship between inputs and outputs, essentially representing the degree to which outputs are generated while minimizing production costs (Harris, 2001).

Theoretical Review

The equity theory of motivation was used as foundation of this study. The equity theory was developed by Adams in 1963. The equity theory centers on employees' perception so unfair and equal treatment in terms of general work conditions compared to other organizations. According to Jones and George (2003), equity theory is a theory of motivation that purely focus don employees' perceptions of the fairness of workers work outcomes relative to, or in proportion to their work inputs. Equity theory is focus doth idea that employees are satisfied by fairness in rewards on input prostration, they will seek to change their input to reach their perceived equity. Adams suggested that the higher workers' perception of equity, the more motivated they will be; if a worker perceive unfair treatment, he will not be motivated, and will be ready to leave the organization.

Empirical Review

Phelan and Zhiang (2016) evaluated Promotion Systems and Organizational Performance: A Contingency Model. This study made use of descriptive survey research, while a structured questionnaire and personal interview were used to collect data. Data were analyzed with the aid of measures of central tendency. Results revealed that an absolute merit-based system will consistently outperform a relative merit system, is confirmed by the aggregate results. The absolute merit system outperformed the relative merit system on mean, median, and maximum performance. However, due to the large sample size, any difference that is less than $1/50^{\text{th}}$ of the standard error of performance will result in a statistically significant difference at the $p=0.05$ level. For instance, the standard error of our results in Table 2 is approximately 0.20 ($=\text{standard deviation}/\text{square root of } N$) so a difference of as little as $.20/50 = 0.004$ will

be statistically significant. As a result, it is the practical relevance of performance differentials rather than their statistical significance that should be assessed. In many real-world situations, including radar detection, we would argue that about 2–3% increase in accuracy could be very meaningful indeed. An up-or-out system should outperform a merit-based system. In our results, the up-or-out system performed better than the relative merit system but failed to match the performance of the absolute performance system (although the maximum performance of the up-or-out system exceeded that of other systems). Seniority systems should not perform as well as merit or up-or-out systems. In fact, the seniority system was only clearly beaten by the absolute merit system. It performed better than the relative merit system and is on par with the up-or-out system. Even more surprising was the performance of the random promotion system. Random promotion should be the worst performer, it actually performed better than the relative merit system and was roughly equivalent to the up-or-out and seniority systems. Only the absolute promotion system was appreciably higher. The study concludes that the effectiveness of any promotion system is dependent on a range of factors including the nature of the task environment, the design of the organizational structure, the individual capability difference, the frequency of monitoring, the criteria of performance for promotion decisions, and the transferability of task knowledge.

Abdul etal (2018) investigated the Influence of Promotion and Job Satisfaction on Employee Performance. The method used is descriptive survey method and explanatory. The unit of analysis in this research is the employees of Makassar Government Region, with a sample of 50 people, and the method of analysis used is the frequency distribution and path analysis. Based on the results of the analysis, then obtained as follows, Promotion positions Makassar Government Region has in accordance with the field and expertise, Job Satisfaction employees of Makasar Government Region currently considered satisfied, Employees of Makassar Government Region is considered to have a high enough performance as well as job promotion and job satisfaction affect the performance of employees of Makassar Government Region, but when viewed partially, it turns out the promotion of dominant positions affects their performance.

Magajietal (2018) examined the effect of recognition and promotion on employees' job satisfaction of selected outsourced service providers in Jos Plateau State. A survey research design was adopted. The population of the study was 541 employees which consisted of all the employees of the five (5) selected outsourced service providers in Jos, Plateau State. The sampling technique used was census. A total of 541 copies of the questionnaire were distributed; out of which a total number of 448 (82%) were properly filled and returned. Data was analyzed using simple linear regression analysis and Pearson product moment correlation test the relationship between recognition,

promotion and job satisfaction. The findings of this study revealed that Recognition ($R^2 = 0.558$, $p < 0.05$) and Promotion ($R^2 = 0.683$, $p < 0.05$) have positive significant effect on employees' job satisfaction of selected outsourced service providers in Jos, Plateau State. The study concluded that recognition and promotion factors had a significant positive effect on employees' job satisfaction of the outsourced service providers in Jos, Plateau State. It is therefore recommended, that management of these outsourced companies improve on recognition and promotion in order to reduce the level of dissatisfaction among employees.

Duru and Shimawua (2017) investigated the effect of work environment on employee productivity using Edo City Transport Service whether inadequacy of the various conditional factors can affect productivity of employee. The research used survey design as the strategy.

Questionnaire was used as an instrument for data collection. Data collected were analyzed using chi-square from the research findings, if good office environment is provided for employees, it will go a long way to enhance their morale and performance. Also, if office is neat, noiseless, properly arranged well lighted and ventilated, employees will feel a sense of belonging and this will make them to work efficiently and effectively. Good physical working environment inspires workers to spend more time in their various offices, employees responded emotionally better towards the provision of good office environment by not absenting themselves unnecessarily from work, lateness to work and other negative attitude will be drastically reduced. Good working environment increase individual output therefore leading to growth of the organization. Based on the research study findings, the researcher recommended the

followings: The organization should map out programme for provision of good work environment to increase productivity and of promoting occupational safety and health of workers. The organization should ensure that the office of its workers is always clean, tidying up and properly arranged for easy movement and comfortable to the workers and customers.

Methodology

This study employed a longitudinal survey research design. The area of the present study is South-Eastern, Nigeria; South East of Nigeria is one of the six geopolitical zones in the country, it is made up of five states which are Anambra, Imo, Abia, Enugu and Ebonyi. One bakery firm was chosen from each of these five states in Southeast Nigeria, which is made up of management, senior and junior staff of the bakery firms which gave a total population of five thousand, and eleven employees (5,011). To determine the sample for the study, the random sampling technique was applied since the population used is a homogenous one. On the basis of this, the population was random into firms registered with MAN and those not registered but has a capital investment of more than N10million. The study sample size was eight hundred and ninety-five (895) respondents. This sample size is justified because the population was huge and such a sample was sufficient to address the research problem. The actual population was five thousand, eleven employees (5,011) employees. The main instrument for data collection is a structured questionnaire and in-depth interview (IDI) as a means to explain more from the questionnaire. The data were analyzed and presented in frequency and percentage tables. Regression statistical tools was used to test the hypotheses with the aid of SPSS Version 26.

Data presentation and analysis**Objective One****Table 4.1.1 To examine the effect of promotion on employees' productivity in manufacturing firms in southeast, Nigeria. (N=262)**

Options	SA Freq(%)	A Freq(%)	U Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std
Employees in this manufacturing firm are more productive after being promoted.	158(60.3)	85(32.4)	9(3.4)	3(1.1)	7(2.7)	1.53	0.84
Promotion opportunities motivate employees to work harder in this manufacturing firm.	153(58.4)	76(29.0)	7(2.7)	17(6.5)	9(3.4)	1.68	1.04
Promotions are based on merit and performance in this manufacturing firm.	154(58.8)	91(34.7)	10(3.8)	2(0.8)	5(1.9)	1.52	0.78

Source: Field Survey, 2024.

Table 4.1.1 shows the responses of respondents on the effect of promotion on employees' productivity in manufacturing firms in southeast, Nigeria. It shows that 158(60.3%) of the respondents strongly agree that

employees in their manufacturing firm are more productive after being promoted, 85(32.4%) of them agree, 9(3.4%) were undecided to this assertion, 3(1.1%) of them disagree and 7(2.7%) of them strongly. This with the mean and standard deviation of 1.53+0.84 implies that majority of the respondent strongly agree that employees in their manufacturing firm are more productive after being promoted. Furthermore, 153(58.4%) of the respondents strongly agree that promotion opportunities motivate employees to work harder their manufacturing firm, 76(29.0%) of them agree, whereas 7(2.7%) of them were undecided, 17(6.5%) disagree and 9(3.4%) of them strongly disagree. With a mean and standard deviation of

1.68+1.04, it implies that majority of the respondents strongly agree that promotion opportunities motivate employees to work harder their manufacturing firm. The table finally show that 154(58.8%) of the respondents strongly agree that promotions are based on merit and performance in their manufacturing firm, 91(34.7%) of them agree, while 10(3.8%) of them were undecided to this assertion, 2(0.8%) disagree and 5(1.9%) of them strongly disagree. With the mean and standard deviation of 1.52+0.78, it implies that majority of the respondents strongly agree that promotions are based on merit and performance in their manufacturing firm.

Objective Two

Table 4.1.2 To evaluate the effect of recognition on employees' commitment in manufacturing firms in southeast, Nigeria.(N=262)

Options	SA Freq(%)	A Freq(%)	U Freq(%)	D Freq(%)	SD Freq(%)	Mean	Std
Recognition for good work increases my commitment to this manufacturing firm.	155(59.2)	77(29.4)	15(5.7)	9(3.4)	6(2.3)	1.60	0.92
I feel valued and appreciated when I receive recognition at work.	155(59.2)	78(29.8)	10(3.8)	6(2.3)	13(5.0)	1.64	1.02
Recognition motivates me to go above and beyond in my job responsibilities.	141(53.8)	94(35.9)	11(4.2)	12(4.6)	4(1.5)	1.64	0.88

Source: Field Survey, 2024.

Table 4.1.2 shows the responses of respondents on the effect of recognition on employees' commitment in manufacturing firms in southeast, Nigeria. It shows that 155(52.9%) of the respondents strongly agree that recognition for good work increases their commitment to their manufacturing firm, 77(29.4%) of them agree, whereas 15(5.7%) of them were undecided, 9(3.4%) disagree and 6(2.3%) of them disagree. This implies that majority of respondents strongly agree that recognition for good work increases their commitment to their manufacturing firm with the mean and standard deviation of 1.60+0.92. The table also show that 155(52.9%) of the respondents strongly agree that they feel valued and

appreciated when they receive recognition at work, 78(29.8%) of the agree, while 10(3.8%) of them were undecided, 6(2.3%) of them disagree and 13(5.0%) of them strongly disagree. This with mean and standard deviation of 1.64+1.02 implies that majority of the respondents strongly agree that they feel valued and appreciated when they receive recognition at work. Finally, the table show that 141(53.8%) of the respondents strongly agree that recognition motivates them to go above and beyond in their job responsibilities, 94(35.9%) of them agree, while 11(4.2%) of them were undecided, 12(4.6%) of them disagree and 4(1.5%) of them strongly disagree. This with the mean and standard

deviation of 1.64+0.88 implies that majority of the respondents strongly agree that recognition motivates them to go above and beyond in their job responsibilities.

Testing of Hypotheses

Hypothesis One

H₁: Promotion does have significant effect on employees' productivity in manufacturing firms in southeast, Nigeria.

H₀: Promotion does not have significant effect on employees' productivity in manufacturing firms in southeast, Nigeria.

Table 4.2.1 Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.722 ^a	.622	.620	.64449	.597

Source: SPSS Version 26

a. Predictors: (Constant), Promotion

b. Dependent Variable: Employees' productivity

Table 4.2.2 ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	137.776	1	137.776	283.548	.000 ^b
	Residual	87.995	260	.415		
	Total	225.771	261			

Source: SPSS Version 26

a. Dependent Variable: Employees' productivity

b. Predictors: (Constant), Promotion

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.546	.078		7.010	.000
	Promotion	.698	.041	.722	16.839	.000

Source: SPSS Version 26
a. Dependent Variable: Employees' productivity

Result Summary

R = .722, R² = .622, F = 283.548, T = 16.839, DW = .597

Interpretation of the Result

A linear regression analysis was conducted to examine the effect of promotion on employees' productivity in manufacturing firms in southeast, Nigeria. (table 4.2.1 – 4.2.3) shows that there is strong positive relationship between promotion and employees' productivity. (R- coefficient = .722). The R square, the coefficient of determination, shows that 62.2% of the variation in employees' productivity can be explained by promotion with no auto correlation as Durbin-Watson (.597) is less than 2. With the linear regression model, the error of estimate is low, with a value of about .64449. The regression sum of the square 137.776 is more than the residual sum of the square 87.995 indicating that the variation is due to chance. The F-statistics = 283.548 shows that the model is significant. The extent to which promotion affects employees' productivity. with .722 value indicates a positive significance relationship promotion and employees' productivity which is statistically significant (with t = 16.839) and p = .000 < 0.05.

Decision Rule

Reject null hypothesis (Ho) if P-Value < 0.05 and do not reject Ho if otherwise

Decision

Since the P-Value .000 < 0.05, we reject the null hypothesis (Ho) and then conclude that promotion does have significant effect on employees' productivity in manufacturing firms in southeast, Nigeria.

Hypothesis Two

H₁: Recognition does have significant effect on employees' commitment in manufacturing firms in southeast, Nigeria.

H₀: Recognition does not have significant effect on employees' commitment in manufacturing firms in southeast, Nigeria.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.808 ^a	.653	.651	.54912	.887

Source: SPSS Version 26
a. Predictors: (Constant), Recognition
b. Dependent Variable: Employees' commitment

Table 4.2.5 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	147.373	1	147.373	488.751	.000 ^b
	Residual	78.398	260	.302		
	Total	225.771	261			

Source: SPSS Version 26

a. Dependent Variable: Employees' commitment

b. Predictors: (Constant), Recognition

Table 4.2.6 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.428	.066		6.522	.000
	Recognition	.749	.034	.808	22.108	.000

Source: SPSS Version 26

a. Dependent Variable: Employees' commitment

Result Summary

$R = .808$, $R^2 = .653$, $F = 488.751$, $T = 22.108$, $DW = .887$

Interpretation of the Result

A linear regression analysis was conducted to evaluate the effect of recognition on employees' commitment in manufacturing firms in southeast, Nigeria. (table 4.2.4 – 4.2.6) shows that there is strong positive relationship between recognition and employees' commitment (R-coefficient = .808). The R square, the coefficient of determination, shows that 65.3% of the variation in employees' commitment can be explained by recognition with no autocorrelation as Durbin-Watson (.887) is less than 2. With the linear regression model, the error of estimate is low, with a value of about .54912. The regression sum of the square 147.373 is more than the residual sum of the square 78.398 indicating that the variation is due to chance. The F-statistics = 488.751 shows that the model is significant. The extent to which recognition affects employees' commitment. with .722 value indicates a positive significance relationship recognition and employees' commitment which is statistically significant (with $t = 22.108$) and $p = .000 < 0.05$.

Decision Rule

Reject null hypothesis (H_0) if P-Value < 0.05 and do not reject H_0 if otherwise

Decision

Since the P-Value $0.000 < 0.05$, we reject the null hypothesis (H_0) and then conclude that recognition does have significant effect on employees' commitment in manufacturing firms in southeast, Nigeria.

Summary of Findings

1. Promotion does have significant effect on employees' productivity in manufacturing firms in southeast, Nigeria. (f-statistics = 283.548, $t = 16.839$, $p = .000 < 0.05$).
2. Recognition does have significant effect on employees' commitment in manufacturing firms in southeast, Nigeria. (f-statistics = 488.751, $t = 22.108$, $p = .000 < 0.05$).

Conclusion

In conclusion, the research findings suggest that reward management plays a crucial role in enhancing employees' performance in manufacturing firms in southeast Nigeria. The study indicates that promotion significantly influences employees' productivity, while recognition has a notable impact on employees' commitment within these organizations. Therefore, implementing effective reward management strategies tailored to the specific needs and preferences of employees in manufacturing firms in southeast Nigeria can lead to improved productivity and commitment levels among the workforce.

Recommendations

1. Employers should establish a clear and transparent promotion system based on meritocracy and performance evaluation. This will motivate employees to work harder to achieve promotions, leading to increased productivity within the organization.
2. Employers should recognize and reward employees for their hard work and dedication. This can be done through bonuses, incentives, or public acknowledgment of their

achievements. Regular recognition will enhance employee commitment and loyalty to the organization.

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RISK AVOIDANCE ON VENTURE MANAGEMENT IN SELECTED SMALL AND MEDIUM SCALE ENTERPRISES (SMEs) IN ASABA, DELTA STATE, NIGERIA

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Abstract

The study examined the effect of risk avoidance on venture management in selected SMEs in Asaba Metropolis in Delta State, Nigeria. In the bids to achieve this objective, the risk avoidance was proxied with Entry into New Geographical Regions (ENGR), Working with Selected Suppliers (WSS) and Working with Legally Acceptable Contracts (WLAC) in relation to Venture Management (VM). The study used survey research, and information was gathered from owners of small and medium-sized businesses in Asaba, Delta State, Nigeria, using a questionnaire. Eighty-seven percent of the 100 copies of the questionnaire that were distributed to the respondents were returned, 87 of which were correctly filled out, and 13 of which were not. Eighty-seven (87) owners and managers of small and medium-sized businesses in Asaba, Delta State, Nigeria, made up the sample used for the study. To determine the nature of the link between the independent and dependent variables, a correlation matrix and a descriptive analysis of the respondents' profiles using a straightforward percentage weighing approach were employed. With the use of SPSS version 23, multiple regression analysis was used to assess the hypotheses developed for the study. The study found a substantial association between Venture Management (VM) in Delta State, Nigeria, and Entry into New Geographical Regions (ENGR), Working with Selected Suppliers (WSS), and Working with Legally Acceptable Contracts (WLAC). According to the study's findings, risk mitigation significantly affects venture management in Nigeria. The research suggested that in order to enhance venture management, risk avoidance, market entrance, avoiding certain suppliers, and using contracts that are compliant with the law should all be given careful thought.

Keywords: Risk Avoidance, Venture Management, geographical regions and Suppliers

Introduction

The nature of corporate operations is evolving, and risk management is becoming increasingly crucial. In general, risk is the possibility that outcomes won't be as expected. Negative results worry businesses the most since they affect everyday operations and need proper management (Mumassabba, Mukulu & Atikiya, 2022). As such, it is imperative that a firm manages its exposure to risk. SMEs are particularly hampered in their ability to compete by poor risk management, which has a greater impact on small enterprises than on larger ones (Ntare, Shau, & Ojwang, 2022).

A company requires the appropriate methods for risk management and analysis in order to expand. As experts in their industry, small and medium-sized enterprises (SMEs) must to know how to handle business risks. SMEs may have an innovative, product, sales, or entrepreneurial focus, as well as a competitive

or functional strategy, according to Ibiwoye, Mojekwu, and Dansu (2020). When doing routine business, these various SME kinds encounter various risks. This problem has to be solved since most SMEs understand that risk management is essential to achieving their company goals, but they are unsure of how to put it into practice.

The study specifically sought to create venture management and avoidance strategies from the standpoint of the competitiveness of small and medium-sized businesses. Wanyonyi (2015) talked about the impact of using work plans to mitigate risks and how such strategy improves project performance. He said, "Risk avoidance entails modifying the project plan to eliminate the risk or the condition that causes the risk in order to shield the project objectives from its effects," after going over the data gathered. Since risk avoidance strategies affect venture management, which

is every SME manager's ultimate aim, the study's findings seem to validate this theory (Aforlabi & James, 2018). The use of a range of risk-avoidance techniques, including the application of safety systems, work plans, contingency plans, and routine inspections to ensure that nothing occurs that could jeopardise the project's and the venture management process's overall success, served as a clear demonstration of this (Hafzuddin-Syah & Rubayah, 2019). The major premise of the study was that organisations need to deploy a range of strategies, including risk avoidance, in order to prosper in a competitive business environment because different business settings expose them to different risks and because each strategy has its own requirements for success. These elements prompted the study, which looked at how venture management among SMEs in Asaba Metropolis, Delta State, Nigeria, was impacted by the risk avoidance method. The findings will help small and medium-sized enterprises (SMEs) in Asaba Metropolis, Delta State, Nigeria, assess their strategic positions both now and in the future, identify key factors, and develop winning strategies.

Statement of the Problem

By incorporating risk management into their regular operations, SMEs may make better use of their resources. Their businesses are able to turn an expenditure activity into one that has the potential to be profitable as a consequence. Due to the limited resources at their disposal, SMEs are forced to assume the majority of the risks and uncertainties they encounter. However, they are unable to absorb most of these risks and uncertainties. Notwithstanding its significance, SMEs in Nigeria face the risk of failing; according to Ng'ang'a, Muthus, and Nassiuma (2015), three out of every five close their doors in the first few months and two-thirds do so in the first few years of business. It is significant that SMEs are growing and drawing in both local and global investors. Risk avoidance strategies and SMEs in the Asaba region have received little attention in the many studies on risk management techniques that have been undertaken in a range of contexts and industries. The study by Manuj and Menterz (2018) suggests that focusing on certain low-risk areas, employing specialist assets, or postponing market participation are some ways to manage different types of risk. This kind of strategy is intended to lower the high likelihood connected with risk occurrences of a decision to zero by guaranteeing that the risk is nonexistent (Manuj & Mentzer, 2018). Muchiti (2021) focused only on risk management strategies used to lending to small and medium-sized enterprises (SMEs) in Kenya. According to Spikin (2016)'s study, organisations have been forced to use risk management, at least in part, as a result of the

increased rivalry and volatility they have encountered recently. In the same research, he continues, "Risk management is a force to recognise opportunities as well as a tool to stop events that could harm an organisation." It is important to note that the few studies that have been conducted in this area have shown inconsistent findings and were not conducted in Nigeria, leaving a vacuum in the body of literature that may serve as a standard for future investigation.

This study aimed to examine the impact of risk avoidance strategy on venture management in a sample of SMEs in Asaba Metropolis, Delta State, Nigeria. Risk avoidance strategy effects venture management and a firm's economic success.

Objectives of the Study

The main objective of the study is to examine the effect of risk avoidance strategies on venture management in selected SMEs in Asaba, Delta State, the specific objectives are as follows

- i. To examine the influence of entry into new geographical regions (ENGR) on venture management (VM) in selected SMEs in Asaba, Delta State
- ii. To ascertain the influence of working with selected suppliers (WSS) on venture management (VM) in selected SMEs in Asaba, Delta State
- iii. To assess the influence of working with legally acceptable contracts (WLAC) on venture management (VM) in selected SMEs in Asaba, Delta State, Nigeria.

Study Hypotheses

The following research hypotheses were raised;

- i Entry into new geographical regions (ENGR) does not have significant effects on venture management (VM) in selected SMEs in Asaba, Delta State
- ii Working with selected suppliers (WSS) affects venture management (VM) in selected SMEs in Asaba, Delta State
- iii Working with legally acceptable contracts (WLAC) affects venture management (VM) in selected SMEs in Asaba, Delta State

Review of Related Literature

Risk Avoidance Strategy

The goal of a risk avoidance strategy is to entirely eliminate the likelihood that a danger may materialise. Mumassabba, Mukulu, and Atikiya (2022) quoted Tunel and Alpan (2010) as saying that risk avoidance offers an efficient method of controlling risk in organisations. This is so because the likelihood of losing something is either removed or decreased when an action is avoided. As a result, an organization's

executive system chooses not to participate in a movement, eliminating any chance of bad luck (Broder & Tucker, 2012), quoted in Mumassabba, Mukulu, and Atikiya (2022). It is plainly preferable to refrain from engaging in an activity that is seen to be risky than to put up with the costly and annoying consequences of overseeing such activities. While eliminating all risks may not be possible, hazard shirking strategies aim to divert as many threats as possible in order to avoid the costly and disruptive consequences of an adverse occurrence (Windschitla, Smith, Scherer, & Suls, 2017). The idea of hazard shirking is to try to reduce any vulnerabilities that could pose a threat. This may be achieved in a number of ways, such as by establishing an exacting work plan with a defined strategy and approach, avoiding sections of geological areas considered to be extremely dangerous, and putting in place innovative implementation mechanisms, among other things (Macrina, 2016). There are two categories of tactics for avoiding risks. Kinds 1 and 2 are these (Manuj & Mentzer, 2018). Type 1 shirking methodology: This strategy is applied when it is considered inappropriate to engage with specific suppliers or clients due to the risks associated with operating in a particular product or geographical market. In his work, Nyangau (2016) suggested that shirking manifests itself as withdrawing some resources, postponing entry into a market or market segment, or participating only in low-vulnerability marketplaces.

Therefore, if a company deems the risk of doing business in a certain geographic market with a supplier or with a particular client to be intolerable, it may choose to implement type 1 avoidance approach. Reducing this kind of risk can be achieved by concentrating on certain low-risk regions, employing specialised assets, or delaying market entrance. By ensuring that the risk does not exist, this type of process is meant to drive significant probabilities associated with danger instances of a decision to zero (Manuj & Mentzer, 2018). As leaders look for ways to stay a strategic distance away from risks, they are quick to recognise that there may be supply-request or possibly useful trade-offs with the options, and they avoid or reduce some of these risks (Simba, Niemann, Kotzé, & Agigi, 2017). Avoidance tactics classified as type 2 concentrate on preventing unfavourable occurrences before lowering their likelihood and frequency of happening. According to Manuj and Mentzer (2018), reducing the chance and recurrence of a danger event is important while using evasion tactic Type 2. This often appears when directors are forced to enter high vulnerability supply or request marketplaces without any other option. Addressing example, the Shirking process addressing quality concerns includes both item and site reviews and endorsements.

Mumassabba, Mukulu, and Atikiya (2022) quoted Christopher and Holweg (2011) as saying that organisations operating in a variety of circumstances try to avoid opportunities inside the bounds of worthy returns, such as income and benefit objectives. An inventory network will undoubtedly earn a Type 1 evasion tactic if it has a way to avoid entering condition while still meeting goals. Nevertheless, a production network will eventually adopt a Type 2 evasion strategy if it needs to decide whether to join a domain in order to achieve its goals. Organisations occasionally experience a sense of time constraint while making choices. When this happens, the company demands are not well organised, and the organisational disaster recovery plan becomes just another specialised recovery record.

To be able to construct the processes to pursue and those to avoid for the association's success, it is critical to take into account the associated risk of the executive's approaches inside the organisation. We may deduce that a system that avoids doing any action that could reveal or communicate a hazard to an association is known as hazard evasion. Let's say, for example, that a financial expert has to buy stock in a sugar company, but sugar prices have been virtually declining recently. Political risk is associated with the production of sugar, and there is recognition risk associated with the sugar industry. After weighing the risks associated with the sugar industry, he decides not to invest in the company. Mumassabba, Mukulu, and Atikiya (2022) reference Armstrong and Paolucci (2010) as saying that established methods should be used instead of novel ones, even if the latter are more economical. The procedure is less uncomfortable for the clients, so the risks may be avoided and work can go with ease. In order to make sure that the overall assumptions and costs are clearly understood and agreed upon, a strategic discussion with organisational leaders is frequently necessary when discussing risk avoidance strategies or using any other strategy for competitiveness (Snedaker & Rima, 2014), cited in Mumassabba, Mukulu, and Atikiya (2022).

Venture Management

Venture management is a type of company management where the goal is to introduce a new product or break into a prospective emerging market while maintaining a creative and challenging approach. The product or service may already be on the market, but venture management activities can allow it to be updated with new features and requirements or relaunched to take advantage of new prospects. Any industry, no matter how big or small—from a mom-and-pop shop to a steel conglomerate—can use this technique (Ntare, Shau, and Ojwang, 2022).

The prospect of large returns is what attracts ambitious entrepreneurs and managers to venture management, as does the opportunity for risk-taking on the part of their investors. These businesspeople are prepared to take a chance on new markets where they may try to take advantage of consumer requirements and wants based on new technological advancements or customer ideas. In order to develop new areas of growth, they will thus experiment with these novel concepts (Ibiwoye, Mojekwu, and Dansu, 2020).

However, management needs to be willing to take risks, occasionally defying whatever the market's current trend may be. In front of a dangerous market, a competent venture manager should be able to look ahead and anticipate the milestones that need to be reached. This is generally regarded as an innovative method for a new company to take on. It also concentrated on the knowledge, methods, and tools needed to oversee the quick expansion of new ventures in extremely changing settings. Rapid technological development is a common feature of these ecosystems (Ntare, Shau, and Ojwang, 2022).

Venture management is by design opportunity driven and reactive on generated market data and customer behaviour, responding to more turbulent and, for the most part, undiscovered or immature markets. Venture marketing is an experimental and iterative approach to management that operates on short repeating cycles of implementation and adaptation, as opposed to standard management principles driven by company plans. According to Ibiwoye, Mojekwu, and Dansu (2020), venture management practices are equally applicable to enterprises that are backed by venture capital, self-financed firms, and business entities that are managed with a significant degree of independence inside a big established corporation.

Technology-enabled business analytics must be implemented effectively and efficiently for a venture marketing-based strategy to be successful. The term "business intelligence" refers to a collection of methods and resources for gathering unprocessed data and turning it into information that can be interpreted and used to business analysis.

Review of Related Studies

Mumassabba, Mukulu and Atikiya (2022) evaluated the influence of risk avoidance strategies on competitiveness of small and medium enterprises in Kenya. Specifically, the study sought; to determine the influence of delayed entry into geographical markets; working with suppliers and work with legally acceptable contractors. When a business takes action to eliminate a danger or engages in various actions to guarantee that a particular exposure to risk ends, it is practicing risk avoidance. The body of literature

already in existence demonstrated that risk management has been studied. Nonetheless, in regard to the size of Kisumu County and more especially the risk avoidance approach, relatively little research has been done on risk management and the competitiveness of SMEs in Kenya. The study therefore aimed to close this gap. The implementation of risk management solutions is critical to an organization's success. The techniques used can minimise value for shareholders, lessen profits volatility, and support financial and employment stability in SMEs. In this study, a descriptive research design was used. The target demographic consisted of small and medium-sized enterprises (SMEs) that were registered with the County Government of Kisumu, had between 10 and 49 workers, and had between Ksh 5000 and Ksh 200,000 in category permit fees as of December 2018. To choose a total sample of 375 respondents from each stratum, stratified random selection was employed first, followed by basic random sampling. The study's linear regression model was utilised to determine the connection between Kenyan SMEs' competitiveness and their risk transfer method. To ensure that every member of the target population had an equal opportunity of participating, the stratum representation was chosen using the proportionate allocation approach. A standardised questionnaire was used as the data gathering tool. The study found that SMEs' competitiveness is significantly impacted by risk retention.

Ntare, Shau and Ojwang (2022) explored the effect of enterprise risk management (ERM) practices on Small and Medium Scale Enterprises' (SMEs') performance in Tanzania. Research was conducted in Tanzania's capital city of Dar es Salaam. A total of 335 participants were surveyed using structured questionnaires. Descriptive statistics were utilised to analyse the collected data, and the Lavaan package in the R statistical programming language was employed to evaluate the suggested study hypotheses utilising the Structural Equation Modelling (SEM). The model and its results were presented using tables and graphs. According to the findings, there was a substantial, 95% confidence level effect on ERM from the relationships between internal environments (IE), monitoring (MT), event identification (EI), risk response (RR), and risk assessment (RA). The results showed that SMEs' performance is significantly impacted by an organization's efforts to identify and manage risk. Ibiwoye, Mojekwu and Dansu (2020) aimed at determining the influence of Enterprise Risk Management (ERM) practices on survival of SMEs in Lagos State. With the application of cross-sectional survey technique, a sample of 400 operators was selected among SMEs across Lagos State. Analyses of the data produced by structured questionnaires were

conducted using both inferential and descriptive statistical techniques. The findings show that ERM procedures have a major impact on SMEs' ability to survive in Lagos State. It was advised that SMEs' owners view ERM techniques as a crucial business function that improves survival in light of the findings. Furthermore, in order to force SMEs to use ERM, the government should set mandatory ERM rules and keep educating SMEs about the advantages of ERM.

According to empirical evidence, Hafzuddin-Syah and Rubayah (2019), researched the effect of enterprise risk management practice on SME performance. Multiple regression analysis results indicate that there is a substantial and positive correlation between ERM and SME performance. Research on "Rethinking risk management in entrepreneurial SMEs" was conducted by Chiara et al. in 2019. The analysis of risk management is the study's goal. A multiple case study research approach was used in the study. The results showed that although an unconscious risk analysis is usually done, the risk management process cannot always be codified. The survey also found that risk plays a crucial role in the decisions made by SME owners that are focused on entrepreneurship.

According to Peninnah's (2018) study, "The Influence of Risk Assessment on Performance of SMEs in Kenya," risk assessment is a crucial step in the risk management process, which is why most SMEs' managers don't accurately evaluate the risks that their company faces. Aforlabi and James's (2018) study on the performance of small and medium-sized businesses in Nigeria and risk management focused on 340 SME owners in the Osun State. The data was analysed using linear regression in the study, and the results showed a strong correlation between risk management and SME success. The outcome also demonstrated a substantial positive link between risk identification and risk management and a good attitude towards risk as a factor in risk management techniques.

The results above appear to be consistent with the findings of Olowokudejo and Nwankwo's (2016) qualitative research among SMEs in Nigeria to examine the role of risk management to SMEs performance. This survey found that while most SMEs lack a structured approach to risk management, they nevertheless view risk management practices as essential to their operations. But according to a research conducted in the Malaysian context by Yap and Yap (2016) using primary data, the majority of SMEs in Malaysia use ERM. The study looked at the rate of ERM adoption and its influence on sales among SMEs. The study demonstrated how ERM practice will improve SMEs' sustainability, underscoring the significance of ERM even more.

Agrawal (2016) mentioned that SMEs will benefit immensely from a good implementation of ERM

programme through transforming risks into opportunities, engaging in favourable competition, creation of value, enhancing safety and achievement of sustainable development. Kehinde, Opeyemi, Benjamin, Adedayo and Abel (2017) found out that there is a significant positive relationship between the practice of ERM and the survival of SMEs in Nigeria. Adeyele and Omorokunwa (2017) found that a direct and positive relation survival. In the Canadian non-financial sector, Quon, Zeghal and Maingot (2016) studied the relationship between ERM and firm performance by using data obtained from annual reports of the 2007/2008 and 2008/2009 business years and established that no significant relationship exist between ERM implementation and firm performance. The ability of ERM practices to enhance financial performance was subjected to empirical investigation in Cameroon. The study was performed by Mamai and Yinghua (2017) and the results show that the relationship between risk culture and financial performance is significant and positive but there is an inverse relationship between board independence and financial performance. The study also found that risk management practice and devolution of powers between management and ownership jointly have significant negative effect on performance. Madambu, Namusonge, and Sakwa (2017) discovered in another study that risk management effectiveness. The study did find, however, that the majority of SMEs did not view risk management procedures as essential components of company management. Financial institutions' performance may benefit from ERM implementation. Idris and Norlida's (2016) investigation conducted in the Nigerian environment reveals this. The findings demonstrated a strong and favourable correlation between ERM practice and an organization's capacity to make informed decisions, satisfy customers, and be profitable.

Methodology

A descriptive survey design was utilised in the study. The study's goal was to determine the relationships between the dependent variable, venture management (VM), and the independent variables, entry into new geographic regions (ENGR), working with selected suppliers (WSS), and working with legally acceptable contracts (WLAC) in Delta State, Nigeria. Selected SMEs in Asaba, Delta State, were the only ones included in the study. It took place in Asaba. The research population consisted of 100 small company owners who were accessible in a sample frame that was gathered. A sample size of 1000 family-owned small businesses was chosen for the study out of the overall population of 100 family-owned small businesses. To guarantee that every sample element has an equal probability of being chosen and to provide a matching

and trustworthy result, they were chosen at random. Through primary and secondary sources, data were gathered. The methods for analysing the data were

correlation matrices and descriptive analysis. With the use of SPSS version 23, multiple regressions were used to evaluate the hypotheses.

Analysis of Data

The study's intended sample size was 100 respondents, and out of the 100 questionnaires that were distributed, 87 were returned with their answers correctly completed and 13 were not; this indicates an 87% response rate. Consequently, the study's sample consisted of eighty-seven (87) family company owners and managers in Asaba, Delta State, Nigeria.

Table 1: Response from Distributed Questionnaire (Personal Information of Respondent)

Gender		
Sex	Frequency	%
Male	57	65.52
Female	30	34.48
Total	87	100
Age Distribution		
Age Bracket	Frequency	%
15Below	1	1.15
15–20	13	14.94
21- 30	41	47.13
31 – 40	22	25.29
41-50	10	11.49
Total	87	100
Marital Status		
Status	Frequency	%
Married	31	35.63
Single	43	49.43
Separated	13	14.94
Total	87	100
Educational Qualifications		
Qualifications	Frequency	%
WAEC/NECO/GCE	35	40.23
OND/NCE	21	24.14
HND/BSc	16	18.40
MBA	5	5.75
OTHERS	10	11.49
Total	87	100

Source: Researcher's field survey, 2024.

The table above sought to determine the respondents' gender. It was established that 65.52 % of the respondents were male while 34.48% of the respondents were female. The findings showed that respondents were evenly distributed across the gender divide although there were more male than female respondents. From the table above, the age bracket 21-30 years formed the greatest number of people that filled the questionnaire. This group constituted 47.13% of the respondents to the questionnaires. From the table above, respondent that are single formed the greatest number of people that filled the questionnaire. This group constituted 49.43% of the respondents to the questionnaires. The table above show the educational qualification of the respondents, it was observed that 35(40.23%) of the respondents are WAEC/NECO/GCE

holder, 21(24.14%) are OND/NCE holder, 16(18.40%) of the respondents are HND/BSc. Holder, 5(5.75%) are MBA Holder while only 10(11.49%) indicated others are educational qualification.

Analysis of Data According to Research Questions

This section seeks to analyze each of the research questions and analyze the responses of the respondents and fetch out the effect of the study for proper analysis. These were done with the aid of descriptive statistics. The descriptive statistics which comprises of the minimum, maximum, mean and standard deviation was employed proper and thorough description of the independent variables [measures of Risk Avoidance (RA), namely; Entry into New Geographical Regions (ENGR), Working with Selected Suppliers (WSS) and Working with Legally Acceptable Contracts (WLAC)]

on how it affects Venture Management (VM). Multiple regression with Venture Management (VM) as

Source: SPSS Version 23 Output, 2024.

From the table 2.1 the descriptive statistics for ENGR indicates a mean of 5.90 and a standard deviation of 2.200 with the difference in the maximum and minimum values which stood at 12. This implies that the ENGR is a major risk avoidance component adopted by Small and Medium Scales Enterprises in Asaba, Delta State, Nigeria, since the mean value is greater than standard deviation value. WSS indicates a mean of 7.25 and a standard deviation of 2.862 with the difference in the maximum and minimum values which stood at 12. WSS indicates a mean of 5.86 and a standard deviation of 2.319 with the difference in the maximum and minimum values which stood at 12. This implies that WSS is one of the major risk avoidance

dependent variable is conducted with the three Risk Avoidance (RA) as explanatory variables.

components adopted by Small and Medium Scales Enterprises in Asaba, Delta State, Nigeria, since the mean value is greater than standard deviation value. WLAC depicts the maximum and minimum values of 20 and 8 leading to the mean and standard deviation of 5.38 and 1.637. This implies that WLAC vary tremendously among Small and Medium Scales Enterprises in Asaba, Delta State, Nigeria. VM depicts the maximum and minimum values of 20 and 8 leading to the mean and standard deviation of 5.38 and 1.637. This implies that VM vary tremendously because of the various measures of risk avoidance adopted by the Small and Medium Scales Enterprises in Asaba, Delta State, Nigeria.

Table 3:

Table 2.1a: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ENGR	87	8	20	5.90	2.200
WSS	87	8	20	7.25	2.862
WLAC	87	8	20	5.86	2.319
VM	87	8	20	5.38	1.637
Valid N (listwise)	87				

		VM	ENGR	WSS	WLAC
Pearson Correlation	VM	1.000			
	ENGR	.093	1.000		
	WSS	.068	.403	1.000	
	WLAC	.127	.536	.509	1.000

Source: SPSS Version 23 Output, 2024.

The correlation matrix in table 4.3.1 indicates the various independent variables together with the dependent variable and their various correlation coefficients; ENGR has a correlation coefficient of ($r=0.093>0.05$) which reveals that ENGR has weak positive correlation with VM. This implies that an increase in ENGR by the SME's would have strong positive effects on VM in Asaba, Delta State, Nigeria. WSS has a correlation coefficient of ($r=0.068>0.05$)

which reveals that WSS has weak positive correlation with VM. This implies that an increase in WSS would have strong positive effects on VM in Asaba, Delta State, Nigeria. WLAC has a correlation coefficient of ($r=0.127>0.05$) which reveals that WLAC has strong positive correlation with VM. This implies that an increase in WLAC by SME's would have strong positive effects on VM in Asaba, Delta State, Nigeria.

Table 4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.781	2.147		5.021	.000
	ENGR	.203	.080	.273	2.528	.013
	WSS	.094	.031	.091	3.032	.004
	WLAC	.039	.014	.032	2.786	.019

a. Dependent Variable: VM

Source: SPSS Version 23 Output, 2024.

The calculated p-value for ENGR is 0.013, is significant because it is less than 0.05(5%). It also means that the level of confidence (confidence interval) is 98.7% more than the acceptable level of 95%. We therefore, accept the alternate hypothesis and reject the null hypothesis (Ho₁), which states that there is no significant relationship between ENGR and VM of SME's in Asaba, Delta State, Nigeria.

The calculated p-value of 0.004 for WSS is significant because it is lesser than 0.05(5%). It also means that the level of confidence (confidence interval) is 99.6% more than the acceptable level of 95%. We therefore,

accept the alternate hypothesis and reject the null hypothesis (Ho₂), which states that there is no significant relationship between WSS and VM of SME's in Asaba, Delta State, Nigeria.

The calculated p-value of 0.019 for WLAC is significant because it is less than 0.05(5%). It also means that the level of confidence (confidence interval) is 98.1% more than the acceptable level of 95%. We therefore, accept the alternate hypothesis and reject the null hypothesis (Ho₃), which states that there is no significant relationship between WLAC and VM of SME's in Asaba, Delta State, Nigeria.

Summary of the Model

Table 5: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.929 ^a	.863	.853	1.593	1.006

a. Predictors: (Constant), ENGR, WLAC, WSS

b. Dependent Variable: VM

Source: SPSS Version 23 Output, 2023.

Table 6: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	83.922	4	20.980	6.133	.000 ^b
	Residual	280.515	82	3.421		
	Total	364.437	86			

a. Predictors: (Constant), ENGR, WLAC, WSS

b. Dependent Variable: VM

Source: SPSS Version 23 Output, 2024.

Also, the table 6 which is model summary table show the correlation co-efficient (R) of the regression is 0.929 (93%) which indicates a very strong positive relationship between the dependent variable [Entry into New Geographical Regions (ENGR), Working with Selected Suppliers (WSS) and Working with Legally Acceptable Contracts (WLAC)]. The co-efficient of determination (R^2) is 86% (0.863) showing that 86% of the variation in dependent variable [Venture Management (VM)] has been explained by the independent variables [Entry into New Geographical Regions (ENGR), Working with Selected Suppliers (WSS) and Working with Legally Acceptable Contracts (WLAC)] while the 14% remain unexplained in the model. With an R^2 value of 86% showed that the strong positive relationship is further confirmed. The adjusted R^2 measures the goodness or fit of the model. This shows the goodness of fit of the model and also explains the dependent variable in relation to the independent variables in 85 ways. The 15% left is known as the error term and other variables outside the model. From the above, there is conclusive evidence of serial or autocorrelation since the Durbin Watson calculated value of 1.006 is less than "2".

Lastly, the Anova Table 6 above, shows the overall significance of the significance of the model, has F (6.133) with p-value is estimated at 0.000. This indicates that all the independent variables [Entry into New Geographical Regions (ENGR), Working with Selected Suppliers (WSS) and Working with Legally Acceptable Contracts (WLAC)] jointly impact on the dependent variable [Venture Management (VM)] showing that it is a sound model.

Findings

The findings reveal the following

1. According to the first hypothesis' test, venture management (VM) and entry into new geographic regions (ENGR) in Nigeria are significantly correlated. This suggests that Venture Management (VM) SME's in Nigeria have benefited greatly from a good SME's ability to avoid new geographical risks.
2. The results of the second test of the hypothesis showed that venture management (VM) and entry into working with selected suppliers (WSS) in Nigeria are significantly correlated. This suggests that choosing reliable suppliers lowers risks, which has greatly benefited Nigerian Venture Management (VM) SME's.
3. The third test of the hypothesis found a strong correlation between venture management (VM) and working with legally acceptable contracts (WLAC) in Nigeria.

Conclusion

SMEs can only serve their intended purpose for their owners and the economy as a whole if they can

persevere through the many phases of the organisational life cycle and, consequently, pass on their founder's legacy. Any business venture management plan must include a risk avoidance strategy, but this is especially true for small and medium-sized businesses. Thus, the study came to the conclusion that venture management in Delta State, Nigeria, is significantly impacted by risk avoidance.

Recommendations

The study suggests, based on its findings, that in order to enhance venture management, proper thought should be given to risk avoidance, regional market access, avoiding certain suppliers, and working with legally appropriate contracts. Businesses must invest in risk assessment and create a favourable environment by supporting R&D, offering funding to support new ideas, implementing effective programmes and policies, encouraging a positive, innovative culture, putting in place systems for positive innovative culture, encouraging employee training, and making use of company resources to meet organisational needs.

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TAXATION, EXCHANGE RATES AND INFLATION: ANY MARRIAGE IN NIGERIA

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Abstract

This research explored Taxation, Exchange Rates and the level of Inflation in the Nigerian Economy. Taxation (proxied with Petroleum Profit Tax, PPT), Exchange rates and Inflation rates were the Independent Variables while Gross Domestic Product (GDP) signifies the Nigerian Economy as a dependent variable. Due to the data set, the time horizon is from 2007 to 2022. Secondary data were obtained from the National Bureau of Statistics, Nigeria's Federal Inland Revenue tax Pro-max and Central Bank of Nigeria Statistical Bulletin. The theoretical anchorage was on Socio-political Theory. The Statistical tests employed were the descriptive statistics, normality test, correlation analysis, and variance inflation factor, with the help of Econometric Views in order to ascertain the suitability of the data. While testing the hypothesis the Pooled Ordinary Least squares was employed. Inferences from the findings the revealed that taxation (Petroleum profit tax, PPT) and Exchange rate (EXR) has a meaningful interference on Nigerian economy (GDP), the inflation rate has an insignificant influence on Nigeria economy (GDP). Emanating from the finding, it was recommended that in the imposition and collection of taxes (PPT), the relevant authorities (Government) should adopt decisive mechanism to impede the leakages so that the revenue generated would not be drain off to devious purse to maintain the marriage between taxes and economic growth. Again, monetary policies should be redirect micro economic indices enhance the standard of living of the citizenry.

Keywords: Petroleum Profit Tax, Exchange Rate, Inflation Rate, Nigeria Economy

Introduction

The intricate tapestry of any nation's development is woven from threads of social, political, and economic progress. This intricate engagement requires a well-defined structure, and a robust tax system that would serve as a foundation upon which others should rests. Taxes, which are officially imposed by the government, extract resources from individuals, businesses, and transactions, funneling them back into the system to stimulate public services and growth of the economy (Khosravi & Karimi, 2010; Iheanachor & Ozegbe, 2021). The essence of the revenue generation is for social welfare promotion, and economic stimulation.

In the Nigerian context, taxation holds immense significance and constitutes the bulk of government income, enabling critical investments in infrastructure, debt reduction, and employment opportunities (Obaretin & Akhor, 2019). However, the delicate balance between tax collections and economic growth demands careful consideration. Azubike (2009) aptly states that tax is a major player in every society of the world with immense wealth, finds itself firmly within this fiscal spotlight.

On discovery of Petroleum in 1956 in Nigeria, it was referred to as "black gold," against the exchange rate which was referred as "foreign gold" and it has over time emerged as a game-changer for Nigeria. The discovery marked a turning point which has eclipsed

agriculture, the nation's previous economic mainstay. Taxation on the upstream sector of the petroleum industry plays a fundamental role in these dynamics as governed by the Petroleum Profit Tax Act (Cap P13, LFN 2004) as amended, targets the profits generated from exploration, drilling, extraction, and transportation of crude oil in Nigeria (Padonu, Obi & Elesho, 2023).

Petroleum profit tax accounts for a whopping 95% of Nigeria's foreign earnings and 80% of its budgetary revenue, whilst acting as lifeblood of the Nation's economic engine. Consequently, higher PPT

remittances translate to increased government spending, fueling growths, debt reduction, and job creation, ultimately impacting the standard of living for the citizenry (Osasu & Henry, 2019). However, falling oil prices and a sharp rise in interest rates particularly during 1973-74 and 1979 triggered economic crises in Nigeria because of the country's dependence on oil sales for her export earnings: the net effect was negative real rate of economic growth which was compounded by the adoption of structural adjustment programme (SAP) from 1986.

Additionally, the dwindling in oil market caused shortage in foreign exchange earnings. According to Iheanachor and Ozegebe (2021), exchange rate fluctuation is the continuous whirl in the foreign exchange market and its adverse impact of the global economic and financial crisis on the Nigerian exchange rate was a phenomenon as the Naira exchange rate to the dollar rose dramatically from about ₦120/\$ to more than ₦180/\$ between 2008 and 2009, and has continuously been on the rise as linked to the sharp drop in foreign earnings and national revenue of Nigeria due to the continuous fall of crude oil price in the world market.

The net effect of oil price and its associated tax (PPT), exchange rates and inflation rates have impact on economic growth. Economic growth, defined as the inflation-adjusted increase in the market value of goods and services produced within a year, thrives in environments free from political, social, and financial upheavals. The devaluation and some other unfriendly

policies had given rise to inflation. In Nigeria for instance, they seem to be a downturn in the economy which are occasioned by exchange rates, inflationary rates, tax evasion and many other unwanted events. As enumerated in, Owolabi and Adegbite (2017), that the combined roles of exchange rates and inflationary pressured in determining the relative prices of domestic and foreign goods have influenced the Nation's participation in international trade and thereby created complex web of challenges for the Nigerian economy. Okolo, Ideh and Emengini (2021) opined that tax evasion and avoidance further complicate the events, casting a shadow over the effectiveness of the PPT operations. Therefore, there is need to examine the marriage between taxation, exchange rate, inflation rates and Economic growth in Nigeria.

Literature Review

Petroleum Profit Tax

The narrative of taxation often gets entangled with the notion of penalty, but it's crucial to remember its distinct role. Unlike a punishment for wrongdoing, taxes are fees imposed by the government for the collective good. Taxes as a compulsory levy on revenues, benefits or properties, are targeted at funding public services and infrastructure. In the same vein, Okoye and Ezejiolor (2014) ascribed the Nigerian tax system as heavily influenced by the pre-independence British mode of 1984, which is purportedly an income generation mechanism. Within the local laws, diverse arrays of taxes exist, each serving specific purposes. Adegbite, (2019) observed that PPT is generated from exploring, drilling, extracting, and transporting crude oil.

PPT provides for the imposition of tax on the chargeable profits of companies involved in the upstream activities while the industries in the downstream pays company income tax. However, on the 16th of August, 2021, the Petroleum Industry Act (PIA) was enacted into law to repeal the extant Petroleum Act 2004. This PIA provides the fiscal

framework for regulating the Nigerian Petroleum Industry. In Nigeria, the Federal Inland Revenue Service is responsible for the assessment and collection of petroleum tax. The revenue from this tax constitutes a major source of income to government and there is a need for its imposition to be put in check so its brunt does not outshine its benefits. Pinar (2012) warns that the asymmetries in the tax system could possibly discourage entrepreneurship and risk-taking, potentially stifling innovation and economic dynamism. Furthermore, Sinebe and Emudainohwo (2023) remarked that high company taxation is a major concern to firms as it results in effective tax rate exceeding the statutory income tax rate. It causes a high-cost structure for the firms, whose consequence is corporate bodies continually implement methods to postpone, reduce or evade tax payments.

Exchange Rate, Inflation and Economic Growth

Mordi (2006) referred to exchange rate as the price of one currency in terms of another. It is the basis of international settlement between Nations. According to Babatunde, and Akinwade (2010) the volatility in exchange rates of developing nations is one of the main sources of economic instability around the globe. The impact of the global economies in developing countries such as Nigeria is driven considerably by the swing in the currencies of the major economic powers of the world like the United States of America Dollar. These imbalances often trigger major economic distortions, protectionist trade pressures and inevitably sharp currency reversals. Inflation is the general rise in the prices of goods and services over a given period. The common measure of inflation is inflation rate (INR). Nigeria's annual inflation rate stood at about 25.8% in August 2023, from 24.08% in July and marking the highest rate since September 2005. Multiple exchange rates, high rate of inflation and ineffective government expenses contributes to increase in the cost of production, reduce incentives for investments that would increase productivity.

Theoretical Framework

The theories are socio-political theory and benefit-received theory as used herein. The socio-political theory prioritizes social and political objectives when designing and implementing tax systems. It argues that taxes should not solely serve economic ends but act as instruments for societal betterment. Superlatively, a tax system that demonstrably addresses societal issues fosters greater compliance and minimizes evasion and avoidance. By aligning taxation with social and political goals, achieve a fairer and more just society (Isola, Oluwafunke, Victor & Asaleye, 2016). On the other hand, the benefit-received theory views taxation as a form of exchange between citizens and the state. Under this framework, citizens contribute to the cost of public goods and services they receive, proportional to the benefits they gain. Implementing this theory emphasizes transparency in the tax system, encouraging economic growths by ensuring citizens perceive a direct link between their contributions and the value they receive (Jameela, 2010; Iheanachor & *et al.*, 2021). Analyzing taxation through these contrasting lenses, this research strives to gain a multifaceted understanding of its impacts and inform potential policy shifts that balance economic objectives with broader social and political aspirations.

Empirical Review

Etale and Bingilar (2016) scrutinized the connection between Nigeria's petroleum profit tax, personal income tax and economic growth for 14 years employing the ordinary least square method in data analysis. The result showed that there was a significant positive relationship of petroleum profit tax on economic growth. Ibadin and Oladipupo (2015) analyzed the impact of indirect taxes on Nigeria's economic growth from 1981 to 2014. The data collected were analyzed and tested for unit root using the Dickey Fuller co-integration method; they showed that Petroleum Profit Tax exercised a positive and substantial relationship with Gross Domestic Product.

Onaolapo, *et al.*(2013) employed multiple regression methods in examining the impact of petroleum profit tax on the Nigerian economy. The study found that petroleum income tax has a strong impact on inflation, exchange rates and gross domestic product. In the context, Eyisi, Oleke and Bassey (2015) explored the impact of taxation on macroeconomic performance in Nigeria spanning 2002 to 2011. The least square method of regression was adopted and the result revealed that government tax revenue has a positive and significant impact on Nigeria's real gross domestic product, while government tax revenue has a negative impact on Nigeria's unemployment rate.

Olayiwola (2023) aimed at assessing the impact of exchange rate on Nigeria's economic growth by decomposing it into positive and negative components. Non-linear ARDL model was used and the asymmetric effects test was used to measure the effects of changes in the value of the naira. It found that in the short run, when the Naira depreciates against the US dollar, economic growth tends to decline, while when it appreciates, economic growth tends to increase, while in the long run, these effects work in the opposite direction. Okoh, Onyekwelu & Iyidiobi, (2016) offered contrasting conclusions regarding the impact of taxes and inflation on national income. This underscores the need for further investigation within the Nigerian

$$\text{Log}(GDP) = a_0 + a_1 \text{Log}(PPT) + a_2 \text{Log}EXR + a_3 \text{Log}INR + \mu$$

Where:

a_0	-	Intercept
a_1	-	Coefficient
LOG		Natural Logarithm

Results Presentation

Summary of Descriptive Statistics

Table I, shows the mean for the log of gross domestic product, petroleum profit tax, exchange rate and inflation rate are 7.632587, 3.362049, 249.1056 and 11.93062 while the standard deviation are 0.161654, 0.191892, 135.4563 and 3.144020 respectively. The

context. Zermeñoa, Martínezb and Preciadoc (2018) carried out research see whether inflation assert influence on the conditional distribution of financial development. It reported a consistently negative and nonlinear effect of price increases on financial variables.

Ani and Udeh (2021) examined the effect of exchange rate on the economic growth of Nigeria. The data were sourced from the Central Bank of Nigeria Statistical Bulletin for a period of 10 years (2009 -2018). Ex-post facto research design was utilized. Ordinary Least Square technique was employed in the analysis of hypotheses. It was found that while exchange rate had significant effect on GDP and GNP, it was non-significant on unemployment. This implies that micro economic indices of GDP and GNP could be used to consciously adjust standard of living of the citizens

Methodology

The time series data were collected from the National Bureau of Statistics, Federal Inland Revenue Service of Nigeria and the Central Bank Nigeria Statistical Bulletin for a period of sixteen (16) years spanning from 2007 to 2022. It considered some statistical tests that were importance such as the descriptive statistics, normality test, correlation analysis, and variance inflation factor. The study employs the E-view whilst adopting the longitudinal research design techniques for data estimation through econometric views. The model is specified as follows:

GDP	-	Gross Domestic Products
PPT		Petroleum Profit tax
EXR	-	Exchange rate
INR	-	Inflation Rate
μ	-	Disturbance Term

Apriori expectation is a_1, a_3 less than or greater than 0

table also revealed that exchange rate is volatile with a value of 135.4563. The value of their kurtosis is below 3 which depicts it is playtokurtic in nature except for exchange rate that has a leptokurtic value of 3.000704. The Jarque- Bera probability of 0.619030, 0.486138, 0.223052 and 0.801576 shows a normal distribution since it is greater than 0.05.

Table 1

VARIABLE	LOGGDP	LOGPPT	LOGEXR	LOGINR
Mean	7.632587	3.364049	249.1056	11.93062
Median	7.661639	3.305764	175.8650	11.84500
Maximum	7.860060	3.640024	569.1200	16.50000
Minimum	7.315074	3.076386	118.5700	5.400000
Std. Dev.	0.161654	0.191892	135.4563	3.144020
Skewness	-0.523094	0.040739	1.060670	-0.292652
Kurtosis	2.413231	1.531275	3.031178	2.433480
Jarque-Bera	0.959203	1.442528	3.000704	0.442351
Jarque-Bera Probability	0.619030	0.486138	0.223052	0.801576
Sum	122.1214	53.82479	3985.690	190.8900
Sum Sq. Dev.	0.391980	0.552339	275226.1	148.2729
Observations	16	16	16	16

Source: Author's Computations, 2023.

Correlations Analysis

A critical observation from table 2, reveals that there is a positive relationship between GDP proxy for economic growth and the studied variables. PPT has a weak positive correlation with economic growth. The

correlation between EXR and GDP is strongly positive (0.815876). Whereas the correlation between GDP and inflation rate (INR) is positive and moderate (0.548552.)

Table 2

VARIABLE	LOGGDP	LOGPPT	LOGEXR	LOGINR
LOGGDP	1.000000			
LOGPPT	0.115190	1.000000		
LOGEXR	0.815876	-0.217081	1.000000	
LOGINR	0.548552	-0.270346	0.614107	1.000000

Source: Author's Computations, 2023.

Multicollinearity Test

In table 3, the Centered Variance Inflation Factor (CVIF) indicates the absence of multicollinearity

problems among the variable under studied because the cut-off value of VIF is 10. Values of VIF that exceed 10 are often regarded as indicating multicollinearity.

Table 3

Variance Inflation Factors (VIF)	
Sample	2007 – 2022

Included Observations		16	
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.195153	413.1196	NA
LOGPPT	0.014830	356.3593	1.083744
LOGEXR	4.43E-08	7.430621	1.612749
LOGINR	8.45E-05	27.12321	1.657922

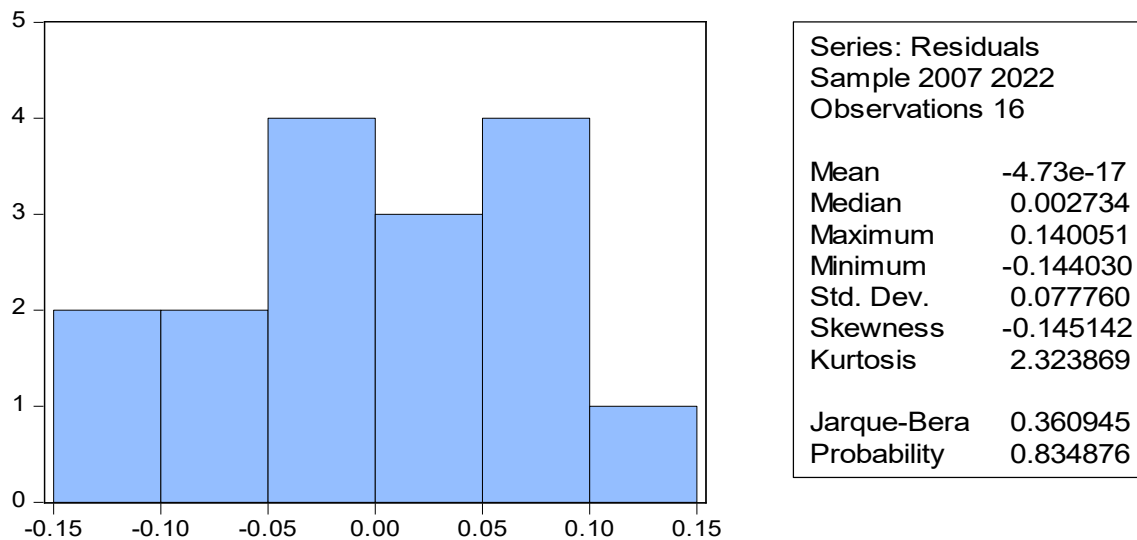
Source: Author's Computations, 2023.

Data Normality Test

Figure 1, affirms that the result earlier display in the descriptive statistics (table 1) of the data set is normally

distributed and suitable for analysis. That is because the Jarque-Bera probability is 0.834876 which is greater than 5% (0.05).

Figure 1



5.5. Regression results

Table 4

Dependent Variable: LOGGDP				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.375051	0.441761	14.43100	0.0000
LOGPPT	0.276406	0.121778	2.269748	0.0425
LOGEXR	0.000950	0.000210	4.513474	0.0007
LOGINR	0.007634	0.009193	0.830396	0.4225
R-squared	0.768615	Mean dependent var		7.632587
Adjusted R-squared	0.710768	S.D. dependent var		0.161654
S.E. of regression	0.086938	Akaike info criterion		-1.834926
Sum squared resid	0.090699	Schwarz criterion		-1.641779
Log likelihood	18.67941	Hannan-Quinn criter.		-1.825035
F-statistic	13.28717	Durbin-Watson stat		0.866081

Prob(F-statistic)	0.000403		
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Source: Author's Computation, 2024.

Results Presentation and Discussion

From table 4, the R-Squared (0.768615) < Durbin-Watson stat (0.866081). It suggests no spurious regression results. Had R-Squared > Durbin-Watson stat (which will be near zero) if the residuals follow a random walk, there would have been a spurious regression and the result would not have been acceptable. Thus, this regression result is acceptable.

In table 4, the coefficient of petroleum profit tax (PPT) is 0.2764 with a t-value of 2.2697 and an associated p-value (0.0425 > 0.05). This suggests that PPT has a positive significant effect on Nigeria Economy growth (GDP). This implies a better marriage existence between variables and upturn/drop in PPT would lead to same effect on economy growth in Nigeria. This outcome is in congruence with those of Okoh, *et al.*(2016), and Eyisi, *et al.*(2015) which supported positive significant effect.

Exchange rate (EXR) has a coefficient of 0.0010 with a t-value of 4.5135 and an associated p-value (Sig. value) of 0.0007 < 0.05. This suggests that EXR has a positive significant effect on Nigeria Economy growth (GDP). This implies a good marriage and an increase or decrease in EXR would lead to similar movement on the economy growth of Nigeria. This postulation contradicts that of Zermeñoa, *et al.* (2018) which found negative significant.

Inflation rate (INR) has a coefficient of 0.0076 with a t-value of 0.8304 and an associated p-value (Sig. value) of 0.4225 > 0.05. This suggests that INR has a positive insignificant effect on Nigeria Economy growth (GDP). The coefficient is positive which implies that an upturn/drop in INR would lead to upturn/drop on economy growth in Nigeria, but insignificantly. However, the result also contradicted that of Zermeñoa, *et al.* (2018).

Conclusion

This research explored Petroleum profit tax, Exchange rates and Inflation rates on influence on Economic Growth with the aid of Econometric Views. Other statistical test (descriptive statistics, correlation analysis, variance inflation factor, and normality tests were carried out to determine the suitability of the data as employed. Pooled Ordinary Least squares was used to test the hypothesis and it was resolved that Petroleum profit tax (PPT) and Exchange rate (EXR) has a meaningful influence on Nigeria economy while inflation rate has an insignificant influence on Nigeria Economy. Again, the coefficient of determination of this study stood at 77% meaning there are other factors that influence the growth of the Nigeria economy other than PPT, EXR and INR. Emanating from the above, this study recommends that the Nigerian government should apply stringent rules in the imposition and collection of taxes (PPT). Also, the relevant authorities (Government) should adopt decisive mechanism to impede the leakages so that the revenue generated would not be drain off to devious purse. In the same manner, institutions like the Central Bank of Nigeria that is in charge of monetary policies and other economic regulations should step up to enhance micro economic indices of GDP which could be used to consciously adjust standard of living of the citizens for a successive marriage between variables.

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TAXATION AND ECONOMIC GROWTH IN NIGERIA: AN EMPIRICAL ANALYSIS

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Abstract

This study empirically examined the effect of taxation on economic growth in Nigeria from 1990 to 2022. The annual time series data used in the study were obtained from the Central Bank of Nigeria (CBN) Statistical Bulletin and the Federal Inland Revenue Service (FIRS). The independent variables used include Personal Income Tax (PIT), Company Income Tax (CIT), and Value Added Tax (VAT), while the dependent variable is Gross Domestic Product (GDP). The techniques of data analysis adopted include descriptive statistical analysis, the Augmented Dickey-Fuller (ADF) test, and the Autoregressive Distributed Lag (ARDL) technique. The short-run results show that personal income tax had a positive and statistically significant relationship with Gross Domestic Product in Nigeria; company income tax showed a positive and statistically significant impact on Gross Domestic Product in Nigeria; and Value Added Tax revealed a positive and statistically significant effect on Gross Domestic Product in Nigeria. On the other hand, the long-run results revealed that personal income tax had a positive and statistically significant relationship with Gross Domestic Product in Nigeria; company income tax showed a positive and statistically significant impact on Gross Domestic Product in Nigeria; and Value Added Tax had a positive and statistically significant effect on Gross Domestic Product in Nigeria. Based on the findings, the study recommends, among other things, that the government should adopt efficient and effective tax management techniques that will increase personal income tax in Nigeria, and that the government should ensure that taxes are accounted for to the public via print and electronic media to ensure that the funds generated by the government are properly accounted for.

Key words: *Gross Domestic Product, Personal Income Tax, Company Income Tax, Value Added Tax.*

Introduction

In developing countries like Nigeria, the government's extensive responsibilities are significantly supported by revenue from various sources, notably taxation. Taxation, a longstanding method for funding essential services, plays a crucial role in providing infrastructure and public goods, stabilizing the economy, and redistributing income (Abiola and Asiweh, 2016). Defined as a compulsory, non-penal levy on income, profits, or consumption (Salami et al., 2015), taxation is vital for executing governmental functions including maintaining order, defending against external threats, and fostering economic growth (Edame and Okoi, 2014).

Economic growth, essential for improving living standards and creating jobs, depends on expanding a nation's capacity to produce goods and services (Udoffia and Godson, 2016). This growth, often measured by changes in real Gross Domestic Product, should outpace population growth to be considered sustainable (Dwivedi, 2020). Taxation not only funds government operations but also influences economic variables like consumption patterns and investment decisions, thereby regulating the economy (Fasoranti, 2018).

However, the effectiveness of taxation in promoting economic development hinges on compliance and tax literacy. In Nigeria, tax evasion and avoidance diminish government revenue, reducing funds available

for public services and economic initiatives, which in turn impacts household income and national economic growth (Cornelius et al., 2016). Empirical research has demonstrated that effective taxation significantly boosts Nigeria's economic growth, with specific taxes like petroleum profit tax and company income tax having a long-term positive impact (Onakoya and Afintinni, 2019; Oluwatobi et al., 2021). Furthermore, higher tax revenues are linked to greater economic development, underscoring the importance of efficient tax systems in achieving economic progress (Awa and Ibeanu, 2020).

Thus, taxation is not merely a financial obligation but a fundamental tool for national development, crucial for mobilizing domestic resources and fostering environments conducive to economic advancement.

Over the years, the impact of tax revenue on Nigeria's economic development has been minimal, primarily due to ineffective tax administration. McPherson in 2014 identifies multiple challenges within Nigerian tax administration, including insufficient tax statistics, corruption, lack of prioritization in tax efforts, inefficient administrative processes, and a complex array of taxes. Additionally, economic structural issues and the prevalence of an underground economy hinder effective tax implementation. Consequently, the tax revenue collected by the federal government of Nigeria has been inadequate to cover the increasing demands for social and public spending. As a result, tax revenue constitutes only a small fraction of the total government revenue, which is predominantly derived from oil. The recent significant drop in oil prices has further reduced the funds available to federal, state, and local governments, adversely affecting economic growth.

Despite increases in tax revenue and government spending annually, the majority of Nigerians continue to live in severe poverty, with many surviving on less than one US dollar (\$1) per day. The country still ranks among the less economically developed nations, with deteriorating infrastructure such as roads and power supply exacerbating unemployment and industrial decline.

It is against this background that this study asked the questions how does personal income tax affect Gross Domestic Product (GDP) in Nigeria? does company income tax affect Gross Domestic Product (GDP) in Nigeria? how does value added tax affect Gross Domestic Product (GDP) in Nigeria? Consequently, this study empirically examined the effect of taxation variables such personal income tax, company income tax and value added tax on economic growth in Nigeria.

Theoretical Framework Diffusion Theory of Taxation

According to the diffusion theory of taxation, under perfect competition, when a tax is levied, it is automatically and equitably diffused or absorbed throughout the community. Advocates of this theory explain that when a tax is imposed on a commodity by the state, it automatically passes on to consumers. Each individual bears the burden of the tax according to their ability to bear it. For instance, if a specific tax is imposed on cloth, the manufacturer raises the prices of the commodity by the amount of the tax. Consumers then buy the commodity according to their capacity and thus share the burden of the tax. Mansfield describes this process by saying, "It is true that a tax laid on any place is like a pebble falling into a lake and making circles till one circle produces and gives motion to another." This analogy illustrates that just as a pebble diffuses in a lake, a tax imposed on a commodity is also absorbed, and its burden is felt equally among various sections of the community.

However, advocates of this theory assume perfect competition in the market, but in reality, it is imperfect competition that prevails. If taxes were automatically diffused through the community, most of the finance minister's worries would be over. He could simply impose a tax and collect money from people without worrying about the final resting place of the tax. In practice, however, taxes do not get distributed equally. Some taxes remain where they are first imposed, and some are partly or wholly shifted onto consumers. The diffusion theory of taxation has been criticized and has never gained significant importance in reality. It has never been observed that a tax is automatically and equitably distributed among people. While some taxes do undergo diffusion or absorption, it is not a universal occurrence across the community. Furthermore, there are taxes like income tax, inheritance tax, and toll tax in which there is no absorption at all.

Benefits Theory of Taxation

The Benefits Theory of taxation proposes that taxes should be levied based on the benefits individuals receive from state activities, suggesting a direct correlation between the extent of government benefits enjoyed and the tax contributions made by individuals. This approach posits that those who benefit more from state services should pay more in taxes, theoretically aligning tax contributions with received benefits, including public infrastructure and regulated markets.

While conceptually appealing for its fairness, the practical implementation of the Benefits Theory presents significant challenges. First, accurately measuring the full spectrum of benefits each individual

receives, especially intangible benefits like national security or environmental protection, is inherently complex. This complexity makes it difficult to establish a fair and efficient tax system based on this principle.

Moreover, the theory diverges from contemporary tax systems where the linkage between taxes paid and benefits received is not direct. Modern tax systems often aim to redistribute wealth to achieve social equity, supporting individuals in need who may pay less in taxes yet benefit more from government services. This aspect of progressive taxation is at odds with the Benefits Theory, which would potentially burden lower-income individuals disproportionately, as they often rely more heavily on state services.

Additionally, the theory challenges the fundamental nature of taxes as non-reciprocal, compulsory contributions to fund collective needs and benefits. The notion of a direct quid pro quo in taxation undermines the communal and redistributive roles of tax systems designed to support societal well-being broadly, not transactionally.

In summary, while the Benefits Theory of taxation aligns with principles of fairness and benefit proportionality, its practical application is fraught with challenges that complicate its adoption and conflict with the objectives of modern, equitable tax systems.

Empirical Literature

Aliyu and Mustapha (2022) empirically assessed the impact of tax revenue on economic growth in Nigeria from 1981 to 2017. The study utilized time series data sourced from the CBN statistical bulletins, FIRS annual publications, and the National Bureau of Statistics (NBS) portal. To achieve the objectives of the study, OLS and ARDL techniques were employed to estimate the relationships, dynamics, and long-run effects of independent variables on the dependent variable. The ARDL bound test revealed that the variables are cointegrated, while the ARDL long-run estimation indicated that petroleum profit, value-added tax, and government domestic debt are significantly and positively related to GDP. Additionally, company income tax and customs and excise duties were found to be significant but have a negative impact on economic growth. Accordingly, the research recommends that the government should intensify efforts to increase the collection of tax revenue, as a low contribution of tax revenue to GDP was discovered over the study period. This can be achieved by blocking all loopholes in tax laws and bringing more prospective taxpayers into the tax net, especially from the informal sector.

Oluwatobi, Festus, and Ogundajo (2021) conducted a causal-effect study on tax revenue, gross fixed capital

formation, and economic growth using 38 years of time series data from 1981 to 2018, derived from the Central Bank of Nigeria statistical bulletin. The study found that tax revenue (TR) had a significant positive effect on Per Capita Income, and Gross Fixed Capital Formation (GFCF) significantly controls the relationship between tax revenue and Per Capita Income. It was also evidenced that the country relied heavily on taxes as a major source of revenue. The study recommended that the government should widen its tax net and create expansionary measures to enhance its tax revenue in order to boost its Per Capita Income. Additionally, the government should create an enabling environment for economic diversification in order to increase revenue generated through means other than taxes, thereby spurring economic growth and avoiding over-reliance on taxes.

Bowei and Mohamed (2021) determined the impact of petroleum profit taxes on economic growth in Nigeria from 1981 to 2020. Utilizing an ex post facto research design, the study was anchored on two objectives and one baseline theory. The population of the study encompassed Nigeria's tax history over forty years, from 1981 to 2020. The study adopted an interval scale of measurement and the preceding year basis for sampling, with a sample size of nine years from 2010 to 2018. Data were secondary, obtained from the Central Bank of Nigeria, National Bureau of Statistics, OECD Statistics, and World Bank Group. For data analysis, the study employed univariate and bivariate analyses using MS Excel 2019 and SPSS Statistics 26. The findings indicated that petroleum profit tax (PPT) has no significant relationship with per capita income (PCI) or job creation (JOB). The study concluded that, given high levels of oil price stability and a production boom, petroleum profit tax might not significantly contribute to per capita income and the employment rate for economic growth, with a correlation of less than 10%. The study recommended that the government should reduce tax incentives granted to petroleum companies in Nigeria and increase the tax rate for non-petroleum companies, which will enhance government revenue from petroleum taxes during times of oil price volatility and production cuts.

Onakoya and Afintinni (2019) investigated the cointegration relationship between tax revenue and economic growth in Nigeria from 1980 to 2016. Various preliminary tests, including descriptive statistics, trend analysis, and stationary tests using the Augmented Dickey-Fuller (ADF) test, were conducted. The Engle-Granger Cointegration test was employed to determine whether a long-term relationship existed between the variables. The Vector Error Correction Model was used to confirm the long-term relationship

and to determine the short-term dynamics between the variables. Two post-estimation diagnostic tests autocorrelation and heteroscedasticity—were also conducted to confirm the robustness of the model. The findings indicated that a long-term (but not short-term) relationship existed between taxation and economic growth in Nigeria. The results also revealed a significant positive relationship at the 5% level of significance between petroleum profit tax, company income tax, and economic growth, but a negative relationship between economic growth and customs and excise duties. However, the tax components are jointly insignificant in impacting Nigerian economic growth.

Okeke, Mbonu, and Ndubuisi (2018) examined the relationship between tax revenue and economic development in Nigeria during the period from 1994 to 2016. Data were obtained from the Central Bank of Nigeria, the Office of the Federal Inland Revenue Service, and the Annual Abstract of Statistics of the National Bureau of Statistics. The study was based on time series data. Analytical methods such as the Augmented Dickey-Fuller test, multiple linear regression, multicollinearity test, Granger causality test, Johansen cointegration test, and error correction model were employed in the analysis of the data. The findings of this study indicated that tax revenue has a statistically significant relationship with infant mortality, labor force, and gross fixed capital formation in Nigeria at a 5% level of significance, respectively. Based on these findings, it was recommended, among other things, that since tax revenue has been proven to contribute to economic development in Nigeria, the government needs to increase its allocation to priority sectors of the economy such as agriculture and industry to improve the welfare of the citizenry.

Ibanichuka, Akani, and Ikebujo (2018) investigated the effect of tax revenue on the economic development of Nigeria for the period from 1995 to 2015. The study aimed to determine whether tax revenue, represented by Value Added Tax (VAT), Company Income Tax (CIT), and Customs and Excise Duties (CED), could affect economic development as proxied by the Human Development Index during the study period. The data were analyzed using multiple regression analyses in accordance with the research objectives of the study. The findings reveal that revenues collected by the federal government through CIT, VAT, and CED have a positive relationship with the Human Development Index.

Yahaya and Bakare (2018) evaluated the effect of petroleum profit tax and company income tax on Nigerian economic growth. The Fully Modified Least Squares (FMOLS) Regression Technique was used to

estimate the model over a 34-year period (1981-2014), while the Augmented Dickey-Fuller Unit Root Test and Single Equation Cointegration Test were carried out. It was found that petroleum profit tax (PPT) and company income tax (CIT) have a positive significant impact on the gross domestic product (GDP) in Nigeria, with an Adjusted R² of 87.6%, which directly enhanced growth in Nigeria. The study concluded that PPT and CIT serve as the major sources of revenue for the Nigerian economy and contribute to its growth. Based on these findings, the study recommended that the government should transparently and judiciously account for the revenue it generates through petroleum profit tax by investing in the provision of infrastructural facilities. Additionally, the Federal Inland Revenue Service (FIRS) should properly monitor the activities of companies to achieve optimum collection of taxes payable to the government as CIT.

Emmanuel and Charles (2017) investigated the impact of taxation on the Nigerian economy from 1994 to 2015. The dependent variables used in the model included Gross Domestic Product (GDP) as a parameter for measuring economic growth, along with inflation and unemployment. The objective of this study was to determine how taxation affects these macroeconomic variables. The results of the statistical analysis revealed that positive relationships exist between the explanatory variables (Customs and Excise Duties, Company Income Tax, Personal Income Tax, Petroleum Profit Tax, and Value Added Tax) and the dependent variables (Gross Domestic Product and Unemployment). However, the individual explanatory variables have not significantly contributed to the growth of the economy; also, the explanatory variables have not significantly contributed to the reduction of the high rate of unemployment and inflation in Nigeria for the period under review.

Matthew (2015) investigated the impact of tax revenue on the Nigerian economy. A descriptive survey design was adopted, and a simple random sampling technique was used to select the sample size. One hundred questionnaires were administered to workers of the Federal Board of Inland Revenue (FBIR) in Lagos, Nigeria. Seventy-five questionnaires were retrieved and found usable for the study, resulting in a 75% response rate. A pilot study was conducted, yielding a reliability value of 0.78, which, according to Nunnally (1978), is reliable enough to measure the research construct. Four hypotheses were formulated and tested using the Chi-square statistical tool of analysis. The findings indicate that tax revenue significantly impacts Federal Government Budget implementation in Nigeria, the tax administrative system significantly affects the revenue generated in Nigeria, tax evasion significantly affects

government revenue in Nigeria, and lack of training on the part of tax officers significantly affects the generation of government revenue in Nigeria.

Methodology

According to Stangor (2007) research design is the specific method a researcher uses to collect, analyse

and interpret data. This study adopted the ex-post facto research design. Annual time series data used for this study were sourced mainly from Central bank of Nigeria (CBN) Statistical bulletin and federal inland revenue service (FIRS). The data covered the period (1990-2022).

Model Specification

This study adopted multiple regression model. The model is stated in 3 different forms (that is functional, mathematical and econometric) as follows:

The functional form of the model is:

$$GDP = f(PIT, CIT, VAT) \tag{3.1}$$

The mathematical forms:

$$GDP = \beta_0 + \beta_1PIT + \beta_2CIT + \beta_3VAT \tag{3.2}$$

Where:

GDP = Gross Domestic Product

PIT = Personal Income Tax

CIT = Company Income Tax

VAT = Value Added Tax

β_0 = The intercept/constant variable

β_1 - β_3 = Coefficients or parameters

μ_t = Disturbance error term

The Econometric specification of the model is:

$$GDP = \beta_0 + \beta_1(PIT) + \beta_2(CIT) + \beta_3(VAT) + \mu_t \tag{3.3} \text{ The ARDL model is represented as follows:}$$

$$\Delta(GDP_t) = a_0 + \alpha_{1i}\Delta(PIT_{t-1}) + \alpha_{2i}\Delta(CIT_{t-1}) + \alpha_{3i}\Delta(VAT_{t-1}) + \sum_{t=1}^p \beta_{1i}\Delta(GDP_{t-1}) + \sum_{t=1}^q \beta_{2i}\Delta(PIT_{t-1}) + \sum_{t=1}^q \beta_{3i}\Delta(CIT_{t-1}) + \sum_{t=1}^p \beta_{4i}\Delta(VAT_{t-1}) + \varepsilon_{1i}$$

Where:

Δ = the difference operator and indicates the optimum, t = time lag; a_0 = constant variables; $\alpha_1 - \alpha_3$ = long-run dynamic coefficients of the model; $\beta_1 - \beta_4$ = short-run dynamic coefficients of the model; ε_i = serially uncorrelated stochastic term with zero mean and constant variance.

Data Analysis Technique

The Autoregressive Distributed Lag (ARDL) bound test approach developed by Pesaran and Shin and (1999) and Pesaran, Shin and Smith (2001) were used in the study.

Results

Augmented Dickey-Fuller (ADF) Test Results

Variables	At Levels		At First Difference		Remark	Order of Integration
	ADF	Mackinnon Critical Value @ 5%	ADF	Mackinnon Critical Value @ 5%		

GDP_t	11.44594	-2.957110	-	-	Stationary at Level	I(0)
PIT_t	4.264164	-2.991878	-	-	Stationary at Level	I(0)
CIT_t	-0.013852	-2.986225	-5.436884	-5.436884	Stationary at 1 st Difference	I(1)
VAT_t	4.171534	-2.981038	-	-	Stationary at Level	I(0)

The ADF Unit Root Test results presented in Table demonstrate that Gross Domestic Product (GDP), personal income tax (PIT), and Value Added Tax (VAT) exhibit stationarity at their respective levels, as their ADF statistics surpass the Mackinnon critical thresholds at a 5% significance level. Conversely, company income tax (CIT) achieved stationarity only after differencing once, thus it is classified as

Bounds Cointegration Test

The results of the Bounds cointegration test are presented in Table 4.4 below:

Table 4.4: Bounds Cointegration Test

Null Hypothesis: No Long-Run Relationships Exist				
Critical Value Bounds				
T-statistic	Value	Significance	I(0)	I(1)
F-statistic	45.74039	10%	2.37	3.2
K	3	5%	2.79	3.67
		1%	3.65	4.66

The ARDL short-run results in the table reveal that personal income tax has a positive and statistically significant relationship with the Gross Domestic Product in Nigeria. This is evidenced by the positive coefficient value of 4.372387 for personal income tax and its p-value of 0.0001, which is less than 0.05. This implies that a unit increase in personal income tax increases the Gross Domestic Product by 4.372387 units in the short run.

Product by 41.64336 units in the short run.

Additionally, the results reveal that Value Added Tax has a positive and statistically significant effect on Gross Domestic Product in Nigeria. This is evidenced by the positive coefficient value of 7.581466 for Value Added Tax and its p-value of 0.0000, which is less than 0.05. This implies that a unit increase in Value Added

integrated of order one, denoted as I(1). Given this mix of integration orders—some variables stationary at level (I(0)) and others after differencing (I(1))—our next step involves applying the bound cointegration test to determine whether there exists a long-term cointegrating relationship among these variables within the specified econometric model.

The results shows that the F-statistics value of 45.74039 is greater than the critical values for the lower bound I(0) and upper bound I(1) at 10 percent, 5 percent, and 1 percent. This finding necessitated the rejection of the null hypothesis of no cointegration.

Short-Run Autoregressive Distributed Lag (ARDL) Analysis

Variable	Dependent Variable = GDP_t	
	Coefficient	Std. Error
$D(MPR_t)$	4.372387	0.625596
$D(MPR_{t-1})$	41.64336	5.098508
$D(MPR_{t-2})$	7.581466	1.106495
Coint EqM(-1)*	-0.665011	0.040937

Adjusted R-squared = 0.935148; Durbin-Watson stat = 1.822240

Furthermore, the results show that company income tax has a positive and statistically significant impact on Gross Domestic Product in Nigeria. This is evidenced by the positive coefficient value of 41.64336 for company income tax and its p-value of 0.0000, which is less than the 0.05% level of significance. This indicates that a unit increase in company income tax increases the Gross Domestic

Tax increases the Gross Domestic Product by 7.581466 units in the short run.

Moreover, the coefficient of the Coint Eq(-1)* at -0.665011 indicates that the speed of adjustment to long-run equilibrium is about 67% when any past deviation will be corrected in the present period. Also, the Adjusted R-squared (Adj. R²) value of 0.935148 indicates that about 94 percent of the systematic

variation in Gross Domestic Product is explained by personal income tax, company income tax, and Value Added Tax (VAT) in the short run, while the remaining

6 percent of the variation in the model is captured by the error term (unknown factors outside the model).

ARDL Long-Run Results

Dependent Variable = GDP_t				
Variable	Coefficient	Std. Error	t-Statistic	Prob.*
PIT_t	1.679765	0.625674	2.684729	0.0125
CIT_t	28.62358	1.394506	20.52596	0.0000
VAT_t	85.93092	12.74405	6.742826	0.0000
C	1801.196	717.7869	2.509374	0.0187

The long-run ARDL in Table 4.5 reveals that personal income tax has a positive and statistically significant relationship with the Gross Domestic Product in Nigeria. This is evidenced by the positive coefficient value of 1.679765 for personal income tax and its p-value of 0.0125, which is less than 0.05. This implies that a unit increase in personal income tax increases the Gross Domestic Product by 1.679765 units in the long run.

Furthermore, the results show that company income tax has a positive and statistically significant impact on Gross Domestic Product in Nigeria. This is evidenced by the positive coefficient value of 28.62358 for company income tax and its p-value of 0.0000, which is less than 0.05. This indicates that a unit increase in company income tax increases Gross Domestic Product by 28.62358 units in the long run.

Moreover, the results show that Value Added Tax has a positive and statistically significant effect on Gross Domestic Product in Nigeria. This is evidenced by the positive coefficient value of 85.93092 for Value Added Tax and its p-value of 0.0170, which is less than 0.05. This implies that a unit increase in Value Added Tax Increases Gross Domestic Product by 85.93092 units in the long run.

Conclusion and recommendations

The study empirically examined the effect of taxation on economic growth in Nigeria. From the analysis, the study found that taxation variables such as personal

income tax, company income tax, and Value Added Tax have a positive and statistically significant effect on Gross Domestic Product in Nigeria in both the short and long run. The study therefore concludes that taxation plays a significant positive role in driving economic growth in Nigeria. Based on the findings and conclusions drawn from this study, the following recommendations are made:

1. Since personal income tax has a positive and significant effect on Gross Domestic Product in Nigeria, the government should adopt efficient and effective tax management techniques that will increase personal income tax in Nigeria.
2. Given the positive and significant effect of company income tax on Gross Domestic Product in Nigeria, more company income tax should be targeted by the Nigerian government.
3. Given the positive and significant effect of Value Added Tax on Gross Domestic Product in Nigeria, more consumption tax, which is relatively easy to administer and difficult to evade, should be embraced by the Nigerian government.
4. The government should ensure that taxes are accounted for to the public via print and electronic media to ensure that the funds

generated by the government are properly accounted for.

5. The government should adopt more effective and efficient measures for tax administration in Nigeria to further emphasize the issues of transparency and accountability in the government's performance of its fiscal responsibilities to the people. This will improve tax compliance.

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MACROECONOMIC VARIABLES AND STOCK PRICES IN NIGERIA

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Abstract

Macroeconomic variables' impact on NGX stock prices is studied. The All-Share Index was used as proxy for stock prices whereas the Gross Domestic Product growth, interest rate spread, oil prices, inflation, and broad money growth are the determinants of the economy. This study utilizes the theoretical framework of the Arbitrage Pricing Theory, which is predicated on the concept that macroeconomic conditions have an effect on the pricing of securities. Under this premise, the study analyzes the impact of the aforementioned macroeconomic variables on NGX stock prices. Stock prices on the NGX are found to be cointegrated with these macroeconomic parameters using an autoregressive distributed lag (ARDL) bounds test. Due to the long-term dependence of the variables, the vector error correction model was used to assess the impact of the connection. Based on the findings of this study, NGX stock prices tend to fall as inflation, oil prices, and overall money growth all rise. However, it also finds a positive correlation between the interest rate spread and NGX stock prices, an understudied component of the Nigerian economy. It also finds that the interest rate spread is correlated with stock prices. This empirical study also yields conflicting findings. Based on the findings, the Federal Government of Nigeria is urged to take measures to rein in inflation and ensure steady prices. More investigation of interest rate spread and its effects in Nigeria is recommended in the paper.

Background to the study

Investors and lenders alike rely heavily on the stock market. It makes it easier for the surplus units of the economy to invest in the deficit units of the economy. According to Mankiw (2013), the stock market index may be used as a leading economic indicator to learn about the state of the economy as a whole. According to this theory, the characteristics of an efficient stock market include the fact that it consolidates all accessible data on stock prices (Fama, 1965). As the Nigerian stock market develops, the Nigerian Stock Exchange has morphed into the Nigerian Exchange Group. It originated in the third quarter of 1960, when the Lagos State Exchange first opened for business. The demutualization proceedings for the Nigerian Stock Exchange (now the Nigerian Exchange) were finalized in March 2021, transforming it from a government-owned organization to a shareholder-owned, for-profit business. When it comes to listing and trading stocks and other assets, the Nigerian Exchange (NGX) is the premier venue in Africa. If

your business or investment portfolio is interested in trading stocks in Nigeria, this can help you get started. Stock prices in any economy can be affected by feedback from the aggregate economy's effect on the stock market. If stock prices are rising, it might be because investors are anticipating substantial economic growth. Conversely, if stock values are falling, it may be because investors are anticipating an economic downturn (Mankiw, 2013). Investment policies can benefit from a better understanding of the connections between macroeconomic conditions and stock prices. It's possible that these regulations will help the stock market expand and prosper. By understanding these connections, investors will have a better idea of what could affect their investment results. Researchers are interested in the connections between stock prices and macroeconomic factors because of this. One key issue is whether or not stock prices are determined by underlying macroeconomic factors. Existing research on the connection between macroeconomic factors and stock prices has employed

a variety of paradigms. The findings from these investigations vary widely from one country to the next. The arbitrage pricing theory (APT) is one of the theoretical frameworks that has been employed in a large number of empirical investigations to determine the many macroeconomic variables that affect stock prices (Ross and Roll, 1984). The macroeconomic study points to a large variety of potential macroeconomic causes. According to Arodoye (2012), there was a sizable body of work that examined these connections. In the framework of the capital asset pricing model (CAPM), some of the literature favors the usage of a certain element. Many other works employ a multi-factor approach in the same vein as the APT. Stock prices can be affected by a number of different factors (macroeconomic variables), according to the APT. Macroeconomic factors such as GDP, interest rates, inflation, the price of crude oil, and the money supply are recognized. The unemployment rate and foreign direct investment are two more.

Numerous research have been done in Nigeria to investigate the connection between macroeconomic factors and stock prices. Ahmad et al. (2015), Nkechukwu, Oneagba, and Okoh (2015), and Josiah and Akpoveta (2019) are just a few prominent instances. There is currently no consensus on the results of these empirical research. Many explanations are offered for the varying results. Variations in approach, selection of macroeconomic variables, and model specification can all play a role in this. This investigation, however, zeroes in on how five macroeconomic variables affect NGX stock prices. The goal of this research is to advance previous empirical investigations by making use of the most recent information. Existing research in this field in Nigeria up to the time of this study fails to incorporate interest rate dispersion among the macroeconomic factors. Because of this, empirical research analyzing the effect of macroeconomic factors on stock prices will yield contradictory results. The current investigation is motivated by a desire to find solutions to the following questions: Can stock values be affected by changes in the economy as a whole? Do changes in macroeconomic factors have any influence on stock prices, either temporarily or permanently? Can stock prices be explained by changes in macroeconomic variables?

Using yearly data from 1985 to 2022, this study will analyze the effect of macroeconomic factors on NGX stock prices in an effort to shed light on these concerns. The NGX all-share index, which is used as a stand-in for the exchange's stock prices, began collecting data in 1985 and will do so until 2019. Growth in gross domestic product, inflation measured indirectly through

the consumer price index, and interest rates are among the five macroeconomic variables considered as independent variables in this analysis. Inflation, oil prices, and the spread between interest rates. Stock prices may be affected by the aforementioned macroeconomic variables, as common sense would predict. All of the information used in the analysis comes from the World Bank's Development Indicators and the Central Bank of Nigeria.

Literature Review

Stock prices and other macroeconomic indicators are analyzed in this chapter, along with a literature assessment of the relevant topics. The study's theoretical underpinnings are laid forth first. Following this, the empirical literature on the effects of macroeconomic factors on stock prices is reviewed. There is a summary of the chapter's contents at the conclusion.

Theoretical Literature

It has been widely acknowledged that the capital asset pricing model (CAPM) is a reliable tool for analyzing securities prices in the financial sector (Hillier et al., 2013; Elbanam, 2014). However, as a one-factor model, it has significant limitations, which is why Ross' multi-factor theory (arbitrage pricing theory) emerged (Bodie, Kane, & Marcus, 2018). The APT contends that the prices of securities may be affected by a number of other factors, including macroeconomic issues. However, the theory fails to specify which of these factors influence the pricing of securities. The core tenet of APT is the belief that macroeconomic factors that influence securities risk may be used to predict future returns on investment in those securities. Many empirical studies have been conducted on the APT strategy, with conflicting results. The APT's biggest weakness is that it can't pinpoint the specific macroeconomic variables that have an impact on the value of a security (French, 2017). This, according to French (2017), allows for the random selection and empirical testing of various macroeconomic factors, which in turn may account for the varying results. The APT may still be seen as a different framework to experimentally investigate the connections between macroeconomic factors and securities prices, despite the contradictory results. As a result, this undermines the central argument of this research, which examines how changes in macroeconomic factors affect NGX stock prices. The next part provides a summary of research that has looked at how various macroeconomic variables have affected stock prices.

Empirical Literature

By understanding how various economic actors rely on the economy as a whole, it may be possible to get insight into the connections between them. The effect of these connections on stock values, however, might be either good or negative. However, the duration of this effect is unclear. To what extent may broad economic conditions impact stock market performance? In this part, we will examine empirical research that has looked at how various macroeconomic variables have affected stock prices.

Abraham (2011) looked at how GDP, inflation, interest rates, and the stock market all interacted with one another. Inflation was revealed to have a negative relationship with the stock market in the short-run in Nigeria using a two-step error correction model. Adaramola (2011) used a Generalized Least Squares model to determine that GDP and oil prices positively impacted stock prices. Using a sectoral approach, Prince and Ibrahim (2011) discovered that none of the macroeconomic factors significantly affected the returns of enterprises across sectors. The research by Cyprian (2017) corroborates this conclusion. Ordinary Least Squares (OLS) analysis conducted by Daferighe and Charlie (2012), on the other hand, indicated that inflation negatively correlated with stock market returns. John (2019) discovered that money supply significantly positively impacted stock market performance in another OLS technique that included testing of unit root and cointegration. The research also discovered a one-way causality connecting the money supply and the stock market. Using a pooled regression method, Adekunle, Alalade, and Okulenu (2016) discovered that Nigeria's inflation rate had no discernible impact on the development of the country's financial markets.

Using the VAR model, Arodoye (2012) determined that the real growth rate of GDP, inflation, and stock prices all have both short-run and long-run correlations with one another. The crude oil price has a negative correlation with Ghanaian stock prices, according to research by Kuwornu (2012). In order to learn how stock market volatility is related to macroeconomic factors, Osazee and Nosakhare (2014) employed the GARCH model. Stock market fluctuations in Nigeria were attributed mostly to inflation. When it comes to understanding the volatility of stock market returns in Nigeria, however, Sokpo, Iorember, and Usar (2017) argued that CPI inflation was not a relevant macroeconomic indicator. However, Osazee and Nosakhare's (2014) conclusions were backed up by research undertaken by Izunobi et al. (2019) and Okonkwo (2019). Short-term stock returns were found to be negatively correlated with inflation by Chude,

Ifurueze, and Chude (2015). Stock market returns in Nigeria were shown to be positively correlated with GDP growth. The GDP has a strong negative influence on stock prices in the long run, according to research by Nkechukwu, Onyeagba, and Okoh (2015). They also found that the overall money supply significantly boosted stock values over the long term.

New empirical proof from Ahmad et al. (2015), who studied the connection between Nigeria's stock market growth and macroeconomic factors over the long and short term. The CPI and oil price were found to have a substantial, favorable effect on the growth of stocks. Money supply was also shown to have a detrimental effect on the growth of the Nigerian stock market. Ahmad, Abdullahi, Sulong, and Abdullahi (2015) used the ARDL and VAR model to do research that is closely connected to this one. The research demonstrated a two-way causation between the growth of the money supply and the performance of stock markets. They also discovered that the GDP and stock returns were not causally related to one another. In their research, Mbah, Okoli, and Amassoma (2017) discovered a consistent long-run connection between the ASI and macroeconomic indicators. Using an error correction model, Harcourt (2017) discovered that real GDP has a favorable effect on stock market performance. He said that the performance of the Nigerian stock market has suffered as a result of the inflation. According to research by Udoka, Mfon, and Basse (2018), long-term connections between macroeconomic factors and stock price changes in Nigeria do not exist.

In addition, Josiah and Akpoeta (2019) discovered a favorable correlation between the growth of the money supply and the performance of the Nigerian stock market. They also showed a favorable correlation between real GDP and stock market performance. The inflation rate has a detrimental impact on stock performance in Nigeria, as found by Okereke and Amusa (2020). The real GDP was also found to have a beneficial influence on stock performance, according to the study. In addition, the study discovered a correlation between Nigerian stock market performance and macroeconomic factors over the course of several years. The ARDL methodology employed by Aremo, Olabisi, and Adeboye (2020) revealed a long-term beneficial influence of the money supply on stock market returns in Nigeria. In a similar vein, Pole and Cavusoglu (2021) discovered that the monetary base significantly influenced the volatility of Nigerian stock returns. Inflation was also shown to have a detrimental influence on the volatility of stock returns in Nigeria.

Methodology

The data and variables utilized in this analysis are described and their inclusion is justified in this chapter. It also details the methodology and econometric techniques used in this study. There is a summary of the chapter's contents at the conclusion.

Data and Variables Description

It has already been established that the APT framework does not adequately explain the macroeconomic variables that influence stock prices. The increase of the gross domestic product, the rate of inflation, the spread between interest rates, the price of oil, and the expansion of broad money are all factors that are expected to impact stock values according to economic theory. With this as our starting point, we looked at annual data for NGX stock prices between 1985 and 2019 to see how these variables affected the value of the stock. Since the Nigerian stock market started keeping records for its all-share index in 1985, that year marks the beginning and end of the study's time period. The all-share index (ASI) stood in for the stock market, whereas the aforementioned five macroeconomic indicators were the explanatory variables. We thank the World Bank's Development Indicators and the Nigerian Central Bank for providing the data for this study. Converting the ASI and oil prices to natural logarithms did away with heteroscedasticity.

Model Specification

The model's estimated variables consist of the Natural Logarithm of All-Share Index (LNASI), Gross Domestic Product Growth (GDPR), Inflation Rate (INF), Interest Rate Spread (IRS), Natural Logarithm Equation (1) can be written as follows:

$$LNASI_t = f(GDPR_t, INF_t, IRS_t, LNOILP_t, M2_t) \dots \dots \dots 1$$

Where:

LNASI stands for the Natural Logarithm of All-Share Index.

GDPR refers to Gross Domestic Product Growth.

INF represents the Inflation Rate.

Equation (2) is as follows:

$$\Delta = 0 + 1 + -1 + \sum = 0 \quad 1\Delta \quad -1 + \dots \dots \dots (2)$$

LNASI, GDPR, INF, IRS, LNOILP, and M2 are all represented by X in this analysis. When k is the lag duration, t is the time or trend variable, and t is a pure

The ASI is a market-wide metric that measures returns and price movements in the stock market. The value of all final goods and services produced inside a country during a certain time period is known as the GDP. In this case, we used the GDP growth rate as our metric of choice. Inflation rates are calculated annually using the CPI. Money lost due to a difference between a bank's lending rate (interest charged on loans) and its deposit rate (interest paid on demand and other deposits) is referred to as the interest rate spread. Studies by Haruna (2012), Kiptui (2014), and Sheriff and Amoako (2014) all find that wide interest rate spreads are associated with higher levels of economic activity. The stock market could be getting a boost from this. When interest rate differentials are quite small, the stock market, on the other hand, tends to decline. This is because it is indicative of an economic slowdown. The price of oil is another major factor considered. The oil prices are the fluctuating prices at which Nigeria exports crude oil, which can have an impact on the value of a company's shares. Since Nigeria relies heavily on exports to fund its economy (Adaramola, 2011; Ahmad et al., 2015), this variable was taken into account. The broad money supply is a leading macroeconomic indicator since it is a potential source of inflation and the stock market responds to changes in this indicator.

of Oil Prices (LNOILP), and Broad Money Supply Growth (M2). The functional relationship among these variables is represented by equation (1) for the purpose of conducting econometric analysis.

IRS indicates the Interest Rate Spread.

LNOILP is the Natural Logarithm of Oil Prices.

M2 stands for Broad Money Supply Growth.

The modeling process followed standard econometric steps. Firstly, a stationarity test (unit root test) was conducted using the Augmented Dickey-Fuller (ADF) test (1979), as shown in equation (2), to determine the stationary nature of the data. The results of this test influenced the selection of the cointegration approach used in the study.

white noise error term. When = 0, the null hypothesis is confirmed and a unit root exists. Since the alternative hypothesis predicts that the time series is stationary

when $\rho = 0$, this result suggests that the series is non-stationary.

Second, we looked for a long-term correlation by doing a cointegration test. The ADF Test result was utilized to determine the order of integration of the variables, and ARDL cointegration was applied as a consequence.

$$\Delta Y_t = \alpha + \sum_{i=1}^p \beta_i \Delta Y_{t-i} + \sum_{j=1}^q \gamma_j \Delta X_{t-j} + \epsilon_t \quad (3)$$

The equation (3) captures the joint short-run and long-run model that was used to simulate ARDL cointegration with the limits test. The dependent status of each variable was treated similarly. If the order of integration of the variables is unclear, the ARDL is employed.

Finally, the influence of the link between macroeconomic factors and stock prices was determined by constructing the vector error correction model(VECM) according to equation (4), which was based on the results of the ARDL test. Eviews version 11 was used for all calculations and tests.

$$\Delta Y_t = \alpha + \sum_{i=1}^p \beta_i \Delta Y_{t-i} + \sum_{j=1}^q \gamma_j \Delta X_{t-j} + \lambda(Y_t - Y_{t-1}) + \epsilon_t \quad (4)$$

Results and Discussion Results

The findings of the econometric approaches utilized in this study are presented in this chapter, together with a descriptive analysis and interpretation of those results. The chapter concludes with a summary and discussion of the study's findings.

variables are not normally distributed, as seen by the frequency distributions. Because the values of inflation and broad money growth are so far from zero, which is a requirement of the Jarque-Bera statistics, we may conclude that the data were not normally distributed. Inflation and broad money supply growth were likewise found to be very volatile, with values of 17.91 and 18.53, respectively, when compared to other variables. To move on to the study's econometric methodology.

Descriptive Statistics

Table 4 provides a descriptive analysis of the six variables that were considered in this study. All of the

	LNASI	GDPR	INF	IRS	LNOILP	M2
Mean	11.2068	4.4234	19.3477	6.7726	3.5787	24.7700
Median	11.8464	4.6312	12.2178	7.2032	3.3527	21.6856
Maximum	13.3131	15.3291	72.8355	11.0642	4.7342	87.7614
Minimum	7.2495	-2.0351	5.3880	0.3167	2.5840	-0.7942
Std. Dev.	1.9268	3.8304	17.9130	2.5563	0.7038	18.5256
Skewness	-0.8226	0.4644	1.6987	-0.9468	0.2964	1.3220
Kurtosis	2.2714	3.4271	4.5289	3.8395	1.6231	5.3059
Jarque-Bera	4.7213	1.5239	20.2411	6.2565	3.2774	17.9485
Probability	0.0944	0.4667	0.0000	0.0438	0.1942	0.0001
Sum Sq. Dev.	126.2258	498.8416	10909.77	222.1735	16.84117	11668.78
Observations	35	35	35	35	35	35

Unit Root Test
Table 4.2 ADF Unit Root Test

Variables	Level	1 st Difference	Order of Integration
LNASI	-0.5835 [0.5638]	-5.2866 [0.0008]***	I(1)
IRS	-2.9721 [0.1544]	-6.5901[0.0000]***	I(1)
INF	-4.4079 [0.0070]**	-	I(0)
GDPR	-2.0630 [0.5465]	-10.5068 [0.000]***	I(1)
LNOILP	-2.5024 [0.3251]	-5.9791 [0.0001]***	I(1)
M2	-4.0898 [0.0151]**	-	I(0)

The square brackets enclose the probability values, whereas the values outside the brackets correspond to the t-statistic values. It's worth noting that significance levels are indicated by *** and **, which denote significance at 1% and 5%, respectively.

Lag Selection

The ARDL was estimated using a method based on the Akaike information criterion (AIC). As can be seen in Table 4.3, the AIC is at its lowest with a lag time of one for the ARDL. Intuitively, the finding suggested that stock prices reacted annually to shock from any of the macroeconomic factors because we utilized annual data. Now we'll talk about the ARDL cointegration test.

Table 4.3 ARDL LAG SELECTION

Lag	“Log Likelihood”	“Likelihood Ratio	“Final Prediction Error”
0	-514.1119	NA	1972444.
1	-398.7522	181.7789*	16717.93*
2	-368.7780	36.33240	30344.61

*indicates lag order selected by criterion

AD Lag Co-integration Test

To ascertain if there is a persistent connection between macroeconomic factors and stock prices, the ARDL co-integration approach was utilized. The results of this investigation provide strong evidence against the null hypothesis and in support of the alternative. The F-statistic value (4.417271) was larger than the crucial value for the upper limits (I(1)), prompting this conclusion. The results, summarized in Table 4.4, showed that there is a lasting connection between macroeconomic factors and NGX (Nigerian Exchange Group) stock prices. Using this stable connection, the Vector Error Correction Model (VECM) might be implemented. The VECM estimate results and their consequences are presented in the next section.

Table 4.4 Bounds Test Result

	Value	signif.	I(0)	I(1)
F-statistic	4.417271	10%	2.08	3
k	5	5%	2.39	3.38
		1%	3.06	4.15

Vector Error Correction Model

Table 4.5 displays the VECM's short-run dynamics and the ECT, which represents the rate of long-run adjustment. Short-term effects of GDPR changes on LNASI are negligible, at most 0.014 percentage points. Similarly, if you modify the INF rate, the LNASI will go down by 0.004%. The LNASI will increase by 0.003 percentage points for every one percentage point change in the IRS, and it will drop by 0.081 percentage points for every one percentage point change in the

LNOILP. However, the LNASI decreases by 0.005% for every 1% shift in the M2. The present period corrects the prior year's deviance from long-run equilibrium at a rate of 0.003 percent every year.

In Table 4.6, we can see the VECM analysis outcome for the long-term partnership. The findings indicate that a 1% shift in GDPR will lead to a 5.95% decline in LNASI. Also, the LNASI changes by 3.07% for every 1% change in the INF, 3.32% for every 1% change in the IRS, and 12.08% for every 1% change in the LNOILP. On the other hand, if the M2 changes by 1%, the LNASI will go up by 0.13 %.

Table 4.5 Vector Error Correction Model Result for Short-Run Relationship

Dependent Variable: Stock Market Price(LNASI)				
Variables	Coefficient	Std. Error	t-Statistic	Prob.
Constant	.1285040**	.0614970	2.0896070	.03830
DLNASII	.1764880	.2041780	.8643800	.38880
DGDPRR	-.0137780	.0125790	1.0953570	.27510
DINFF	-.0040000	.0037510	-1.0663860	.28800
DIRSS	.0033070	.0297160	.1112750	.91150
DLNOILPP	-.0808440	.1988540	-.4065470	.68490
DM22	.0047680	.0029300	1.6272180	.10580
ECT(-1)	-.0029830**	.0013800	-2.1609550	.03230

Note: ** and * show the significance at the 5% and 10% levels.

Table 4.6 Vector Error Correction Model Result for Long-Run Relationship

Dependent Variable: Stock Market Price(LNASI)			
Variables	Coefficient	Std. Error	t-Statistic
LNASI	1.0000000		
Constant	139.26220		
GDPR	-5.9494830	1.752030	-3.395770
INF	-3.0664850	.425000	-7.215180
IRS	-3.324288	2.31234	-1.43763
LNOILP	-12.08265	8.97130	-1.34681
M2	.131203	.33565	.39089

Diagnostic Test

Table 4.7 displays the findings of a research that used the serial correlation LM test. The findings suggested

that no serial correlation existed in the specified model.

Table 4.7 Diagnostic Test Result

VEC Residual Serial Correlation LM Test	Results
	Rao F-statistic (.8124990)
	Prob. (.74750)

Pairwise Granger Causality Test

The study used the Pairwise Granger Causality test to examine the potential for causation between the variables. Table 4.8 details the assessment's findings. At both the 5- and 10-percent confidence levels, the existence of a causative relationship between IRS and LNASI led to the rejection of the null hypothesis,

which asserts that IRS does not Granger cause LNASI. The flow of information was only in one way. At the 10% level of significance, there was a two-way causal relationship between INF and LNASI. At both the 5 and 10% levels of significance, there is a unidirectional causation extending from LNASI to LNOILP and from M2 to INF.

Table 4.8 Pairwise Granger Causality Test Result

Hypotheses	Test Statistic	Decision
IRS does not granger cause LNASI	F-statistic(5.6041) Prob(.0243)	Unidirectional relationship
	F-statistic(3.575) Prob(.068)	
INF does not Granger Cause LNASI		Bidirectional relationship
LNASI does not Granger Cause INF	F-statistic(3.9286) Prob(0.0564)	
LNASI does not Granger Cause LNOILP	F-statistic(5.1850) Prob(.02980)	Unidirectional relationship
M2 does not Granger Cause INF	F-statistic(4.8184) Prob(.03580)	Unidirectional relationship

Discussion

The purpose of this research was to examine how different macroeconomic variables affected NGX stock prices. The research established both short- and long-term ties between the considered variables. This result agreed with those of other research by Arodoye (2012), Ahmad et al. (2015), and Mbah, Okoli, and Amassoma

(2017). The study did find that GDP had a negative effect on stock prices, but the effect was not statistically significant. The results of the studies by Nkechukwu, Onyeagba, and Okoh (2015) and Aremo, Olabisi, and Adebayo (2020) were unexpectedly refuted by these results. The most up-to-date data was used in this investigation, which may account for the

results. The research showed that inflation rates were inversely related to stock market values. OKereke (2020) and Amusa (2020) and Pole and Cavusoglu (2021) found results consistent with this one. The statistical significance of this conclusion, however, did not agree with Adaramola's (2011) research.

This research found that higher oil prices related to lower stock prices. This went against the results of Adaramola's (2011) research but was in line with Kuwornu's (2012) empirical examination in Ghana. Our research also showed that an increase in the country's M2 money supply was correlated with a rise in NGX stock values. This result agreed with the research of Josiah and Akpoveta (2019) but disagreed with the findings of Pole and Cavusoglu (2021). The overall money supply had a detrimental effect on stock market values, according to their research. The interest rate spread was included as one of the macroeconomic variables utilized in this study due to the a priori belief that it reflects the degree of economic activities in a country. The analysis concluded that the IRS did, in fact, boost NGX stock prices. It was also discovered that the IRS was the cause of the LNASI's success. Since the NGX stock market rose over the time period of our investigation, this suggested that there was substantial IRS during this time. This study calls for more research into how IRS affects stock prices in Nigeria.

Conclusion and Recommendation Conclusion

The purpose of this research was to examine the connection between macroeconomic factors and NGX stock prices. The methodology used in this research was based on the APT's theoretical framework. In this analysis, we used the ARDL and VECM econometric techniques. Macroeconomic variables had both short- and long-term effects on NGX stock prices. This study also found a negative correlation between GDP growth, inflation, oil prices, and broad money growth, as well as NGX stock prices. However, researchers in Nigeria did not previously evaluate the interest rate spread, which had a favorable correlation with NGX stock prices. The interest rate spread was found to have a unidirectional causal relationship with stock prices. However, this research only applies to the NGX. However, this research has added to the mixed findings of other studies that have looked at how various macroeconomic factors affect stock market values. Recent data and the inclusion of the interest rate spread among the variables utilized in the study from the Nigerian setting suggest that this is a novel addition.

Recommendation

In light of the insights gleaned from this study, the following recommendations are put forth:

- a. The Nigerian Federal government is advised to institute strategies aimed at fostering price stability and effectively managing the regulation of money supply. This will contribute to a conducive economic environment, positively impacting the interplay between macroeconomic variables and stock prices.
- b. It is essential for stock investors operating within the Nigerian context to gain a comprehensive understanding of the ramifications associated with varying interest rate spreads on stock prices. This awareness will enable them to make well-informed investment decisions and navigate market fluctuations more effectively.
- c. The potential for further advancements in comprehending the interrelationship between interest rate spreads and stock prices within the Nigerian landscape merits exploration. Subsequent studies dedicated to investigating the intricate effects of interest rate spreads on stock prices in Nigeria can offer nuanced insights, contributing to a deeper understanding of this dynamic relationship.

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IMPACT OF THE REMOVAL OF FUEL SUBSIDY POLICY ON THE STANDARD OF LIVING IN NIGERIA

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Abstract

Fuel subsidy removal in Nigeria has stood a contentious policy that has sparked debates regarding its impact on the standard of living of Nigerians. The increase in fuel prices have triggered transportation costs to go up, impacting the prices of goods and services throughout the economy and by consequence the cost of living has sky rocketed due to the zero-subsidy policy by this administration. This has also contributed to inflation, making basic amenities more expensive for the average and poor citizens. It is against this back drop this review paper seeks to examine the impact of the fuel subsidy removal policy on the standard of living of Nigerians. To achieve this, an extensive review of relevant and related materials from secondary sources of data. Based on the results obtained, recommendations are made for government to improve minimum wage, and also consider subsidizing food, electricity, transportation, education and health. to reduce the harsh impact of the removal of subsidy experienced by Nigerians.

Key words; Fuel subsidy, policy, amenities, government, inflation.

Introduction

The removal of fuel subsidies in Nigeria presents an intricate and pressing problem. Particularly it has been a contentious policy that has sparked debates regarding its impact on poverty and livelihoods Iyama and Mukoro (2024). While the removal of fuel subsidies is often presented as a measure to promote economic efficiency and fiscal sustainability, it has been associated with negative consequences that exacerbate poverty in various ways. It is no longer news that the present administration of Bola Ahmed Tinubu has removed fuel subsidy at the wake of his administration after several past governments attempted to terminate subsidies over the last 40 years. Unfortunately, the removal of fuel subsidy has brought untold hardship and high cost of living on the citizens of Nigeria even after the president had stated 'Let the poor breathe'.

As fuel prices rise, transportation costs have gone up, impacting the prices of goods and services throughout the economy and by consequence the cost of living has sky rocketed as a result of zero-subsidy policy. This has also contributed to inflation, making basic amenities more expensive for the average and poor citizens. The majority of Nigeria's population is engaged in the informal sector, higher fuel prices have led to increased operating costs for small businesses and informal traders, potentially reducing their profitability and contributing to poverty and higher standard of living. This dilemma ricochets the concern

raised by Ude (2023), Iyama and Mukoro (2024), underlining that while subsidy removal might hold long-term benefits, it can strain the financial resources of households, particularly those already marginalized (Osei and Turkson, 2022). For this purpose, attempts to remove fuel subsidy have always been opposed by low income consumers with the presumption that any price increase will reduce economic welfare which will have broad spectrum of negative impacts on Nigerian households.

To worsen the dilemma, the administration of Bola Ahmed Tinubu decided to float the Naira against the dollar in line with the recommendations of the Bretton Woods institutions, the International Bank for Reconstruction and Development (IBRD) and the International Monetary Funds (IMF). This is coming at a time the country does not export any commodity and have no Forex to support crude oil and other imports. This singular policy has crashed the Naira to about ₦1,500 to \$1 losing about 70% of its value to the dollar (Adeoye, 2024) and so far, have plunged more Nigerians into multidimensional poverty (Abubakar, 2023).

The negative impacts being experienced by the Nigerians suggest that the subsidy removal lacks social impact assessment and governance that will safeguard the poor and vulnerable in the society. This study will seek to assess the impact of the removal of fuel subsidy on the standard of living of Nigerians.

Aim and Objectives of the Paper

The aim of this paper is to examine the impact of the removal of fuel subsidy on the standard of living of Nigerians with the following objectives

- i. Examine the consequences of the fuel subsidy removal on livelihoods
- ii. Recommend possible solutions to improve the standard of living in Nigeria

Methodology

This paper adopted an extensive review of relevant and related materials from secondary sources of data.

Literature Review

Conceptual Framework

The Concept of Subsidy and Fuel Subsidy

A subsidy can be defined as a financial aid provided by a government to fund a needed activity, so as to keep prices lower than what it should have been, while sustaining the income of producers of essential or strategic goods, preserving employment levels, or encouraging investment to lower unemployment. (Abdulkadir, Funmilola and Abdulkadir, 2020). Todaro (2009) defined a subsidy as financial assistance provided by the government to a business or economic sector, mainly to prevent the industry's decline. Subsidy is fundamentally any government action that lowers the price paid by consumers or increases the selling price of the producer. Subsidy is aimed at supporting economic growth, product and supply security as well as poverty reduction.

A fuel subsidy refers to the amount the government pays to support the use of petroleum products like Premium Motor Spirit, Automotive Gas Oil, and Kerosene to lessen the cost burden on consumers. Fuel subsidies are government policies that artificially reduce the cost of various types of energy, primarily fuels such as gasoline, diesel, natural gas, and sometimes electricity, to consumers (Nweke, 2006). These subsidies are typically implemented to achieve various economic, social, or political objectives (Dagunga et al., 2020). Fuel subsidies are implemented by governments for a variety of purposes, each reflecting different economic, social, and political objectives (Abdul and Danquah, 2021). The specific purposes of fuel subsidies can vary from one country to another, and they often depend on the particular circumstances and policy goals of the government (Aliyu and Abubakar, 2022b). One of the primary purposes of fuel subsidies is to make energy more affordable for consumers, especially for low and middle-income individuals and households (Abdul and Danquah, 2021). This helps to reduce the financial

burden of energy expenses on citizens (Aliyu and Abubakar, 2022b).

In the Nigerian situation, fuel subsidy refers to selling Premium Motor Spirit (petrol) below the cost of importation as we do not refine petroleum (Abdulkadir, Funmilola and Abdulkadir, 2020). This is a policy setup by the Nigerian government to keep the price of petrol affordable for consumers so as goods and services will be affordable for consumers. It is a policy meant to assuage poverty and improve the standard of living of Nigerians.

Fuel subsidies have traditionally been a key policy in Nigeria, aimed at keeping the price of petroleum products, such as gasoline (petrol) and diesel, artificially low for consumers (Ojoye, 2019). The Nigerian government has provided these subsidies to mitigate the impact of higher fuel prices on the population, as energy costs are a significant part of household budgets (Alkire and Kovsesdi, 2020)

Immediate Impact Of The Policy On Standard Of Living

One of the most distressing aspects of the Nigerian economy today is that the majority of the population lives in poverty while a small, affluent minority enjoys wealth. This economic imbalance does not correspond to the country's geographical resource distribution. Over the years, various administrations have introduced economic policies and programs aimed at reducing or eliminating poverty in Nigeria. These initiatives were intended to improve the standard of living for Nigerians, yet many remain economically marginalized. It appears that either these programs contribute to poverty themselves or their implementation tends to exacerbate poverty and increase economic inequality in Nigeria.

The impact of fuel subsidy removal in Nigeria encompasses beyond fiscal factors to influencing various aspects of daily life. The removal of fuel subsidies has led to increased transportation costs to over 300%, also affecting the affordability and accessibility of food items, and other goods and services. This, in turn, has affected the overall quality of life in both rural and urban areas. Higher fuel prices following subsidy removal has contributed to challenges in electricity supply as Nigerians depend mostly on power generating sets. This has affected households and businesses, impacting daily activities and the overall functioning of essential services.

Yahuza, Nura and Uba (2023) also stated that the sudden increase in petrol prices have increased marginalization among the rich and poor as there is no adequate safety nets and intervention programs to cater for the needs of the poor. Although the present

administration had promised to reel out palliatives to the poorest of the poor through conditional cash transfers. These palliatives propose to boost the income of about 12 million poor and vulnerable households receiving N8,000 for 6 months. However, Akintunde (2023) had highlighted that these palliatives are not in appreciable amounts to make any positive impact to improve the standard of living of these households. Akintunde (2023) also opined that this conditional cash transfer to poor households will not subsidize the economic impact associated with production, productivity and welfare.

The impact of the removal of fuel subsidy policy has broadly affected inflation (Ocheni, 2015, Yahuza et.al, 2023). The subsidy removal policy and naira devaluation has pushed food inflation to 31% in September of 2023 and seen a price index surge to about 27% (Punch newspaper, 2023, National Bureau of Statistics). This has affected household items such as food and non-alcoholic drinks rising by 14%, followed by housing (6%), transportation (2%), household appliances and maintenance (2%). The National Bureau of Statistics (2023) also reported that the cost of living had increased in Kogi state being the highest with 33% closely followed by Rivers state with 31% and lowest in Borno state having 21% and Benue with 23%. These inflationary effects stems from the fact that companies depend on transportation for operations, therefore the removal of fuel subsidy has resulted to greater operational costs, loss of jobs and livelihoods and smaller or no profit margins.

Possible Solutions To Improve The Standard Of Living In Nigeria

Adebiyi and Mordi (2016) noted that the removal of the fuel subsidy in Nigeria in 2023 has led to significant changes with extensive impacts on the economic, social, and environmental fronts. Their study delves into the intricate outcomes of this major policy shift, exploring its direct and indirect effects on Nigerian society and the economy. While redirecting resources from subsidies to crucial sectors such as healthcare, transport, and education has the potential for positive transformation, ensuring these funds are used effectively and distributed fairly requires careful attention. A key challenge is to achieve noticeable improvements in essential services without causing unintended negative effects.

The government should improve minimum wage to increase the purchasing power of workers which will mitigate the dire consequences of the policy. It will go a long way in reducing the harsh effect of the removal of subsidy experienced by Nigerians. This will ensure

that the Nigerian workers embrace the removal of the subsidy and would not show resistance

The government should not only dish out meagre palliatives to the poorest households but focus on empowering the Nigerian citizens and making the economy friendly for small medium enterprise to thrive. The government should also consider subsidizing food, electricity through renewable sources, transportation through mass transits, health and education in form of scholarship will improve knowledge, skills and productivity in the economy. The financial resources saved can be used to invest in critical public infrastructure which will reduce government borrowing and pressure on the foreign exchange.

Conclusion

The removal of fuel subsidy has been a topical issue for many decades because it was unsustainable due to the debt crisis which was a burden on the economy of Nigeria. However, its approach to removal was not welcomed as it was ill prepared for. The removal has led to an increase in Premium Motor Spirit which has had a negative impact on the standard of living of the citizen due to the spike in transportation cost and other goods and services. The government as a matter of urgency, introduce economic reforms that will improve the living standard of Nigerians. The government must also introduce subsidies in other critical aspect of the economy such as transport, health, education. The government must fight corruption in the polity to make room for more government savings, infrastructural development and youth empowerment.

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**ENTREPRENEURIAL STRATEGIES AS PANACEA FOR SMALL SCALE ENTERPRISE
DEVELOPMENT: EVIDENCE FROM A DEVELOPING COUNTRY**

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Abstract

In most developing countries, entrepreneurship has become a fundamental means of triumphing over the ‘evil-twin’ (unemployment and poverty). More so, this move has been hindered as a result of poor entrepreneurial strategy adopted to promote small scale enterprise development. However, empirical evidences are rare as to whether entrepreneurship strategies are panaceas for small scale enterprises development in developing nations. In light of the above, this study assessed whether entrepreneurial strategies are panaceas for small scale enterprises development. Survey research design was employed and questionnaire was administered to six hundred and twelve (612) small scale enterprises. Three (3) entrepreneurial strategies namely new product launch, new technologies and entrepreneurial training were used while small scale enterprise development was measured using level of productivity. Data obtained were analyzed using multiple regression and findings showed that launching of new product, use of novel technologies and entrepreneurial training positively significantly influence small scale enterprise development. The study recommended among others, the need for government at all levels to support entrepreneurship with adequate resources needed for its development. Additionally, new and existing entrepreneurs are encouraged to engage new technologies in entrepreneurial activities, launching of new products and engaging in training programmes in order to aid their development.

Keywords: Entrepreneurial strategies, Small scale enterprises; Training; Technologies; Product launch

Introduction

In most developing countries, governments at all levels strive to develop its citizens through entrepreneurship in order to promote economic development and growth and in triumphing over the ‘evil-twin’ – unemployment and poverty. In Nigeria for instance, both the federal and state governments are currently placing significant focus on the promotion of indigenous entrepreneurship with a view to support small scale enterprises. Adeniyi, Derera and Gamede (2022) asserted that entrepreneurship begins when individuals produce more goods needed to satisfy a need. Given that entrepreneurship brings about the creation of wealth via production of novel products and services to consumers, it is considered the backbone of any economy that seeks to achieve growth and development (Baranauskas & Raišiene, 2022; and Osho & Adishi, 2019).

According to Eniola (2021), entrepreneurship is a complex activity that involves a wide array of talents, capabilities and skills. It has been characterized by varied performance outcomes; hence, it has been an object of a variety of fields of research from Economics to Management Sociology, Psychology, Anthropology and more also, even humanities (Etim, Ayandele, Etuk & Inyang, 2022). Because

entrepreneurship creates novel ideas, modern entrepreneurs seek for entrepreneurial strategies required to create new products in order to promote small scale enterprise development (Gélinas & Bigras, 2019). Fundamental among these entrepreneurial strategies used by small scale enterprise in recent times include the use of novel technologies, training, new product launch, among others (Ahsan, Adomako & Mole, 2021; and Abdullahi, Abubakar, Aliyu & Umar, 2019; Nerini, Broad, Mentis, Welsch, Bazilian & Howells, 2016).

Entrepreneurial strategies have impacts on small enterprise development such that they aid in promoting internal and external competencies, increasing turnover, assisting in identifying novel opportunities within the economy, understanding customers’ needs and in developing new areas where enterprises need improvement (Beal, 2019; and George, Oladosun, Oyesomi, Orbih, Nwokeoma, Iruonagbe, Ajayi & Lawal-Solarin, 2021).

Quite a number of studies on entrepreneurship places a lot of emphasis on lack of training, the use of novel technologies and poor funding as the root causes of entrepreneurship failure (Hoogendoorn, Vander-Zwan & Thurik, 2021; Bertram, Anidiobu & Ezinwa, 2016;

and Riti & Kamahin, 2015). Other studies showed that insufficient market analysis by entrepreneurs, lack of infrastructures (e.g. electricity, water, and good roads) and launching of new products are causes impeding small scale enterprises development vis-à-vis entrepreneurial growth in developing countries (Aliyu, Rogo & Mahmood, 2020; Anekwe, Ndubuisi-Okolo & Nwanah, 2020).

More worrisome is the fact that regardless of the federal and governments' efforts aimed at supporting small scale enterprises via the setting up of institutions and bodies, the outcome seems not to be encouraging (Aruwa, 2014; and Ezekiel & Edwin, 2016). As a result of this, the Gross Domestic Product (GDP) of most developing nations are still experiencing sharp decline and a slow growth of the economy. Again, whilst we acknowledged the plentiful empirical studies on entrepreneurship, little is known about whether entrepreneurial strategies (particularly new product launch, novel technologies and training) would serve as a panacea for small scale enterprise development in developing nations.

This study is exceptionally vital especially when considering how entrepreneurial strategies affect small scale enterprise development in a developing country. A study conducted in this area will stimulate and promote the development of small scale enterprises as well as expanding knowledge in the field of management. The study therefore Reviewed Literature, Research Method used, Presentation of Results, Conclusion and Recommendations.

Objectives of the Study

Consequent upon the above, this study sought to assess whether entrepreneurial strategies are panaceas for small scale enterprise development in a developing country like Nigeria. To achieve this, three (3) specific objectives were articulated as follows:

- (1) To examine whether entrepreneurial training is a panacea for small scale enterprises development in Nigeria
- (2) To determine whether new product launch is a panacea for small scale enterprises development in Nigeria
- (3) To evaluate whether the use of new technologies is a panacea for small scale enterprises development in Nigeria

Review of Literature

Entrepreneurship and Entrepreneurial Strategies

The concept of entrepreneurship has been well defined in the literature. Entrepreneurship as noted by

Ogunmola and Olayemi (2020) is the act of invention involving the use of existing resources and novel capability for producing goods and services for the creation of wealth. Entrepreneurs according to Wen, Chen, Liman and Gu (2020) are skilled individuals who are capable of using available resources at their disposal in production of goods and services for consumption. Entrepreneurs are able to recognize business opportunities, select/manage entrepreneurial careers and strategies and acting entrepreneurially in response to the changing business environment and having the capability to bounce back from failure (Mwangemi, Wilson & Mung'atu, 2017; and Ali-Asad, Muhammad & Umar, 2014).

Entrepreneurship is a form of business strategy that focuses on the creation of wealth and employment via the efficient use of commercial and productive resources; hence for modern entrepreneurs to be able to create wealth and employment, they require improved strategies and competencies (Abdullahi & Burcin, 2017; and Rekik & Bergeron, 2017). Entrepreneurial strategies are unique and needed since it aids small scale enterprise development, particularly of developing counties (Ezekiel & Edwin, 2016; and Obamuyi & Olayiwola, 2019).

According to Reina, Roger, Peterson, Byron and Hom (2018), there are varied entrepreneurial strategies that successful entrepreneurs possess. Fundamental among these entrepreneurial strategies entail but not limited to use of new technologies, new product launch and training (Ahsan, Adomako & Mole, 2021; and Abdullahi, Abubakar, Aliyu & Umar, 2019). Noman, Awang-Hashim and Shaik (2018) identified other entrepreneurial strategies such as strategies related to leadership, marketing, etc. these strategies are vital since they aim at improving the development of small scale enterprises.

Notwithstanding the numerous entrepreneurial strategies identified in the literature, this study employed three (3) entrepreneurial strategies, namely new product launch, training and use of novel technologies. First, the use of new technologies as an entrepreneurial strategy suggests that small scale enterprises can thrive in a digital world when they integrate novel equipments and machinery in their production activities (Baran & Berkowicz, 2021; and Baranauskas & Raišiene, 2022).

Second, entrepreneurial training strategy implies the continual education of both startups and existing entrepreneurs in training programmes in order to meet

up with the current trends and global best practices so as to make a sound financial decision and become successful (Anekwe et al, 2020). Third, new product launch as an entrepreneurial strategy connotes that small scale enterprises need to incessantly engage in the launching of new products that meets the current needs of the market.

Small Scale Enterprises' Development

The Nigeria economy is typified by abundant resources which can make small scale enterprises thrive. Small scale enterprises account for a significant proportion of the aggregate employment in most countries, Nigeria inclusive. In Nigeria for instance, small scale enterprises offer a significant share of increase in gross domestic product (GDP) (Adeniyi, et al, 2022). According to Anekwe, et al (2020), the growth and development of small scale enterprises is largely dependent on their ability to be well-managed. This according to Eniola (2022) can be a strong factor for the development of small scale enterprises

Furthermore, not necessarily that managing small scale enterprise leads to their developments it increases the number of informal business targeted to promoting economic growth (Etim, et al, 2022). Prior studies (Ahsan, et al, 2021; Abdullahi, et al, 2019; Nerini, et al, 2016) had shown small scale enterprise development is hinged on their capability to engage on some entrepreneurial strategies like training, new product launch and the use of novel technologies which can enable them expand and become sustainable. Therefore, small scale enterprises development can be judged based on several different dimensions as identified by Ahsan, et al, (2021); Abdullahi, et al, (2019); and Nerini, et al (2016). In view of the above discuss, a model showing the link between the entrepreneurial strategies (training, new product launch and the use of novel technologies) was conceptualized as shown in figure 1 below:

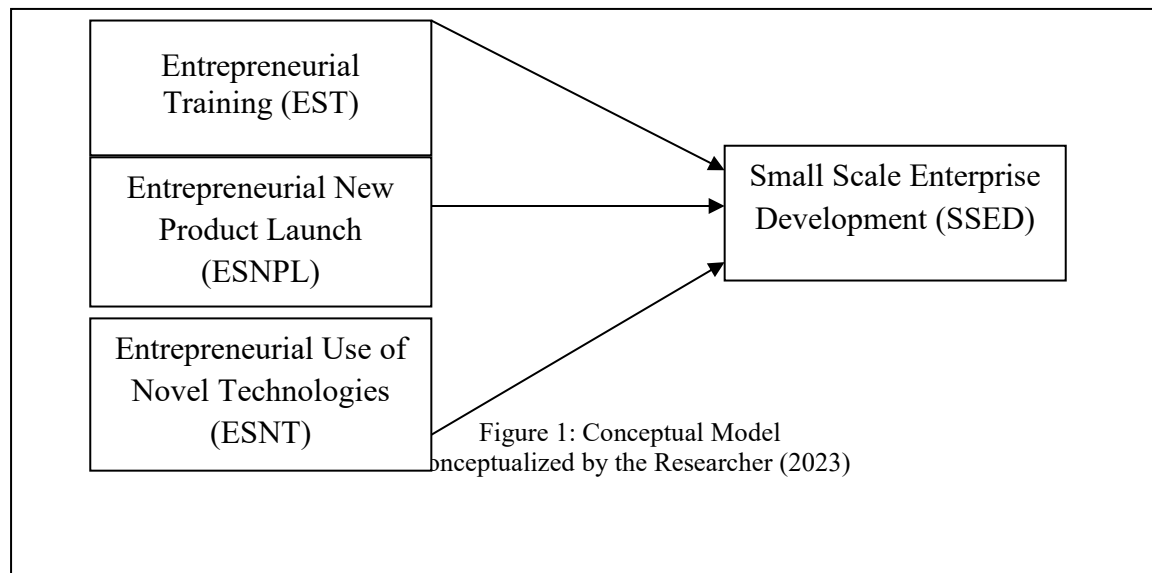


Figure 1 showed the conceptual model, describing the relationship between entrepreneurial strategies (training, new product launch and the use of novel technologies) and small scale enterprise development.

Theoretical Framework

The theoretical anchorage of this study is the Economic Theory (ECT) advanced by Knight (1978). The ECT views entrepreneurial activities as agents of economic change, development and sustainability. The ECT proposed that development and growth respond quickly to entrepreneurial activities; thus small scale enterprises that are able to harness resources in their

environment in the most efficient way tend to stimulate development and growth.

Prior studies (Okunbanjo, Adewale & Akinsulire, 2017; and Wekesa, Gathungu & Wainaina, 2016) revealed that entrepreneurs need to be equipped with improved strategies required to make them successful. The strategies can be in the form of new technologies usage, training, new product launch, leadership, marketing, etc.

(Noman, et al, 2018; Nerini, et al, 2016; Abdullahi, et al, 2019; and Ahsan, et al, 2021), which are germane to improving small scale enterprise development. The relevance of ECT to this study is that since development and growth respond quickly to entrepreneurial activities vis-à-vis their strategies, it thus implies that the response could be transformative to the development of small scale enterprises.

Research Method

The study used descriptive research design to ascertain how entrepreneurial strategies affect the development of small scale enterprises in a developing country. The study population consists of startups and existing small scale enterprises in Nigeria out of which, six hundred and twelve (612) were selected using the judgmental

sampling technique. Questionnaire was the major instrument of data collection which was structured in a 4-point scale of Strongly Agree, Agree, Strongly Disagree and Disagree.

The questionnaire was administered alongside five (5) trained research assistants due to the enormous sample size of the study as well as in ensuring adequate collection and retrieval of the questionnaire. To ensure the reliability of the questionnaire, a pilot test was done using fifty (50) respondents who are not part of the actual study. Data obtained in the pilot test were correlated using Cronbach alpha reliability statistical tool. The Cronbach Alpha coefficients (see Table 1) are deemed appropriate since they were above the 0.05 threshold recommended by Cronbach.

Table 1: Cronbach Alpha Reliability Results

Items	Number of Items	Alpha Coefficients
Use of Novel Technologies	5	0.90
Entrepreneurial Training	7	0.85
New Product Launch	5	0.83
Small Scale Enterprise Development	7	0.84

Source: Compiled by the Researcher via Pilot Test (2023)

The dependent variable is small scale enterprise development while the independent variables are entrepreneurial strategies (with three dimensions –

strategies targeted at training, the use of novel technologies and new product launch). In view of the above, the following multiple regression was estimated:

$$SSED = f(EST, ESNT, ESNPL) \tag{eq. 1}$$

Arising from equation 1, equation 2 was re-estimated to capture the regression coefficients as follows:

$$SSED_{it} = \delta_0 + \delta_1 EST_{it} + \delta_2 ESNT_{it} + \delta_3 ESNPL_{it} + \epsilon_{it} \tag{eq. 2}$$

Where: SSED is small scale enterprise development; EST is entrepreneurial training, ESNT is entrepreneurial strategy targeted at the use of novel technologies; ESNPL is entrepreneurial strategy targeted at new

product launch; $\delta_1 - \delta_3$ are regression coefficients; ϵ is error term while i is individual respondents and t is time dimension.

Data obtained were analyzed via Descriptive Statistics (mean, standard deviation, minimum, and maximum values, Pearson correlation), Diagnostic Statistics (variance inflation factor and Ramsey RESET

test) and Inferential Statistics (multiple regression). A-priori expectations are that entrepreneurial strategies will positively influence small scale enterprise development.

Results

Table 2: Descriptive Statistics

Variables	Mean	Standard Deviation	Minimum Value	Maximum Value
Small Scale Enterprise Development	2.736	0.308	1	4
Entrepreneurial Training	2.106	0.414	1	4
Entrepreneurial New Product Launch	2.484	0.293	1	4
Entrepreneurial Novel Technologies	2.138	0.538	1	4

Source: Compiled by the Researcher (2023)

Table 2 is the descriptive statistics for entrepreneurial strategies (training, new product launch and novel technologies) and small scale enterprise development of the startup and existing entrepreneurs in Nigeria. The results revealed that all the variables scored above 2.0 cut-off point of mean, suggesting that all the items in the questionnaire are vital indicators for assessing

entrepreneurial strategies and small scale enterprise development in Nigeria. The result is reinforced by the small standard deviation results which ranged from 0.293 to 0.538. This implies that to an extent, entrepreneurial strategies are vital for small scale enterprise development in Nigeria.

Table 3: Karl Pearson Correlation

Variables	SSED	EST	ESNT	ESNPL
Small Scale Enterprise Development (SSED)	1.000			
Entrepreneurial Training (EST)	0.045	0.023		
Entrepreneurial New Product Launch (ESNT)	0.039	0.080	1.000	
Entrepreneurial Novel Technologies (ESNPL)	0.048	0.075	0.017	1.000

Source: Compiled by the Researcher (2023)

Table 3 showed the Pearson correlation coefficients for entrepreneurial strategies (training, new product launch and novel technologies) and small scale enterprise development of the startup and existing entrepreneurs

in Nigeria; the coefficients showed that there is a positive relationship between for entrepreneurial strategies (training, new product launch and novel technologies) and small scale enterprise development.

Table 4: Variance Inflation Factor (VIF)

Variables	VIF	1/VIF
Entrepreneurial Training (EST)	1.17	0.8547
Entrepreneurial New Product Launch (ESNT)	1.08	0.9259
Entrepreneurial Novel Technologies (ESNPL)	1.04	0.9615
Mean VIF	1.09	

Source: Compiled by the Researcher (2023)

Table 4 showed the multi-collinearity result (VIF) for the independent variables (EST, ESNT and ESNPL). The mean VIF is = 1.09, which is less than the accepted mean VIF of 10; this indicates the absence of

multi-collinearity problem in the empirical model of entrepreneurial strategies and small scale enterprise development. Thus, the data is reliable for performing inferential statistical test.

Table 5: Ramsey RESET test

F-Value	9.71
Probability F	0.000

Source: Compiled by the Researcher (2023)

The result in Table 5 showed that the F-value is 9.71 with Probability F of 0.000; this clearly indicates that the alternative hypothesis is rejected while the null hypothesis is accepted. Impliedly, power of the fitted

value has no omitted variable, thus entrepreneurial strategies and small scale enterprise development model do not suffer from functional form misspecification problem.

Table 6: Multiple Regression Results

Estimator(s)	Predictor(s)	t-value(s)
R-Sq.	0.754	Entrepreneurial Training = 6.12 (P-value=0.000)
Adj. R-Sq.	0.673	Entrepreneurial New Product Launch = 7.04 (P-value=0.000)
F-Value	13.19	Entrepreneurial Novel Technologies Usage = 8.01 (P-value=0.000)
Prob. F	0.000	df (3, 608)

Source: Compiled by the Researcher (2023)

Presented in Table 6 is the multiple regression results; the results revealed that R^2 is 0.754; indicating that the independent variables (entrepreneurial strategies) explained about 75.4% of the systematic variations in the dependent variable (small scale enterprise development). Thus, the model of entrepreneurial strategies and small scale enterprise development provides a good fit to the study's data.

The F-value is 13.19, indicating that the entrepreneurial strategies variables (EST, ESNT and ESNPL) significantly affect small scale enterprise development. Impliedly, entrepreneurial strategies play vital role in influencing the development of small scale enterprises in Nigeria. In addition, the t-values suggest that all the entrepreneurial strategies variables positively influence the development of small scale enterprises in Nigeria; the results conform to a-priori expectation. The results of the study agree in part with the findings of Ahsan, et al, (2021); Abdullahi, et al (2019); and Noman, et al (2018) who revealed that entrepreneurial strategies positively and significantly influence small scale enterprise development.

Conclusion and Recommendations

Entrepreneurial strategies occupy a common place in the management literature and hence have become a predominant issue for the development of small scale enterprise, particularly in developing countries. Also, entrepreneurial strategies have attracted numerous attentions from management and researchers, hence making it a vital discuss in the literature. Notably, small scale enterprises have the potentials for expanding employment opportunities, reducing poverty level and enhancing economic growth and development. While we acknowledged the abundant empirical studies on small scale enterprise development in both developed and developing countries, little is known about whether entrepreneurial strategies are panacea for small scale enterprise development in developing countries.

Given this lacuna, this assessed the relationship between entrepreneurial strategies and small scale enterprise development in a developing country using a sample size of six hundred and twelve (612) startup and existing entrepreneurs in Nigeria. Data collected were analyzed via descriptive, diagnostic and inferential statistical techniques. In specific, the results of multiple regression revealed that a significant positive relationships between entrepreneurial strategies and development of small scale enterprise; hence we conclude that entrepreneurial strategies are

panacea for the development of small scale enterprise in Nigeria

In view of the findings, there is the need for government at all levels (Federal and State) to support entrepreneurship with adequate resources required for its development. In addition, startup and existing entrepreneurs are encouraged to engage in the use of novel technologies in entrepreneurial activities, launching of new products and engaging in training programmes aimed at aiding small scale enterprise development. This study contributes to knowledge by establishing that entrepreneurial strategies serve as vital panacea for the development of small scale enterprise.

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ENTREPRENEURIAL COMPETENCIES AND PERFORMANCE SMES IN DELTA STATE

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Abstract

The study investigated the effect of entrepreneurial competencies on the performance of SMEs in Delta State, Nigeria. The specific objective of the study was to determine the effect of marketing competency, time management competency, and decision-making competency on performance of SMEs in Delta State Nigeria. The related literature was reviewed under conceptual framework, theoretical framework, and empirical review. The study was anchored on Competence theory. The study adopted a cross-sectional survey design. The study was carried out in Delta State of Nigeria. The population for this study comprised 5,394 SMEs located in the Delta State of Nigeria. The sample size for the study was 1036 employees determine by formula. Face and content validities were adopted. The reliability of the instrument was achieved through the application of test re-rest method and Cronbach Alpha value correlation coefficient. The research questions were analyzed using simple percentages, while hypotheses were tested using Pearson Correlation and Ordinary Least Squares (OLS) multiple regression analysis. Preliminary results from the analysis show that marketing competency had a significant positive effect on performance of SMEs. Time management competency had a significant positive effect on performance of SMEs. Decision-making competency had a significant positive influence on performance of SMEs in Delta State, Nigerian. The study concluded that entrepreneurial competencies had a significant positive influence on performance of SMEs in Delta State, Nigeria. It was recommended that every organization should develop effective marketing competency in order to enhance its performance of SMEs. Every organization should train their staff on how to manage time toward the achievement o performance of SMEs advantage. Every organization needs to build the capacity in the area of fast business decision making.

Keywords: *Marketing Competency, Time Management Competency, Decision-Making Competency, Performance of SMEs*

Introduction

Entrepreneurship has seen increased attention given to small and medium sized enterprises (SME's). This is due to the realization that SME's play a significant role in the country's Economy. The collective impact of both SME's on the economy of both Developed and developing countries is considerable. Increasing the chances of success among SME's would have huge implications for the growth and socio-economic wellbeing of a country (Asian-Pacific Economic Cooperation, 2014). Thus, understanding predictors of success in SME's is critical. The creation of more successful SME's could potentially create new jobs, increase trade, consequently, the GDP of the country. Although it has been difficult to ascertain why in similar situations some entrepreneurs fail while others succeed, this study focuses on entrepreneurial competencies" to offer a practical means of addressing the phenomenon. The principal aim of the study was therefore to examine the

relationship between the entrepreneurial competencies and business success in SME's in different settings within the same country. In accordance with Bird (2015)'s theory of entrepreneurial competencies, the study views entrepreneurial competencies as a mechanism whereby the likelihood of achieving business success can be improved. In fact, the main causes for SME's crisis are drying up of the initial creativeness, obsolescence of entrepreneurial know-how or difficulty to transmit it to new entrepreneurial generations. Many studies have confirmed that entrepreneurial know-how is one of the main sources on which the innovative capability of SME's is based which also encounter many difficulties when they autonomously have to fund costly R & D activities, acquire technological competence from the external world and maintain them within the firm. Sometimes the training need gap relates not so much to technological aspects but to managerial skills, in particular when firms have to manage growth through

the implementation of specific managerial techniques and practices.

Small and Medium Enterprise (SME's) play a crucial role in Nigeria economy. It is estimated that about a third of the GDP in Nigeria originates from this sector. The international Finance Company (IFC) estimates that there are approximately 2.7 million enterprises in the country out of which about 60% are located in urban areas. The majority of these (98%) employ less than 5 people and most (66%) have annual turnovers less than \$2,000. They are labour-intensive in nature and have been established using savings or grants from family and friends. They typically operate from homes or from the roadside. Some 43% of micro and small enterprises are owned by women. However, SME's are still faced by lack of appropriate knowledge and skills, limited access to information technology and dependency on poor and obsolete technology. Moreover, SME's capacity to innovate is limited to knowledge and available facilities which tend to escalate cost of production as well as business development services are underdeveloped and are not readily available.

Statement of the Problem

More than 95% of businesses in Delta State, Nigeria are small enterprises. Together, they contribute about 35% of the country Gross domestic Product (GDP). There are currently in excess of a million entrepreneurs in Delta State Nigeria running Small, Medium or Micro Enterprises (SMME's) responsible for generating up to 40% of total employment. Although SME's are found in all sectors of the economy; they are dominant in trade (54%) followed by services (34%). Micro and small enterprises are critical for supporting livelihoods as well as overall prosperity and progress. They create employment at relatively low levels of investment per job; utilize and add value to local resources; foster equitable income distribution; and are better positioned to meet local needs in small markets. The technologies used by them are easier to acquire, transfer and adopt even for people with little education and training. They have the potential to compliment large enterprises through partnerships and subcontracting relationships. Micro and small enterprises also serve as training ground for entrepreneurship managerial development (Olomi, 2016).

A host of problems make it difficult for SME's to exploit the existing potentials for further employment and wealth creation. One of the most serious impediments is limited capacity of people who start and operate the businesses, in terms of the attitudes, motivation, exposure, skills and experiences. This capacity limitation is exacerbated by the effects of other problems including a cumbersome regulatory framework, limited access to finance and

working premises. At the same time, entrepreneurship development are underdeveloped and not readily available or affordable to SME's (Olomi, 2016). The study on entrepreneurs in a Delta State in 2017 shows that networks such as family, religious or ethnic group tend to have a positive influence on the enterprise and can thus be considered a resource. The family, however, can also be seen as a constraint as far as it leads to capital deduction from the company (Egbert, 2014).

The concept of competencies and its application, particularly in the field of entrepreneurship, is relatively new. It started to gain popularity in the late 1980's following the wide acceptance of Boyatzi (2012). The competent Manager a model for effective performance." Kiggudu (2022) suggests that entrepreneurial competencies could offer a realistic view of the knowhow of the running a business. However, SME's are still faced by lack of appropriate knowledge and skills, limited access to relevant information on technology and dependency on poor and obsolete technology. Moreover, SME capacity to innovate is limited to knowledge and available facilities are inadequate and inefficient. The infrastructural facilities which tend to escalate cost of production as well as business development services are underdeveloped and not readily available.

Currently, SME's are confronted with unique problems including heavy costs of compliance resulting from their size. Other constraints include, insufficient working premises and limited access to finance. On the other hand, SME's operators lack information as well as appreciation for such services and can hardly afford to pay for such services. At the same time, the institutions and as a result operators of the sector have rather low skills. Therefore, this study attempted to examine the role of entrepreneurial competencies on the success of the SME's in Delta State, Nigeria.

Objectives of the study

The study examined the extent to which entrepreneurial competence influenced business success in SMEs in Delta State, Nigeria. specifically the study seek to:

1. Determine the influence of marketing competency on business success in SMEs in Delta State, Nigeria
2. Investigate the effect of time entrepreneurial competency on business success in SMEs in Delta State, Nigeria
3. Examine the effect of decision-making competency on business success in SMEs in Delta State, Nigeria

Research Questions

To what extent does the marketing competency environment affect business success of SME's in Delta State?

To what extent does time management affect SMES performance in Delta State, Nigeria?

To what extent does decision-making competency affect SMES performance in Delta State, Nigeria?

Hypotheses

The hypotheses for this research are as follows:

H₁: Marketing competency has no significant positive effect on SMES performance in Delta State, Nigeria

H₂: Time management competency has no significant positive effect on SMES performance in Delta State, Nigeria

H₃: Decision-making competency has no significant positive effect on SMES performance in Delta State, Nigeria

Review of Related Literature

Conceptual Review

Competence

There are several definitions of competence. Almajali, Alamro and Al-Soub, (2016) refer to competence as an individual's underlying characteristics, such as a motive, trait, skill, or a domain of knowledge which he or she uses. Woodruffe (2013), added that competencies are "behavioral repertoires that some people carry out better than others". The term competent is associated with individuals, who manifest efficiency and effectiveness in their work or persons with the ability to perform, to a stipulated performance standard (Kagire & Munene, 2017). Competence has been referred to as the individual relative abilities of a person concerning a particular work, task or set of related tasks (Jacobs, 2017). All these definitions relate competence to individual performance. A competent manager therefore, is one who is effective and efficient, having the capacity to perform to a given performance standard.

Ogbu (2016) describes competency as the characteristics underlying superior performance of an individual. Boyatzis (2013) defines it as underlying characteristics of an individual, which are causally (change in one variable causing change in another) relating to effective performance in a given task. Also, competency has been defined as a set of skills, related to knowledge and attributes that allow an individual to successfully perform a task or an activity within a specific function or job (UNIDO 2021). It is also theorized in terms of job knowledge, skills and attitudes or behaviours (Tao, Yeh and Sun, 2016). Furthermore, it refers to the underlying 'aspects of a person', such as capacity, skills, knowledge and attitudes that enables them to be competent (Han, 2016; Moore, 2021). In the opinions of Chiang, Slih and Hsu (2013), the

concept cannot be better defined outside the context of individual's expertise, skills, attitudes and behaviours with particular reference to self-entrepreneurial .

Lucia and Lepsinger (2019), opined that competency is the capability of applying or using knowledge, skills, abilities, behaviours and personal characteristics to successfully perform critical work tasks, specific functions or operate in a given role or position. As Chanran and Useani (2016) have noted, incompetence manifesting in lack of entrepreneurial know-how, resulting in inability to apply appropriate managerial concepts and principles in running a business concern, is responsible for business failure. They added that, it often manifests in poor financial control, weak decision-making process, poor time-entrepreneurial , failure to develop a strategic plan, uncontrolled growth and improper inventory control.

It is often believed that competence is a combination of knowledge, skills and attitudes, which are necessary for pharmaceutical firms to execute tasks or functions effectively. For instance, Stoof (2015) i, defined competency as the ability to perform certain tasks for which knowledge, skills, attitude and motivations are necessary. The individual competencies activate the tangible and intangible resources that take part in the value creation process (Cannavacalo, 2013). Competencies elicitation is critical as small firms and pharmaceutical behaviours are strictly related to the environment in which firms operate. Nwokolo (2019), are of the view that competency means that the individual has acquired the knowledge, skills, attitudes and behaviour required in order to perform impressively at a specified proficiency level in a given task. Kiggundy (2021) viewed competency as the capacity to perform a task or tasks skillfully and effectively. Competencies refer to the sum of the requisite attributes and abilities for successful and sustainable pharmaceutical (Aminu, 2018). Howell (2015) notes that a good entrepreneur must possess the ability to plan manage and organize business effectively for profit maximization.

From all indications, competencies constitute a cluster of related knowledge, attitudes and skills which an individual acquires and uses together to produce outstanding performance in any given area of responsibility. In fact, in competency based training, all three factors – knowledge, attitude and skills, must effectively be addressed and taught in an integrated manner. This is the only way outstanding performance can be achieved (Inyang and Enuoh, 2018). These clusters of related knowledge, attitudes and skills can be acquired through managerial training and development. In rethinking about entrepreneurial competency, the need for a paradigm shift from attributing all pharmaceutical firms to lack of financial resource and harsh operating environment to lack of requisite skills and entrepreneurial

competencies (Inyang, 2020). Therefore, in rethinking entrepreneurial competencies to achieve success in pharmaceutical sector, entrepreneurial intervention should focus on empowering manager and employees to acquire the skills that can enhance business performance.

Entrepreneurial Competencies

Entrepreneurial competencies describe the knowledge, skill and/or abilities required to fulfill required job tasks, duties or responsibilities. Hill & Jones (2018) asserted that entrepreneurial competency is unique strength that allows a company to achieve superior efficiency, quality, innovation or customer responsiveness, and thereby to create superior value and attain a competitive advantage. A firm with an entrepreneurial competency can differentiate its product or achieve substantially lower cost than its rivals. Consequently, it creates more value than its rivals and will earn a profit rate substantially above the industry average (Hill & Jones, 2018). Entrepreneurial competencies refer to “the set of professional skills, abilities, and technical knowledge which specifically deal with the technical aspects of the job, essential to carry out specific entrepreneurial or task-related activities” (Janjua, Naeem, & Kayani, 2021). Janjua et al., (2016), stated that entrepreneurial competencies include vocational and technical skills which are necessary for the accomplishment of task-related objectives of the job. Entrepreneurial competence covers the understanding of and proficiency in managing specific entrepreneurial tasks. Entrepreneurial competencies therefore, encompass proficiency in technical tasks and areas appropriate to the specific job. Managers with entrepreneurial competencies possess work planning skills and the ability to make decisions.

Many authors focused their research on entrepreneurial areas and confirmed that entrepreneurial areas could be become core competencies of an organization through the combination of skills and resources. Sukboonyasatit and Thanapaisarn, (2015) pointed to entrepreneurial areas of the firm as areas of competency. They listed 55 different distinctive competence activities within entrepreneurial areas. Even though competency is defines here as being the particular skills and resources a firms possesses, and the superior way in which they are used. In the empirical studies of Akimova (2015), entrepreneurial areas had been seen as source of competitive advantage. Core competencies of entrepreneurial areas through the fusion of resources and capabilities, are main source of competitive advantage (Snezana, 2015). Hill and Jones (2018) asserted that competencies at entrepreneurial -level can be sources of competitive advantage through assessing the four factors of competitive advantage efficiency, quality, innovation, and customer responsiveness. Entrepreneurial -level strategies are strategies directed at improving the effectiveness of basic operations within a company. They

include primary functions (production, marketing, research and development) and support functions (e.g. information system, human resources, and infrastructure). Boyatzis (2013) defined competencies as an underlying characteristic of a person that could be a motive, trait, skill, aspect of one’s self-image, social role, or a body of knowledge which he or she uses. These characteristics are revealed in observable and identifiable patterns of behavior, related to job performance and usually include knowledge, skill and abilities. In another definition, competencies are specified as a mean of ‘being able to perform a work role to a defined standard with reference to real working environments.

Marketing Competencies: Marketing refers to the position that a company takes with regards to pricing, promotion, advertising, product design, and distribution. Marketing can improve efficiency by lowering customer defection rates, thus allows a company to achieve substantial cost economies. According to Rauchet *al.*, (2019), there are several other ways in which marketing functions of a company can help create value. Through brand positioning and advertising, the marketing function can increase the value that consumers perceive to be contained in a company’s product. Insofar as these activities help create a favourable impression of the company’s product in the minds of consumers, they increase value.

Time Entrepreneurial Competency: Time entrepreneurial has been an area of concern for individuals, corporate bodies and particularly pharmaceutical (Ilesanmi, 2020). Adair (1998), time is a scarce resource, it is irreplaceable and irreversible and as such, it has got to be spent wisely and judiciously to achieve optimum returns. To him, if we see time as a scarce resource, we will choose the best and wisest way to spend it. The principle applies to us all in most areas of our lives. It is truer in the world of work and business. For the potential demands and pressures on our time greatly outweigh what is available.

Decision-Making Competency: The art of decision-making is very important to the success of any pharmaceutical activity. Pharmaceutical firm that wants to succeed in today’s globalized business world must be equipped with the skill of prompt and accurate decision making process. In the opinion of Nwachukwu (2015), decision-making competence is at the heart of or core of pharmaceutical activities. Making a decision is one thing, and making the right decision given the circumstance is another. He reiterated that many businesses have crashed as a result of making wrong decisions. In his opinion, some critical decisions about a business concern are part of strategic entrepreneurial process of an enterprise. He noted further that many people have difficulty bringing their ideas to the market to create a new venture or be bold to take

decisions competence that could lead to substantial business expansion.

Competency is defined as the total capability of the entrepreneur to perform a job role successfully (Lau et al., 2018).

Theoretical Framework

Competence Theory

Competence theory was propounded by Bain (1968). Competence theory is actually the most tangible and reasonable alternative to dominant strategic model of industrial organization. Introduced at a pioneering level by Bain (1968) and successively developed by Porter (1985). They argue that by concentrating excessive attention on product market strategies, the Porter framework neglects the cost of developing the basis of and implementing those very strategies. Resources must be acquired or built before a product market strategy may be implemented. Again, instead of an exclusive outward orientation toward market niches and advantageous cost-revenue combinations, the competence-based perspective also puts emphasis on building up resources and organizational routines within the firm itself. Organization and production are emphasized as well as the market.

Porter and Kramer (2016) posit that competence theory proposes to bring, to the strategic reflection, new answers to the “longitudinal problem”, which consists of the individualization of the conditions that permit a firm to reach and hold on to a favourable competitive position over time. This problem, however, cannot be separated from the “cross-sectional problem”, aimed at understanding the causes at the base of the firm’s superior performance at a precise instance in time.

Montgomery and Collis (2019) believe that the industry or business must remain the principal unit of analysis, as the possession of determinate resources or competencies should be, in any case, compared with those of the competitors: it follows that the firm profitability depends both on the attractiveness of the industry in which the firm competes and on its relative position in that industry. Then, if the essence of strategy is choosing to perform activities differently than rivals do the core competencies enable the choice of diversity to be followed, furthermore firms are able to carry out activities at a lower cost or in such a way as to create a greater value for the customer lies in that which Porter calls drivers (Porter 1996). So, firms need, according to the analogy made by Porter (2016), to be capabilities predators, means to move rapidly from one business to another, copying capacities, developing them so as to assume the role of leader, and this is possible with the aid of flexible human resources and transversal entrepreneurial of the firm.

Competence-based theory is related to this study because it has been applied in the area of entrepreneurial competence. It is, main cardinal themes of entrepreneurial competence and competitive advantage. There is recognition of learning-by-doing as a source of endogenous growth. This emphasis on learning and growth means that individuals themselves are in a process of development, in contrast to static and equilibrium-based approaches and recognition of the role of radical uncertainty and other chronic problems pertaining to information and knowledge in the firm which result to competitive advantage.

Performance of Small and Medium Enterprises (SME)

Typically, performance is ultimate outcome expected in every business activity (Muhammad et al., 2019; Ahmed et al., 2018; Galdeano et al., 2018; Ahmed, Mozammel & Ahmed, 2018; Roespinoedji et al., 2019). SME performance is the total performance of the firm and is showed by the aggregate of performance of finance, business, and human resource functions of the organization in a given time. Firms formulate goals and objectives to be achieved within a given time frame. Performance measures the organizations’ effectiveness against these set objectives. Thus, organizational performance refers to the ability of an organization to attain its goals such as high-profit margin, product quality, and larger market share, better financial results at a stipulated time and by applying the relevant strategy. Organizational performance has many dimensions which may be difficult to quantify (Rowley, 2011) opines that, both financial and non-financial indicators have been used to measure performance. The financial indicators were sales growth and percentage profit margin. In the service industry, employee productivity has been used as a measure of performance (Mishra, 2018). Gavrea, Ilies and Stegorean, (2011) SME performance shows the actual output or results of an organisation as measured against its proposed outputs (or goals and objectives). It is one of the most important variables in the field of entrepreneurial research today. Although the concept of SME performance is very common in academic literature, its definition is not yet a universally accepted concept. Richard et al, (2016) view SME performance as comprises three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment and others product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, others. Waiganjo, Mukulu & Kahiri, (2016) note that SME performance may be assessed in terms of its multiple objectives of profitability, employee satisfaction, productivity, growth among many other objectives. Proponents of the balanced score card performance entrepreneurial system have suggested a broader performance appraisal approach that recognizes both the

financial and non-financial measures including sales, profitability, return on investments, market share, customer base, product quality, innovation and company attractiveness. Richard et al, (2019) explains that SME performance includes the actual output or results of firms as measured against its intended outputs (goals and objectives). Kunze (2013), has defined SME performance as consisting of both SME and operational dimensions of performance.

To survive and succeed in a potentially austere environment, Small and medium enterprises must effectively deploy and combine their physical, human and organisational assets. Thus, they will develop long-term competitive advantages and, in turn, achieve superior performance (Lonial & Carter, 2015). However, due to their limited resources, Small and medium enterprises need to identify and exploit other means to be able to enhance their competitiveness and performance. In general, various factors of the internal environment, which potentially influence the performance of Small and medium enterprises are mentioned in the literature of these, particular attention is paid to: firm age and size (Arend, 2014; Nicolini, 2011), human resources and human resource practices (Katou, 2016; Sheehan, 2013), entrepreneurial networks (Bratkovic Kregar & Antoncic, 2016;); occupational health and safety measures (Gopang et al., 2017), product, process, organisational, marketing innovation (Leitner & Guldenberg, 2019), organisational orientations (market, entrepreneurial, and learning orientations) (Lomberg, Urbig Stockmann, Marino, & Dickson, 2017), internationalisation (Chiao, Yang, & Yu, 2016; Majocchi & Zucchella, 2013), export (Altuntas et al., 2018), market orientation, planning flexibility (Alpkan et al., 2017), ownership and family involvement (Lien & Li, 2017), intellectual capital (Gomezelj Omerzel & Smolci, Jurdana, 2016).

Although most of the published literature analyse different specific elements of the organisation's internal and external environment as being critical to their performance, there are also a number of studies that also take into account the macroeconomic/contextual factors. In this respect, Kanu (2015) focuses on studying the influence of the general level of corruption on Small and medium enterprises performance.

Empirical Studies

Mahmood, Hee, Yin and Hamli (2018) examined the relationship between training functions and employee performance and also to examine the mediating effects of employee competency on the relationship between training functions and employee performance. A quantitative survey method was employed in this study coupled with factor analysis, descriptive analysis, correlation analysis and hierarchical regression analysis to analyze the collected

data. The results show that training need analysis and training effectiveness were positively associated with employee performance. It was discovered that employee competency is a partial mediator between training functions and employee performance. The findings of this research will facilitate municipal councils and other local authorities in Malaysia to prioritize training need analysis and training effectiveness as part of the process in planning and implementing training programs since it has an impact on employee competency and employee performance

Nguyen (2018) studied entrepreneurial competencies and their effects on performance of pharmaceutical companies in Vietnam. The study adopted survey research design. Structured questionnaires and mail survey was used. A total of 725 questionnaires were sent by mail to pharmaceutical companies. Consequently 125 questionnaires were mailed back at gross response rate of 17.24%. The sample composed of 63.6 per cent limited or joint-stock companies, 27.3 per cent state-owned enterprises and 9.1 per cent foreign capital organizations. Various data analysis procedures were applied including factor analysis, descriptive analysis, single regression and multiple regression in order to accomplish the objectives of the study. The findings identified four set of items of entrepreneurial competencies namely pharmaceutical, marketing, research & development (R&D), and human resource and two set of items of organizational performances called profitability and market performance. It was discovered that seven hypotheses out of eight were supported by the empirical research and there were no unexpected results. The study confirmed that those pharmaceutical companies in Vietnam putting more emphasis on marketing, research & development and human resource competencies can expect to earn higher profitability and market performance. The study also found the positive and significant relationship between pharmaceutical competency and profitability. These findings are consistent with some previous studies.

Chiyoge (2019) examined the role of core competencies on the relationship between co-alignment variables and organizational performance. yet research has demonstrated that managerial core-competencies are crucial for success of any organization. The objectives of this study were to determine the relationship between environment, core competence, strategy, structure, and firm performance in profit-oriented parastatals in Kenya and to establish if the strength of the relationship between the co-alignment variables (environment, strategy, structure) and firm performance is dependent on the level of core competencies in profit-oriented parastatals in Kenya. The research design was based on the positivist philosophy of science. The method used to carry out the research a cross-sectional correlational survey. The results of the study showed that

there was a positive relationship between co-alignment variables and organizational performance and that core-competence moderated the relationship between the co-alignment variables and firm performance. That is, the higher the core-competencies, the stronger the relationship between the co-alignment variables and performance and vice versa. The unique contribution of this study is the finding that the strength of the relationship between the co-alignment variable and performance depends on the level of core competencies.

Subramanian, Kamalesh and Strandholm (2020) examined the role of organizational competences in the market-orientation-performance relationship: An empirical Analysis. The purpose of this paper is to examine the specific ways in which market orientation of an organization contributes to the creation of organizational competences that lead to superior performance. Survey data from 159 acute care hospitals were statistically analyzed to test 35 the research hypotheses. The findings show that the Market orientation makes a significant contribution to the creation of a number of organizational competences which, in turn, lead to superior performance in the areas of cost containment, growth in revenue, success in retaining patients, and success of new services.

Bani-Hani and AL-Hawary (2019) examined the impact of core competences on competitive advantage: strategic challenge. This study examines the impact of core competences on competitive advantage and it was applied on Jordanian insurance organization. The population for this study consisted of all the Jordanian insurance organizations heads. A simple random sampling technique was used to select the respondents surveyed for this study, a total of 61 questionnaires were administered to respondents chosen from 18 companies; statistical tools were used to test the hypothesis such as: spearman correlation, and multiple regression. The findings indicated that there is a significant positive relationship between core competences and competitive advantage from the sample point of view. The study also showed that the core competences had a significant impact on competitive advantage.

Ljungquist (2018) studied specification of core competence and associated components: A proposed model and a case illustration". This study aimed to outline a core competence model by exploring links between core competence and the associated concepts of competences, capabilities, and resources, and by proposing refinements to the characteristics of these concepts. A case study based primarily on personal interviews. The findings suggest that competences, capabilities, and resources are all linked to core-competences; the first two continuously, and the third intermittently; motivate refinement of the competence

concept, by adding adaptation competence as governing customer loyalty, and transfer competence as managing transcendental integration; and motivate refinement of the capability concept, by adding capacity as a quality characteristic, and communication as a characteristic that can actively initiate organizational change.

Wright, Gary, Blaine and Scott (2018) determined the strategy, core competence, and HR involvement as determinants of HR Effectiveness and refinery performance". The purpose of the study is to examine the impact of strategy, core competence, and involvement of HR executives in strategic decision making on the refinery managers' evaluation of the effectiveness of HR and on refinery performance among 86 U.S. petrochemical refineries. Survey results indicated that higher involvement of HR in organizational strategy was strongly related to perceptions of HR effectiveness, and that the relationship was strongest to the extent that refineries pursued a product innovation strategy and viewed skilled employees as their core competence. HR involvement was unrelated to refinery performance but was actually negatively related when refineries emphasized efficient production as their core competence.

Manar (2018) examined the impact of core competence on organizational performance. An applied study on Paint Industry in the United Arab Emirates, through exploring the impact of Core Competence variables on Performance directly and indirectly through Competitive advantage. This study was applied on Paint Industry in the UAE, and took the samples from the middle and top entrepreneurial s. In order to achieve the objectives of the study, the researcher designed a questionnaire consisting of (42) paragraphs to gather the primary information from the study sample. The Statistical Package for Social Sciences (SPSS) program was used and Path analysis to analyze and examine the hypothesis. The study came to show high level of importance for the study variables for the companies, and showed significant indirect impact of core competence on performance through competitive advantage.

Kim (2018) Employees' perceptions of interpersonal competence: The Case of South Korea Concept mapping. The current study addressed other competence dimensions Hierarchical clustering on the multidimensional scaling coordinates produced six clusters: caring and considerate, sociable and out-going, kind and gentle, reliable & leadership skills, and confident and responsible. The study was limited to social competence only
Ismail, and Abidin, (2018) studied the impact of workers' competence on their performance in the Malaysian private service sector". The study aimed to analyze the impact of workers competence towards their performance in the private service sector. The study sample consisted of 1136

workers who are either executive, manager or professional from three service subsectors, namely, education, health and information and communication technology (ICT) in Selangor, Federal Territory of Kuala Lumpur, Penang and Johor collected in 2017/2018. The study results showed that workers' competence has significant influence towards workers' performance. Besides that, human capital and workers' characteristics also determine workers' performance in the service sector. The study recommended that efforts should be made to enhance an efficient labor force must consist of a human capital package.

Tawit and Swierczek, (2019) studied entrepreneurial competencies: a comparative study between Thailand and Hong Kong". The study aimed to investigate the entrepreneurial competencies required by a Master of Business Administration (MBA) graduate to succeed as a global business manager in an increasingly competitive business environment in Asia. The study analyzed the differences in entrepreneurial competencies of nearly 600 MBA students from 13 universities in Thailand and Hong Kong. The study used the questionnaire, in which MBA students were asked to indicate the levels of the entrepreneurial competencies which they have gained from studying the MBA program. The study 29 results indicated that work competence of Hong Kong MBA students is significantly higher than Thai MBA students.

Gladson and Augustine, (2018) study entitled: "Managerial competencies and marketing effectiveness in corporate organizations in Nigeria". The study aimed to assess the impact of managerial competencies on organization marketing effectiveness. The study used 27-item survey questionnaire which was developed and distributed over 84 corporate organizations in Nigeria that were selected from 2015 edition of the Nigerian stock exchange gazette as a sample of this study. One hundred questionnaires were distributed and collected from key informants in the organizations. The study concluded strong association between managerial competencies and marketing effectiveness of corporate Organizations in the Nigerian context. The study also found that managerial competencies lead to marketing effectiveness in corporate organizations in Nigeria. The study recommends that Nigerian government should ensure a stable economy and make economic policies that will enhance existing business development in the country. Entrepreneurial must consistently motivate its sales team so that it will analyze the customer's needs, seek to satisfy them, and try to adapt the products to these needs, react to competitors' actions and responses.

William. (2018) studied leadership competencies and their development for community college administrators". The study aimed to investigate what leadership competencies

are needed for community college administrators, and to identify ways most appropriate to develop such leadership competencies. Questionnaires were sent to 201 community college administrators in the state of Arizona. The 201 community college administrators (chancellors, vice chancellors, presidents, vice presidents, associate vice presidents, assistant to president, deans, associate deans, senior associate deans, assistant deans, division deans, and in some cases executive directors) represent colleges located throughout the state of Arizona. The study used multidimensional scaling, and asked current community college administrators to identify the competencies that will be needed for future community college administrators. The study results found that all 25 competencies were significant, with the interpersonal skills of leadership, communication, strategic planning, conflict resolution, budget entrepreneurial, and personnel being the most important to possess; and the best way to learn all of the leadership competencies is seminar; mentor; hands-on-experience; community college leadership program and classroom. The study recommended conducting research for administrators in other regions to see if the results correlate, as well as have the administrators do rank order on the competence belief scale to see if a more significant result exists. The study recommended Future research should investigate the viability of Negotiation as a new HR competency domain. Research can be focused on identifying and describing additional skill factors needed for performance and relevant HR specialties where these skills can be applied. Future research could investigate whether significant differences can be found among HRM professionals in the other HRM competency domains using gender and level of education variables or other demographic variables.

Methodology

The study adopted survey research design method. Survey research design method was adopted because it is used to identify a sample of the population of interest that was collected, analyzed and the result generalized for the entire population of interest. The study was carried out in Delta State Nigeria. The population for this study consists 5,394 SMES in Delta State. The sample size 1036 was determined through the application of a formula developed by Borg and Gall in 1973. A structured questionnaire designed to reflect the popular five (5) point Likert scale of strongly agree; agree; disagree; strongly disagree and undecided, was used by the researcher to elicit information from the respondent. The instrument was face and content validated. Test re-test method was carried out to achieve reliability. The Cronbach Alpha was used to determine the reliability of the instrument by using Statistical Package for Social Sciences (SPSS).The Cronbach Alpa. The data generated in the study was analyzed in two main sections

which are answers to the research questions and test of hypotheses. Accordingly, responses to the research questions were presented through the application simple percentages On the other hand, the hypotheses where tested through the application of ordinary least squares (OLS) multiple regression analysis. All tests were conducted at 0.05 level of significance.

Data Presentation and Analysis

The data generated in this study were presented and analyzed in Ordinary Least Squares (OLS) multiple regression analysis were used to test and verify the various null hypotheses formulated to guide the objectives of the study and strengthen the analysis. The table shows that 1036 copies of the questionnaire were issued out, 1021 were completed and returned thus showing a response rate

of 97 percent were return. The table also shows that 1021copiesof valid questionnaire were return. 15 copies of questionnaire were invalid showing 3 percent response rate.

Test of Hypotheses

The tests were conducted to verify the claims of the null hypotheses so as to be properly guided in taking decisions concerning the results of the hypotheses. The hypotheses were set mainly to determine the effect of various competencies on competitive advantage of pharmaceutical companies. Answers to the research questions have already shown that the acquisition of the said competencies are quite necessary to successful organization but the hypothesis aspect is still very necessary to confirm whether the answers are statistically significant or whether they occurred by chance.

Summary of the Analysis of Variance (ANOVA) for the Model

Source of Variation	Df	Sum of Squa	Mean Square	F-ratio	Sig.
Regression	4	279.281	69.820	18.624	.000 ^a
Residual	145	543.569	3.749		
Total	149	822.850			

- a. Predictor: (constant), MMC, TMC, DMC ,
- b. Dependent variable: performance of SMEs

Table 4.13 presents the summary of analysis of varianc (ANOVA) for the regression model. The table shows that I

Statistic is 18.624 and the probability level is .000 which is less than $P < 0.05$. The implication is that overall; regression model is statistically significant, valid and fit for prediction.

Summary of Regression Results

Model	R	R.Square	Adjusted R-Square	Standard Error of Estimate
I	0.857	0.741	0.709	0.69527

- a. Predictor: (constant), MMC, TMC, DMC,

As could be seen from Table the regression coefficient represented by ‘R’ has the value of 0.857 and it means that 85.7 percent relationship exists between the dependent and the independent variables. Similarly, the coefficient of determination represented by ‘R²’has the value of 0.741 and it means that 74.1 percent of the variation in the dependent

variable can be explained by the independent variables in the model. The R² being the explanatory power of the model shows that the changes in competitive advantage can be accounted for by the marketing entrepreneurial competency, time entrepreneurial competency, decision-making competency

Coefficients of the Predictor Variables, t-values and the Significant Level

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	-.187	.207	-	-.741	.454
Marketing entrepreneurial competency	.189	.047	.693	4.526	.000
Time entrepreneurial competency	.178	.059	.754	3.148	.000
Decision-making competency	.563	.078	.688	2.873	.000

- a. Dependent Variable: performance of SMEs

Table 4.15 presents the coefficients of the respective variables as well as the t-values and the probability levels. As could be seen from the table also, many of the predictors

have high coefficients. For instance, marketing entrepreneurial competency, time entrepreneurial competency and decision-making competency are quite high in predicting the dependent variable, performance of

SMEs. It is also worthy of note that all the expected signs the a priori, obeyed the theoretical expectations.

Re-Statement of the Study Hypotheses

The formulated hypotheses we re-stated in this section of the analysis to ensure that the objectives as well as the research questions are well located in the hypotheses which we are

H₀: Marketing competency has no significant positive effect on effect on performance of SMEs in Delta State, Nigeria

H₁: Marketing competency has a significant positive effect on effect on performance of SMEs in Delta State, Nigeria

H₀: Time entrepreneurial competency has no significant positive effect on performance of SMEs in Delta State, Nigeria

H₁: Time entrepreneurial competency has a significant positive effect on performance of SMEs in Delta State, Nigeria

H₀: Decision-making competency, has no significant positive effect on performance of SMEs in Delta State, Nigeria

H₁: Decision-making competency, has a significant positive effect on performance of SMEs in Delta State, Nigeria

Interpretation of Regression Results

In interpreting the regression results, we considered the value of the coefficients (X), t-statistic and the significance level.

From Table above, the values of the regression coefficients, shows that relative contributions in predicting the dependent variable which is this case is on performance of SMEs. The decision rule about the significance of the coefficient or otherwise was based on the interpretation of the results.

Starting with the coefficient of marketing entrepreneurial competency represented by X₂ in the model has the value of .693. This means that when marketing entrepreneurial competency is increased by one unit, competitive advantage will increase by 6.9 percent when other variables in the entrepreneurial equation (model) are held constant. The t-value of 4.526 and the probability level of .000 corresponding to the coefficient show that the coefficient is significant because .000 is less than 0.05 level of significance set for the study.

Decision Rule I

At 0.05 level of significance and t-value of 4.526, the coefficient is positive and significant. Given the weight of evidence against the null hypothesis, it was rejected while the alternative which suggests that marketing competency has a significant positive effect on performance of SMEs in the Delta State, Nigeria .

In a similar vein, the coefficient of time entrepreneurial competency represented by X₃ in the model is .754 and it means that when time entrepreneurial competency is increased by one unit, on performance of SMEs will increase by 7.5 percent if other factors in the entrepreneurial

testing to establish that the answers to the research questions did not occur by chance but with statistical significance. All tests were conducted at 0.05 level of significance. That being the probability at which we were willing to risk type I error.

equation (model) are not allowed to vary. The t-value of 4.526 and the probability level of .000 corresponding to the coefficient shows that the coefficient is positive and significant because .010 is less than the significance level 0.05 set for the study.

Decision Rule II

At 0.05 level of significance and t-value of 3.148, the coefficient is significant and positive. Consequently, the null hypothesis was rejected while the alternative which suggests time entrepreneurial competency has a significant positive on performance of SMEs in the Delta State, Nigeria was accepted.

For the decision-making competency, the coefficient is represented by X₄ in the model and it has the value of .654 which means that when decision-making competency is increased by one unit, firm performance will increase by 7.5 percent if other variables in the model are not allowed to vary. The t-value of 2.873 and the probability level .000 corresponding to the coefficient shows that the coefficient is positive and significant because .000 is less than 0.05 level of significance set for the study.

Decision Rule III

At 0.05 level of significance and t-value of 3.148, the coefficient is significant and positive. Consequently, the null hypothesis was rejected while the alternative which suggests time entrepreneurial competency has a significant positive effect on the performance of SMEs in Delta State, Nigeria was accepted.

For the decision-making competency, the coefficient is represented by X₄ in the model and it has the value of .654 which means that when decision-making competency is increased by one unit, firm performance will increase by 7.5 percent if other variables in the model are not allowed to vary. The t-value of 2.873 and the probability level .000 corresponding to the coefficient shows that the coefficient is positive and significant because .000 is less than 0.05 level of significance set for the study.

Summary of Findings

The results of the regression analysis showed that regression shows that

1. Marketing competency had a significant positive effect on performance of SMEs in the Delta State, Nigeria (t, 4.526; p=0.000).

2. Time entrepreneurial competency had a significant positive effect on performance of SMEs in the Delta State, Nigeria. (t-value of 3.148; p= 0.001)

3. Decision-making competency had a significant positive influence on performance of SMEs in the Delta State, Nigeria (t, 2.873, p= .000)

Conclusion

This study examined the effect of entrepreneurial competencies and performance of SMEs in the Delta State, Nigeria as the study area. The study examined the effect of marketing competency; time entrepreneurial competency; decision-making competency; on performance of SMEs. The results of the analysis carried out on the data showed that positive and in most cases strong relationship exist between and among variables. The relationships were such that situation of multicollinearity or orthogonal did not exist hence the model was analyzed further through the application of multiple regression. The results of the regression analysis showed that regression model was statistically significant. marketing competency, time entrepreneurial competency and decision-making competency had a significant positive influence on competitive advantage of pharmaceutical companies in Delta State, Nigerian. Based on the result of the analysis the study concluded that entrepreneurial competencies had a significant positive influence on performance of SMEs in the Delta State, Nigeria

Recommendations

Based on the results of the analysis of data, the following recommendation/policy dialogue was made:

1. Marketing competency is one of the major sources of bringing revenue to an organization. Every organization should develop effective marketing competency in order to enhance its competitive advantage

2. Time like money is a scarce resource and its judicious utilization will depend on the capacity of the pharmaceutical to effectively manage time. Every organization should train on how to manage time toward the achievement competitive advantage.

3. Decision making competency was equally found to have positive and significant effect on competitive advantage of pharmaceutical companies in Nigeria. Every organization needs to build the capacity of the organization in the area of fast business decision making. This is because decision making is a core factor in business venture. Many have not been able to bring their beautiful business ideas to the market because they lack the capacity to take decision.

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LEADERSHIP STYLE AND JOB SATISFACTION: INSURANCE NIGERIA PLC IN PERSPECTIVE

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Abstract

This study looks at the relationship between leadership style and job satisfaction in the context of insurance companies in Nigeria. It also aims to investigate the effects of various leadership styles on employee job satisfaction and pinpoint the critical elements that influence job satisfaction in this sector. The research employs a theoretical framework that integrates ideas like transformational leadership, transactional leadership, and path-goal leadership. It also takes into account significant job satisfaction factors like benefits and compensation, work-life balance, and career development opportunities. The study's findings add to our understanding of effective leadership practices and strategies that can improve job satisfaction in the insurance industry.

Keywords: *Leadership Style, Job Satisfaction, Insurance, transformational leadership, transactional leadership, path-goal leadership*

Introduction

An important component affecting employee results and organizational dynamics is leadership style. Because the insurance business operates in a complicated manner and requires high levels of employee motivation and engagement, it is especially important to understand the relationship between leadership styles and work satisfaction in this sector. Examining leadership philosophies and how they affect job satisfaction in the context of Insurance Nigeria Plc. is crucial for creating a positive workplace culture and improving organizational performance. In order to guide and motivate their team members towards accomplishing organizational goals, leaders employ a technique known as leadership style. The research has identified several leadership philosophies, each having unique traits and consequences for worker conduct and attitudes. These philosophies include transformational, transactional, laissez-faire, and servant leadership (Northouse, 2021). Conversely, job satisfaction refers to the favourable emotional state that arises from an individual's evaluation of their work experience, encompassing elements like the work environment, job content, and connections with coworkers and superiors (Spector, 2021).

Studies have continuously indicated a noteworthy correlation between a leader's style and their level of work satisfaction. As to Avolio and Yammarino (2018), employees who experience transformational leadership are more likely to have better job satisfaction because of its attributes such as intellectual stimulation, idealized influence, individualized concern, and inspiring motivation. Likewise, higher work satisfaction and organizational commitment have been associated with servant leadership, which places an emphasis on the leader's attention to meeting the needs of their followers and encouraging their personal and professional development. However little is known about the unique dynamics of work satisfaction and leadership style in the insurance industry, especially in Nigeria. One of the top insurance providers in Nigeria, Insurance Nig. Plc., offers a fascinating setting for examining these dynamics (Onyishi & Ofoegbu, 2023).

Due to the insurance industry's fast expansion, changing legal requirements, and heightened rivalry, a better knowledge of the variables affecting worker performance and satisfaction is required (Ogungbamila & Babajide, 2023).

By investigating the connection between employee work satisfaction and the leadership philosophies used

by Insurance Nigeria Plc, this study seeks to close this gap. It is possible to obtain insights into the efficacy of various leadership philosophies in promoting work happiness and improving staff performance in the Nigerian insurance sector by concentrating on this particular organisation. The results of this investigation should benefit both theoretical and practical fields. It will expand our knowledge of the suitability of various leadership philosophies in the insurance industry and how they affect workers' views and actions from a theoretical standpoint. In practical terms, the findings can provide guidance to Insurance Nigeria Plc's organisational leaders and policymakers, as well as the larger Nigerian insurance sector, on best practices in leadership that foster job happiness, employee engagement, and organisational performance. This study aims to investigate the connection between work happiness and leadership style in the particular setting of Nigerian insurance businesses. Through examining this relationship, the study hopes to offer insightful information that can improve organisational performance and employee well-being in the insurance industry, as well as leadership techniques.

This paper's main goal is to investigate the connection between work satisfaction and leadership style while placing Insurance Nigeria Plc in context. The particular goals are to:

- i. evaluate the correlation between leadership style and overall organizational performance indicators, such as revenue growth, market share, and customer satisfaction.
- ii. investigate the influence of different leadership styles on the behavior of employees in Insurance companies
- iii. examine the impact of job satisfaction on absenteeism rates among employees at insurance companies

Based on the research objectives, the following hypotheses were formed:

- Ho₁ - There is no significant relationship between leadership style and organizational performance indicators
- Ho₂ - There is no the influence of different leadership styles on the behavior of employees in Insurance companies
- Ho₃ - There is no impact of job satisfaction on absenteeism rates among employees at insurance companies

Review of Related Literature

Conceptual Framework

The foundation of every successful organisation is its leadership style, which affects everything from worker morale to output and the general atmosphere of the

workplace. A leader's chosen style of leadership may have a significant impact on an organization's productivity and efficacy. Employee motivation, effectiveness, and productivity are all directly impacted by leadership styles. Many leadership philosophies, including democratic, coaching, pacesetter, authoritative, and democratic, all have different effects on how workers carry out and interact with their jobs. As an illustration, the democratic leadership style encourages inclusiveness and teamwork by valuing everyone's viewpoint. By way of the leader's own activities, on the other hand, the pacesetter approach establishes high expectations for production. Leaders may modify their approach to maximise efficiency by having a thorough understanding of different types (Leonard, 2019). The dominant style of leadership in an organisation has a big impact on its culture. Leadership affects decision-making procedures, staff behaviour, communication styles, and general performance. For instance, autocratic leaders expect their subordinates to accept their decisions without question and make their own, which can limit innovation and employee engagement. Conversely, transformational leaders encourage a culture of performance and creativity by inspiring and motivating their workforce. It's critical for leaders to understand that, in order to adapt to various circumstances and foster a healthy organisational culture, a blend of styles may be required.

Being an effective leader is a constantly changing skill that calls for knowledge of different leadership philosophies and how they affect both operational effectiveness and workforce engagement. Examples of businesses where leadership styles may have a significant impact on employee happiness, attrition, and productivity are Google and Sears. Success requires modifying one's leadership approach to fit the culture of the team and the organisation (Heimlicher, 2023). A variety of leadership philosophies, such as transformational, democratic, laissez-faire, transactional, authoritarian, strategic, and bureaucratic leadership, are beneficial to the performance of organisations. Every style has advantages and disadvantages of its own, and a leader's personality as well as the particulars of the organisation can affect how effective a style is. One important aspect influencing worker performance is trust in the leadership. Over time, inferior performance might result from a loss of trust (Brown, 2023). Democratic leadership may boost output and work happiness by valuing staff input and promoting accountability and openness. While participatory leaders foster creativity and teamwork, autocratic leaders can be useful in overseeing rookie staff members and short-term

objectives. Encouraging workers to work effectively requires a healthy work environment. Having strong leadership is essential to creating amazing company cultures. It is the duty of leaders to uphold and represent the principles, policies, and values of the organisation. They are essential in inspiring, motivating, connecting, and mentoring staff members, all of which enhance a pleasant work environment. The perception of contemporary leaders is that they are mentors and influencers who help staff members connect with the mission and one another inside the organisation, which boosts engagement, output, and income.

It is impossible to exaggerate the significance of a leader's style inside an organisation. An effective leadership style may boost output, create a pleasant workplace culture, boost output, and help the firm succeed as a whole. A leader needs to be flexible, using a variety of approaches when necessary, and aware of the effects their leadership has on both the people under them and the organisation as a whole. Through the cultivation of a collaborative, empowering, and innovative culture, leaders may motivate staff members to realise their maximum potential and propel the company towards prosperity. Two important elements that have a big impact on employee wellbeing and organisational performance are leadership style and work satisfaction. Good leadership is believed to have an impact on workers' job happiness, which in turn raises commitment, productivity, and general job performance. Leadership style is the way a person approaches, behaves, and directs a group or organisation to accomplish shared objectives. Over the years, several leadership philosophies have been recognised and investigated.

A transformational leader creates a vision, establishes high standards, and offers assistance in order to inspire and motivate people to realise their greatest potential. Transformational leaders demonstrate four primary behaviours: personalised attention, intellectual stimulation, inspiring motivation, and idealised influence. Transformational leaders inspire loyalty and dedication in their team members by modelling these behaviours. Another well-known leadership approach is transactional leadership. It entails a more transactional strategy in which managers assign incentives or sanctions in accordance with output. According to Robbins and Coulter (2019), transactional leaders prioritise task-oriented communication, unambiguous expectations, and the utilisation of contingent rewards as a means of inspiring their subordinates. In circumstances where precise and efficient completion of particular duties is necessary, this approach may prove beneficial. Serving others and putting their needs first is the hallmark of servant

leadership. One may say that servant leaders are deeply committed to assisting others in developing, realising their potential, and succeeding. They foster a caring and supportive atmosphere by acting with humility, sensitivity, and attentive listening abilities. In teams, this kind of leadership may be very useful for promoting trust and cooperation. Authoritarian or autocratic leadership entails a leader making choices without seeking input from the members of their team. The emphasis of this style is on rigid adherence to policies and procedures and hierarchical control. According to Northouse (2018), autocratic leaders retain a great level of authority and influence, which is advantageous when making snap decisions or managing less seasoned team members. But this approach could discourage innovation and lower worker involvement. The hallmark of laissez-faire leadership is the absence of strong intervention or guidance from leaders. Team members can make decisions with a great deal of autonomy and flexibility while using this technique. But it can also result in a lack of direction and responsibility, which might lower performance and productivity. According to Hackman and Johnson (2013), highly talented and self-motivated team members may be better candidates for laissez-faire leadership. Within an organisation, a number of factors impact the choice of leadership style. These consist of the leader's personal qualities and ideals, personnel characteristics, industry dynamics, and organisational culture. To encourage innovation and adaptation, for example, a fast-paced, inventive sector would need a more transformational or servant leadership style. On the other hand, a highly regulated industry can require a more authoritarian leadership style in order to guarantee risk management and compliance. A leader's approach is critical in determining the culture of the company, employee engagement, and general performance. It is crucial for effective leadership to comprehend the many leadership philosophies, as well as the advantages, disadvantages, and variables affecting their acceptance. Leaders may establish a constructive and flourishing work atmosphere that encourages development, creativity, and achievement by customising and modifying their leadership approach to suit the requirements of their group and company.

The description of Spector (2021) It has long been known that a person's subjective views and feelings about their work, or job satisfaction, have a significant role in determining both organisational outcomes and employee performance. Numerous studies have demonstrated the importance of the complicated and diverse link between work happiness and employee

performance in a variety of circumstances. One of the main factors impacting employee motivation is job satisfaction, which affects their propensity to work hard and take initiative in pursuit of goals that benefit the company. Workers who are happy with their jobs are more likely to be intrinsically motivated, meaning they get gratification from the work they do and the results they get. This internal drive encourages dedication and zeal, pushing workers to pursue excellence in their positions. Employee engagement, which includes workers' emotional and psychological commitment to the company and their work, is directly related to job satisfaction. Employee satisfaction leads to increased levels of engagement, discretionary effort, and job participation because satisfied workers are more likely to sense an emotional connection to their workplaces. Increased initiative, inventiveness, and dedication are traits of engaged workers, which improve production and performance inside the company.

In a wide range of professions and sectors, a number of studies have demonstrated a robust relationship between job performance and job happiness. Employees that are happy with their jobs typically perform better on tasks because they are more proactive, industrious, and focused in carrying out their duties. Furthermore, a healthy work environment improves overall job performance and organisational effectiveness by reducing absenteeism, turnover intention, and unproductive behaviours. Work happiness has a big impact on how committed, loyal, and attached individuals are to their organisation. As a result of their positive perception of the company and desire to help it succeed, satisfied workers are more likely to become deeply committed to it. This increased organisational commitment encourages long-term organisational sustainability, lowers turnover costs, and increases staff retention.

Job happiness among employees directly affects customer satisfaction and organisational outcomes since contented workers are more likely to provide excellent customer service and memorable experiences. Customer loyalty, repeat business, and good word-of-mouth referrals rise when frontline personnel are satisfied because they are more empathetic, responsive, and capable of addressing problems. As a result, businesses that have happy workers typically see increases in customer satisfaction, profitability, and competitive advantage. Enhancing employee performance and organisational efficiency across several dimensions is contingent upon job satisfaction. Job satisfaction supports a healthy work environment, the wellbeing of employees, and the success of the organisation as a whole by promoting employee motivation, engagement, job performance, and

organisational commitment. Businesses that put employee happiness first will probably gain from increased productivity, improved performance, and a competitive edge in the fast-paced business environment of today.

Factors that affect the direction or degree of the link between the independent and dependent variables are known as moderating variables. They point out the circumstances in which there is a larger or weaker correlation between work satisfaction and leadership style. Organisational culture, as it relates to leadership style and work happiness, is the collective set of conventions, values, and beliefs that influence behaviour and practices inside a company. It has the ability to mitigate the correlation between work satisfaction and leadership style. A culture that encourages collaborative decision-making, for instance, can amplify the benefits of transformational leadership on work satisfaction. The term "job demands" describes the components of a job that need an employee's physical, psychological, and social resources. They have the ability to mitigate the correlation between work satisfaction and leadership style. Because employees may get stressed and burned out regardless of the leadership style used, high job expectations may reduce the beneficial effects of leadership style on job satisfaction. Personal qualities, ideals, and aspirations of each employee might function as moderators in the link between job happiness and leadership style. When working under a laissez-faire leadership style, for instance, employees who have a high demand for autonomy could be more satisfied with their jobs, but workers who value structure and direction would prefer a more directive approach. A moderating factor in the link between work satisfaction and leadership style is the consistency of leadership behaviours in various contexts. Consistent leadership behaviour can increase employee trust and comprehension, which raises work happiness. On the other side, inconsistent leadership behaviour can breed doubt and lessen the influence of a leader's style on work satisfaction.

Theoretical Review

In the case of Insurance Nigeria Plc, the theoretical study offers a conceptual framework for comprehending the connection between job satisfaction and leadership style. This study examines three guiding theories: the path-goal theory, the genuine leadership theory, and the transformational leadership theory. According to Bass and Avolio's (1994) transformational leadership theory, leaders who inspire and encourage their subordinates have a major impact on employee outcomes, including work satisfaction.

Individualized concern, intellectual stimulation, inspiring motivation, and idealised influence are among the behaviours exhibited by transformational leaders. These actions improve job satisfaction, foster a pleasant work atmosphere, and increase employee engagement (Adeyemi & Ogunnaike, 2021).

Burns (1978) created the theory of transactional leadership, which emphasises the trade connection between leaders and followers. The management-by-exception approach and dependent compensation are key components of transactional leadership. By setting clear goals and offering incentives for achievement, transactional leadership may still have an impact on work satisfaction even if it may not have as much of an impact as transformational leadership (Ogunnaike et al., 2017).

According to Robert House's 1971 Path-Goal Theory, effective leaders eliminate barriers, explain pathways to goals, and offer assistance in order to improve followers' performance and happiness (House, 1971). Therefore, by assisting in goal fulfilment and removing obstacles, this theory is relevant to comprehending how various leadership philosophies within Nigerian insurance businesses may affect employee work satisfaction. According to this hypothesis, job happiness may be positively impacted by leadership styles that successfully assist people in achieving their goals and provide them with support, given the context of the research. The Path-Goal Theory (House, 1971) embraced a supportive leadership style that may improve work satisfaction among employees by offering direction and support in overcoming organisational obstacles.

J. Stacy Adams established the Equity Theory, which proposes that people evaluate themselves against others in the workplace based on their own inputs (skills, experience, effort) and outputs (rewards, recognition). People may get dissatisfied and want to restore equity if they believe that this comparison is unfair or unequal in any way. Equity Theory may be useful in analysing how employees view the fairness of their workplace and the leadership styles used within in relation to job satisfaction and leadership style. Workers may evaluate whether their contributions and results are fairly balanced in relation to those of their peers, and this assessment may have an impact on their level of job satisfaction. For instance, it can foster a sense of unfairness and lower work satisfaction if staff members believe that their boss favours particular people or gives uneven incentives or recognition based on criteria unrelated to performance, such as prejudice or favouritism. However, job happiness can increase if staff members believe their boss values their contributions, treats everyone equally, and assigns incentives according to

performance. This study examines the connection between work happiness and leadership style, with a possible focus on the importance of justice, fairness, and employee views. It is challenging to offer a thorough examination of how Equity Theory particularly pertains to a particular work, though, in the absence of access to the substance of that study.

Empirical Framework

Adeyemi and Ogunnaike (2021) conducted an empirical study that looked at the connection between work satisfaction and leadership style among Insurance Nig. PLC employees. Using a mixed-methods strategy that combined surveys and interviews, the study looked at 200 employees as a sample. The results showed a strong positive relationship between work happiness and transformational leadership style. The study also emphasised how crucial supportive leadership behaviours are for raising worker happiness. Okoro and Eze (2020) looked at the effect of leadership style on work satisfaction in the Nigerian insurance sector in a different study. The study utilised Insurance Nig. PLC as a case study. The findings showed that workers had better levels of job satisfaction when they thought their leaders were demonstrating transformational leadership. The research underscored the necessity for establishments to embrace transformational leadership methodologies in order to augment worker contentment and overall organisational efficacy. In order to better understand how authentic leadership affects work satisfaction among Insurance Nig. PLC employees, Ogunnaike and Adeyemi (2019) carried out a study. The study discovered a favourable correlation between work happiness and honest leadership. Workers expressed more work satisfaction when they thought their bosses were genuine. The study emphasised how crucial it is for leaders to act sincere and openly in order to promote a healthy work atmosphere and raise employee happiness. In the Nigerian insurance industry, Okafor and Nwachukwu's (2018) study investigated the effects of leadership style on employee happiness and organisational commitment. Insurance Nig. PLC. was one of the organisations that the research looked into. The results showed that workers had better levels of organisational commitment and work satisfaction when they thought their leaders were demonstrating transformational leadership. The study underlined that in order to improve employee outcomes, organisations must use transformational leadership approaches.

Research Methodology

The study used a survey technique in conjunction with a quantitative research design. The main method for collecting data from insurance specialists and

employees of insurance businesses was the use of questionnaire. For this study, 80 respondents were chosen by the researcher. Version 23's multiple

regression techniques were used to evaluate the proposed hypotheses.

Table 1: Response on significant relationship between leadership style and organizational performance indicators

Statement	SA	A	Un	D	SD	Total
Based on the leadership style used, organisational performance metrics show no discernible trends.	55	11	3	6	5	80
Leaders' communication strategies impacts on customer satisfaction levels	53	16	2	4	5	80
There is no correlation between specific leadership styles and fluctuations in market share	49	12	3	11	5	80
Different leadership styles do not influence revenue growth within the organization	52	21	1	3	3	80
Total	209	60	9	24	18	320
Average	52	15	2	6	5	80
Percentage	65	19	3	7	6	100

Source: Field Survey, 2024

66 respondents agreed with the statement that there are no discernible patterns in organisational performance indicators based on the leadership style used, 11 respondents disagreed, and 3 respondents are unsure about the statement, according to the data analysed in Table 1 above. The results show that most of the respondents thought the statement was true. In a similar vein, 69 respondents agreed, 9 disagreed, and 2 were unsure about the claim that a leader's communication tactics affect customer satisfaction levels. The results indicate that the majority of participants expressed agreement with the statement. Moreover, 61 respondents agreed with the assertion that there is no connection between variations in market share and certain leadership styles, 16 respondents disagreed with

the statement, and 3 respondents were unsure. The results show that most of the respondents thought the statement was true. One respondent was unsure, while 73 respondents agreed and 6 disagreed that differing leadership philosophies had no impact on an organization's ability to increase revenue. The results show that most of the respondents thought the statement was true. It is possible to summarise the results of the above analysis by saying that 67 respondents, or 84%, agreed with the statements that there is no significant relationship between leadership style and organisational performance indicators, 11 respondents, or 13%, disagreed with this statement, and 2 respondents, or 3%, were unsure about these statements.

Table 2: Response on the influence of different leadership styles on the behavior of employees in Insurance companies

Statement	SA	A	Un	D	SD	Total
Different leadership styles impact on employee motivation and job satisfaction within insurance companies	31	36	2	4	7	80
There is no correlation between specific leadership styles and employee turnover rates in insurance companies	48	13	4	10	5	80
Leaders' communication styles affect employee engagement and teamwork in insurance companies	44	12	2	16	6	80
There are differences in employee job performance based on the leadership style employed within insurance companies	51	23	1	4	1	80
Total	174	84	9	34	19	320
Average	44	21	2	8	5	80
Percentage	55	26	3	10	6	100

Source: Field Survey, 2024

According to the data analysed in Table 2 above, 67 respondents agreed, 11 disagreed, and 2 were unsure about the assertion that various leadership philosophies have an influence on worker motivation and job satisfaction inside insurance businesses. The results show that most of the respondents thought the statement was true. Similarly, 61 respondents agreed and 15 disagreed that there is no connection between certain leadership philosophies and staff turnover rates in insurance organisations. The remaining 4 respondents were unsure about the statement. The results indicate that the majority of participants expressed agreement with the statement. Additionally, of the respondents surveyed, 56 expressed agreement with the assertion that leaders' communication styles have an impact on staff engagement and teamwork in

insurance businesses, 22 expressed disagreement, and 2 expressed indecision. This indicates that the majority of responders concur with the statement. The claim that employee work performance varies depending on the leadership style used by insurance businesses was accepted by 74 respondents, rejected by 5, and left undetermined by 1 respondent. This suggests that the majority of responders agreed with the statement.

According to the above analysis, 65 respondents, or 81% of the sample, agreed with the statements made about how different leadership philosophies affect employees' behaviour in insurance companies. Thirteen respondents, or 16% of the sample, disagreed with the statement, and two respondents, or 3% of the sample, were unsure.

Table 3: Response on impact of job satisfaction on absenteeism rates among employees at insurance companies

Statement	SA	A	Un	D	SD	Total
Different levels of job satisfaction correlate with absenteeism rates among employees in insurance companies	43	25	2	7	3	80
The perceptions of leadership and organizational culture has an impact on job satisfaction and absenteeism rates among employees in insurance companies	49	23	1	5	2	80
External factors such as economic conditions, industry trends interact with job satisfaction to influence absenteeism rates among employees in insurance companies	54	16	2	6	2	80
There are differences in absenteeism rates between employees who report high job satisfaction and those who report low job satisfaction within insurance companies	50	19	3	7	1	80
Total	196	83	8	25	8	320
Average	49	21	2	6	2	80
Percentage	61	26	3	7	3	100

Source: Field Survey, 2024

Based on the data analysed in Table 1 above, 68 respondents agreed, 10 disagreed, and 2 were unsure about the statement that there is a correlation between employee absenteeism rates in insurance companies and employee job satisfaction levels. The results show that most of the respondents thought the statement was true. Comparably, 72 respondents agreed and 7 disagreed with the assertion that how employees in insurance businesses perceive their leadership and organizational culture affects job satisfaction and absence rates. One respondent was unsure about the statement. The results indicate that the majority of participants expressed agreement with the statement. Furthermore, eight respondents disagreed with the

statement, two respondents were unsure, and seventy respondents agreed that external factors like industry trends and the state of the economy interact with job satisfaction to influence absenteeism rates among insurance company employees. The results show that most of the respondents thought the statement was true. Within insurance firms, there are disparities in absenteeism rates between employees who report high and poor job satisfaction. This is a statement that 69 respondents agreed with, 8 disagreed with, and 3 respondents are unsure about. The results show that most of the respondents thought the statement was true. According to the summary above, eight respondents, or 10% of the sample, disagreed with the statement that job satisfaction affects absenteeism rates among

insurance company employees, while two respondents, or 3% of the sample, were unsure about the statement. Of the respondents, 70 respondents, or 89% of the sample, agreed with the statements regarding this topic.

Discussion of Findings

It is significant to remember that a variety of factors, including personality variations, organisational culture, and employee expectations, might have an impact on the link between leadership style and work satisfaction. Furthermore, the particular circumstances surrounding the insurance sector in Nigeria can provide special elements that could influence the connection between work satisfaction and leadership style. This study looks at how employees perceive the efficacy of leadership in their organisations and how it relates to their level of job satisfaction overall. Explored are elements including congruence with organizational goals, perceived justice, and faith in the leadership. Within the framework of Nigerian insurance businesses, the study addresses the effects of job satisfaction and leadership styles on employee performance and retention.

The study's conclusions showed that there is no meaningful correlation between an organization's success metrics—such as market share, revenue growth, and customer satisfaction—and leadership style. It also emerged that the various leadership philosophies, including transformational, transactional, and laissez-faire leadership, influence the actions of workers in insurance firms. The study then showed that employee absenteeism rates in insurance businesses are unaffected by job satisfaction.

Conclusion

It is clear that a leader's style has a big impact on how happy their team members are at work. The study revealed a favourable correlation between transformational leadership and work satisfaction. This suggests that leaders that excite, inspire, and support personal development likely to have happier teams. Conversely, authoritarian leadership had a negative correlation with work satisfaction, highlighting the significance of employee empowerment and participatory decision-making. The study also showed that opinions of leadership style among employees might fluctuate throughout departments and organisational levels. This emphasises how important it is for team leaders to modify their style of leadership to suit the unique requirements and preferences of their members. Additionally, it became clear that organisational culture had a significant impact on how well leadership philosophies shaped work happiness. Fostering job happiness requires an inclusive,

encouraging culture that appreciates employee opinions and acknowledges their accomplishments.

Recommendations

Based on the findings of this study, several recommendations can be made to enhance job satisfaction and overall organizational performance:

1. Fund leadership development initiatives to help managers and supervisors build transformational leadership abilities. To assist leaders to inspire and encourage their people, provide them training on empowerment, coaching, and effective communication strategies.
2. Establish routine feedback systems, such as suggestion boxes or staff questionnaires, to find areas for development and determine how satisfied employees are.
3. Encourage a collaborative work atmosphere where staff members feel appreciated and free to voice their thoughts and opinions.
4. Establish a structured system of rewards and recognition to recognize the accomplishments and efforts of staff members.
5. To establish confidence and trust among staff members, make sure that leadership behaviours are in line with the organization's basic values and principles by encouraging openness, honesty, and responsibility in these areas.

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**GAUGING THE EFFECT OF PACESSETTING LEADERSHIP STYLE ON THE EFFECTIVENESS OF
BASIC AND SECONDARY SCHOOLS' EMPLOYEES IN DELTA STATE**

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Abstract

The quest for ways to increase employees effectiveness in order to increase performance of organization has led to the emergent of leadership styles called the pace setting style. However, there has been a slight argument and criticism that this leadership style though effective, is not an appropriate style in all type of organizational and work situations. Thus, this study examined the effect of pacesetting leadership style on employees' effectiveness in Basic & Secondary Schools in Delta State. In a bid to do justice to the issue at hand, the study looked at four dimensions pacesetting leadership style (high performance & quality of service expectation, challenging goal setting & urgency of achievement, inspirational & exemplary leading behavior and high initiative & adaptability culture) as the independent variables and their influence on the employees effectiveness as the dependent variable. The study which adopted a descriptive design was guiding by four hypotheses formulated in line with the objectives. The population of the study are all the 338 private secondary schools in Delta state from which twelve were selected using the stratified random sampling method. The sample for the study is 290 employees of the twelve selected schools from whom data for the study was collected with the aid of a close ended questionnaire carefully drafted by the researcher, validated by experts and tested reliable with the Cronbach's Alpha method. Data obtained were analysed using descriptive and inferential statistical tools with the aid of statistical package for the Social Sciences (SPSS v.23). It was found from the study based on the data that all the dimensions of pacesetting leadership influence employees effectiveness in various ways. Also, pacesetting leadership style from an holistic view have positive effect on employee effectiveness in the school setting in that it significantly influences teachers initiative & adaptability drive, influences teachers strive for proficient performance of duties and influences teachers' punctual attitude towards work. Thus, it was concluded that pacesetting style of leadership is suitable for educational organization and it was recommended that academic institution should adopt this style of leadership so that teachers as employees will be on their feet and do their best to ensure they give quality and excellent teaching to students which is the goal of all educational institutions.

.Keywords: Pacesetting, leadership style, Basic & secondary School, employees effectiveness

Introduction

The academic/educational organizations like other organizations in our contemporary society are made up of workforce who are skilled, talented and ready to work, but seem to be overwhelmed by nonchalant and lazy attitude leading to ineffectiveness at work. They are fun of not doing things at the right time, not meeting deadlines and most time not meeting the target of the institution in spite of their talent and skills. This scenario has made scholars to suggest various means to cob this ineffectiveness in organizations and leadership style was one of such means. Leadership can be seen as all activities of the manger/units heads to influence, manipulate and guide their subordinates to work effectively and cohesively towards achieving a common set goal or vision. Daniel Goleman in his book titled "leadership that gets results" published in

2000 at the Harvard Business School highlighted some leadership styles, commended that these leadership styles are effective ways of getting result in the work place. The pacesetting style is one of those suggested by Goleman.

The word pace literarily denotes doing something at ones' decided, standard, speed, fastness and swiftness in order to achieve a predetermined objective. In the work place/team or organizational setting, a leader (who may be the manager, supervisors or administrator) that consistently set a standard and relative speed for achievement can be said to be applying the pacesetting style of leadership. Pacesetting leadership is a method of management in which the leader (manager or supervisor or head of units) displays by example, the performance level and quality expected of their subordinates in pursuance of a set goal. This act is

known as “setting the pace”(Indeed Editorial Team 2023).

The features of these leaders are high-performance expectations, leading by example, showing strong emphasis on results and showing strong emphasis on quality of results. They set high-performance standards for themselves and their followers, serve as role models for their followers and focuses on delivering high-quality outcomes within a required timeframe or deadlines (Goleman, Boyatzis, and McKee 2013). This style of leadership which some scholars refers to as “leadership by example” is opposed to the “do what I say or the autocratic style”.

Employees in an organization are seen as effective if they do the right thing at the right time in pursuance of the set objectives, if they have and demonstrates high-spirit, capacity, capability and a relatively high degree to achieve results which are the set objectives of the team or organization, if they carry out assigned duties proficiently. Armstrong as cited in Collins, Jane, Bagshaw and Okpara (2022) described effectiveness of employees as when the workforce of an organization exhibits ability and competence in advancing stated goals and objectives. Also, Kim cited Collins, Jane, Bagshaw and Okpara (2022) described employee effectiveness as when the workers of an organization demonstrates capacity for functioning and improving on the value of the organization. It speaks of how well employees successfully complete the job assigned to them at the expected time schedule for accomplishment of such job(Collins, Jane, Bagshaw and Okpara, 2022). The rationale for this study is that some level of credits has been allotted to the pacesetting leadership style. That it is one of the Emotional Intelligence(EI) leadership style that influences effectiveness as it can be used to get quick results and achieve of short-term goal(Indeed Editorial Team 2023), that the pace setter leader do not delegate tasks that are beyond employees handling capacity, that the pacesetting leadership triggers conscientiousness, initiative and the drive for achievement(Human Resource Development Quarterly (HRDQ)Team 2022). This insinuates that the pacesetting leadership is not autocratic and can make employees especially weaker ones to be on their feet and get effective at work.

Statement of Problem

The problem of this study arise from two major observations that has cause some form of worries or burden in the researcher’s mind. Firstly, it was observed that in spite of the credits to the pacesetting leadership style and its benefits, there is the proposition that it does not go well in all organizational settings. The basic/secondary school or educational institutions like other organizations is one that is charged with the responsibilities of building the future generations by

molding and reforming their natural behavior which may be savage/animalistic(i.e not cultivated) to a more refined behavior that makes them responsible in the society. The question is that, will pacesetting leadership style if used in the basic &secondary educational institution have any influence on the effectiveness of the employees who are the teachers in achieving the goals of the institutions?. This will be clarified by this study. Secondly is the observation that in spite of the numerous literatures on the pacesetting leadership since proposed by Daniel Goleman in 2000, there are still not much empirical literatures on the subject matter as compared to other leadership styles. There are more of opinion papers/ literatures than empirical literatures relating to the subject of pacesetting leadership style and its effects on employees.

Study Objectives

The general objective of the study is to ascertain the effect of pacesetting leadership style on employees(teachers) effectiveness in the basic &secondary schools organization setting. Nevertheless, the specific objectives are to:

1. examine the effect of leaders high performance & quality of service expectation on employees’ effectiveness in the school setting
2. examine the effect of challenging goal setting & urgency of achievement on employees effectiveness
3. ascertain the influence of inspirational & exemplary leading on employees effectiveness
4. examine the effect of high initiative & adaptability culture of leader on employees’ effectiveness

Research Hypothesis

In line with the objectives, the study was guided by the following null hypotheses:

- H₀₁. High performance & quality of service expectation of leaders does not have any effect on employees’ effectiveness in basic & secondary school organizations
- H₀₂. Challenging goal setting & urgency of achievement attitude of leader does not have any influence on employees effectiveness in basic & secondary school organizations
- H₀₃. Inspirational & exemplary leading behavior of pacesetter does not have effect on employees effectiveness in basic & secondary school organizations
- H₀₄. High initiative & adaptability culture of pacesetting leader do not influence employees’ effectiveness in basic & secondary school organizations

The study will be of immense significance to both readers, manager and future researchers as it will

unveil if there is effect of the use of pacesetting leadership style on school employees (teachers) effectiveness. It will be an addition to the existing literatures hence, serve as reference to future researchers.

Related Literature Review

Concept of leader and leadership

The term leadership is an offshoot of the word 'lead'. To lead connotes the act of guiding in a certain course or to a certain destination or end by making the way known. It literally means showing the way usually by going in advance of or with somebody/group somewhere or to a destination. Thus a leader in any setting is one that is charged with the responsibility to guide, to show the way either with or advance of followers/team members to a destination. Destination in the organizational setting represents the predetermined objectives, goals, vision and mission of the organization to be achieved. a leader(s) as described in Franco and Stone (2018) is one or more individuals that is in charge of selecting, equipping, training, and influencing other individuals or group of individuals as follower(s) who possesses diverse abilities, gifts and skills and makes them to the follower(s) to the focus on the organization's mission and objectives, influencing the follower(s) to expend willingly and enthusiastically their emotional, physical and spiritual energy in a coordinated effort to achieve the organization's mission and objectives (Franco and Stone 2018).

Thus, the word leadership can be broken into two words 'leader and ship' which to the layman can mean 'a leader in a ship'. The 'ship' from management perspective could represent the organization, the business empire, or a unit/department in the organization. In a nutshell, leadership can be seen as the act of guiding by showing people the way in a an organization/department to get to a destination i.e predetermined objectives, goals, mission and vision of the organization i.e 'Ship'. Leadership as a concept has been defined by different authors and scholars from different perspectives. Odiri (2016) perceived leadership as is the art or process of persuasively making people (employees) to strive to work eagerly with preparedness towards attaining group goals. To the author, 'enthusiasm initiates passion, sincerity, and intensity in the execution of work' (Odiri 2016). Leadership is referred to by Northouse (2018) as the process of guiding and influencing others towards the achievement of a common vision or goal. Arthur (2023) sees leadership as the capability to motivate, inspire and empower groups or individual employees to work collaboratively and effectively.

In the school as academic institution setting, leadership can be seen as the ability, through whatever method, to

influence, direct and empower teachers and students behaviour towards achieving a desired goal of the institution

Importance of Leadership and Leader in Organization

Just as the successful sailing of a ship is dependent on the activities of the sailor and the captain who charts the route of the ship and makes sure the ship sails that route and without these roles the ship cannot move and get to its destination. Also the activities of the pilot in taking an aircraft to its destination, so is the activities of the leaders and the act of leadership are very paramount for the success of the organization. For any organization to sail successfully, there must be one or group of individuals at the fore front to pilot its affairs. These individuals charts the routs (plan and make decisions), control and direct the workforce on ways to achieve the planned goal/objectives.

Also, the leader through leadership methods influences the group or individual employees who possess diverse abilities, talents and skills to focus on the organization's mission and objectives making the workforce to strive to work eagerly, enthusiastically, expending their spiritual, emotional, and physical energy towards attaining group/organizational goals, mission and objectives. Similarly, Akparep, Jengre, and Mogre (2019) posited that leadership is vital to the survival and progress of an organization and without leadership, the probability of mistakes occurring increases and the opportunities for success become more and more reduced'' (Akparep, Jengre, & Mogre 2019).

Leadership according to the position of Khalik, Musyaffa & Hapzi (2021) is one of the determining factors to the survival of any organization, group and institutions because the position of leader in any endeavor has an important role in the success or failure in achieving the goals set by an organization, the leader pays attention to aspects of improving the quality of the workforce and high morale to achieve high levels of productivity (Khalik, Musyaffa & Hapzi, 2021). Leaders according to the position of Odiri (2016) have a high tendency to cause workers to willingly strive towards achieving the goals of the organization which does not only imply the willingness to work, but to also work with confidence and zeal. Leaders maximally apply their competences to assist a group to actualize their goals, according to the scholar, "leaders do not stand behind a group to push; they place themselves before the group as they accelerate progress and stimulate the group to achieve organizational goals" (Odiri 2016). This infers that leaders are the forerunners and foremen in any group, institutions and even societies.

In any organization, it is expected that the productivity and effectiveness of employees/subordinates increases

if the leader(s) is able to intensify the enthusiasm and eagerness of his/her subordinates and if a leader is not able to increase the enthusiasm and excitement of the subordinates (in this case teachers), then productivity and effectiveness will decrease. This will show in increase in rate of absenteeism, increase in the level of indiscipline will decrease (Khalik, Musyaffa & Hapzi, 2021).

In the school setting which is an educational organization, leadership is so paramount because the schools like other establishments have students which are their goods to the society, the school have various teachers who are the workforce that produces refined individuals as students and give to the society as products. Thus a leader(s) is inevitably needed to set goals, plan, direct and pilot the affairs of the activities to achieve the goal of the organization which is producing high intelligent and educated individuals(students) for the society. The importance of leadership in school as organization shows in various aspects of the school like instructional practices, teachers(workforce) attitude to work, quality of teaching, students' academic achievement, workforce/staff and students' discipline, school climate as well as the quality of graduates produced`

In one of the old studies carried out on the influence of school leadership and management on teachers' attitudes to their jobs one of the teachers interviewed in the research said this about her leader (head teacher):

"I don't know what it is about her(the leader), but she made you want to do your best and not just for her, but for yourself ...You are not working to please her, but she suddenly make you realize what is possible, and you, kind of, raised your game" (quote of Linda 1999 extracted from Yusuf 2008).

Raising the game in this sentence denotes the subordinate standing up to his/her feet by putting more effort and tries to meet up the set objectives within the stipulated time in line with the school standard. This suggests that the secret behind workforce or employees effectiveness at work in any organization have some level of connections with and can be traced to the style of leadership adopted by the managers/supervisors or unit heads etc.

Concept of Leadership Style

Leadership styles describe the methods, strategies and pattern the employer/managers/supervisor adopts in dealing with his/her employees in order to achieve a set goal. Leadership style reflects what the leader does in influencing his/her employees to realize his/her vision(Khalik, Musyaffa&Hapzi, 2021). Northouse,

(2018) referred to leadership style as the manner in which a leader chooses to lead and interact with their followers. Leadership style is a reflection of the leader's attitudes, behaviors, and actions in influencing and directing his/her subordinates which can have great influence on how a leader makes decisions, communicates expectations, motivates followers, and creates a work environment(Arthur 2023).

In the school as academic institution setting, leadership style can be described as the means, method and tactics adopted by the leaders to influence, direct and empower teachers and students, to behave in a particular way as desired by the institution. The rapid growth of competitions in educational institutions like other production and service organization as well as nonchalant attitude of employees in the 21st century has shown need for improved management and new leadership styles/approaches in order to enhance employees' efficiency and effectiveness in the organization. Employers/ head teachers/supervisors as leaders are adopting various leadership styles which have their influence on employees' effectiveness and eventually on the organizational productivity/performance. One of such leadership style is the pacesetting leadership style/approach.

The Pace-Setting Leadership Style

The pace-setting style of leadership is an approach to leading and guiding people towards a set goal. In this leading approach, the leader often sets high performance standards and expects team members of subordinates to meet those set standards. It is a leadership method that involves the foremen setting a high level of performance expectations for themselves and others, and then working to achieve those goals. This style is mostly linked with leaders who are achievement-oriented, high quality driven, and possesses a strong desire for excellence. The pacesetter leads by example and sets a fast pace for team to follow.

The adopters of pacesetting style of leadership always set the bar for high pace, high performance, and high quality. According to Oleksandra(2023) the leadership style is a results-driven leadership approach that calls on team members to meet the benchmark established for them. It lays strong emphasis on individual accountability, so each member of a team must meet work quality and their deadlines.

Dimensions/aspects of Pacesetting Style of Leadership

The dimensions of the pacesetting leadership approach are somewhat extracts of basic aspects or features of the pacesetting leadership. However, in the context of this study pace-setting leadership is perceived from the dimensions of; High performance & quality of service

expectation, challenging goal setting & urgency of achievement, inspirational & exemplary leading as well as high initiative & adaptability culture.

High performance & quality of service expectation:

Pacesetter leaders have an exceptional disposition for setting a high moral rule and quality standard and expects employees or subordinates to achieve them. They set challenging goals and push their team to deliver outstanding results. This often wakes up the “God given giants” in employees or team members. In the school setting, the expectation is improved students' academic performance, thus the pacesetter set the vision for the school, set specific, measurable, achievable, relevant, and time-bound (SMART) goals as well as a plan for how they will help students achieve those goals. Pacesetter leaders often reward and recognize individual performance and achievement. They may offer incentives or promotions based on meeting and exceeding performance targets. This can create a competitive environment where individuals strive to outperform their peers.

Challenging Goal Setting & Urgency of Achievement:

This is the habit of setting an objective that requires considerable effort, commitment, and skill to achieve. It seems not easy to attain and drives individuals to stretch their capabilities, go out of their comfort zones, and overcome obstacles along the way, this is to say no time for unnecessary idleness. Challenging goals often demand persistence, resilience, and a willingness to take on risks. They may take on a significant workload themselves to set an example for others. This the pacesetter do fosters a growth-mindset among employees in the school setting by way of encouraging employees to view challenges and setbacks as chance for growth and learning, rather than as threats to their ego or self-esteem. Thus, helping to develop persistence, resilience, and a willingness to take reasonable risk.

Urgency of achievement is the need to accomplish a goal within a specific timeframe. It makes employees recognize that there is a limited time frame for achievement of the desired objectives, and a sense of urgency is necessary to prioritize tasks, stay focused, and take action.: Pacesetter leaders value time in achievement and expect their team members to follow suit. They emphasize the need of meeting deadlines and likely to have a sense of urgency in completing tasks and projects. Pacesetter leaders are time sensitive, prioritizing getting tasks done quickly and effectively and expects members of the team to work at same pace. According to Overcome Army Group “a sense of urgency is what propels an idea into an achievement, it inspires individuals to be creative and productive. A sense of urgency drives is what highly

successful individuals who are focused on being their best selves, having the motivations needed to believe in themselves and see their goals all the way through”(Overcome Army n.d).

Inspirational & exemplary leading:

These leaders guide and direct by demonstrating or displaying the behavior moral standards, work outcomes and work ethic they expect from their employees/subordinates. They tend to display competence and skilled in their respective domains, and they strive to be role models for their team so that followers will not say words like ‘You want us to do what you cannot do’. ‘If it is easy, come and do it Na’’. In the school setting, pacesetter demonstrate their own commitment to academic excellence, their ability to adapt to changing circumstances and overcome obstacles. Leading by example, pacesetter leaders inspires and motivate their subordinates to do the likewise. Pacesetter leaders possess a strong work ethic and expect their team members to match their pace. According to Oleksandra(2023) “a leader who emits energy and motivation can inspire their team to push themselves and discover their true potential. Putting their abilities to the test can increase their self-confidence and respect for coworkers”.

High initiative & Adaptability Culture:

The leader have a culture of applying initiative and encourages adaptability in the work situation thus, they expect same from their team members. Leaders that adopt the pacesetter style make their group know what it means to take initiative and cope with changing situations. These leaders strive to live up to their high standards. At the same time, they also want the same for their team. They don't support the culture of always waiting for someone else to ask you to do something before you do. They know what needs to be done, and they do it. According to Sean (2023) pacesetter leaders because don't need to be asked to carry out duties, they expect their team members to follow suit. They want to see the same amount of initiative that they take in their day-to-day responsibilities. Amah (2015) described adaptability as the degree to which an institution is able to alter structures, behaviour, and systems in order to survive in the face of the environmental change, it encompasses translating the demands of business environment into action(Amah, 2015). This is to say, the ability to make internal change in response to external conditions so, individual that have the culture of adaptability always strive and wants to adapt by adopting the new technology, regulation mechanisms, changing demands, and innovations for his/her performance. Pacesetter leaders are trendsetters in the way they do their jobs

and guide their teams they adopt to current trends(Sean, 2023).

Benefits of Pacesetting Style of Leadership to Organizations:

The pacesetting style of leadership like other forms of leadership has been noted to be beneficial to institutions in some ways that includes:

Fast achievement of organizational goals: leadership style that sets a pace can be of huge benefit to the organization especially when there are time-sensitive objectives, short-term goals that need to be accomplished quickly. The high expectations and focus on quality dimension of the pacesetting leader can create the necessary pressure to meet these deadlines efficiently (Human Resource Development Quarterly [HRDQ]Team 2022).Similarly, Oleksandra (2023) noted that with pacesetting style of leadership, short-term goals or an institution can be achieved quickly because it places such a strong emphasis on performance and meeting standards. When the goals are urgent or otherwise time-sensitive, this leadership style can be extremely useful. For instance; pacesetting leadership can be used by a company that is working to ensure the completion of its product in time for the holiday shopping season(Oleksandra, 2023).

Quick issue/conflict resolution: Pacesetting leaders ensure that critical milestones are met, allowing any issues that arise to be addressed and resolved promptly (Human Resource Development Quarterly [HRDQ]Team 2022).

Opportunity for employees or team members to shine: When working with a highly skilled and experienced team, pacesetting leadership allows team members to showcase their abilities and identify their competencies. It can even give the weak and lazy or nonchalant employees the chance to wake up to responsibilities and shine better than before being in the midst of people with high achievement motivated and goal-oriented people with high expectations.

Concept of Employees Effectiveness

Employee effectiveness refers to employees ability to perform their job responsibilities successfully and contribute to the overall goals and success of an organization. It can be referred to as the ability of a workforce in an organization to achieve set goals and objectives efficiently and successfully without much waste of time and other precious resources. In a more broader sense, employees' effectiveness speaks of being up and doing, it speaks of the degree to which workforce either as a group or as individual on a frequent bases successful accomplishes a given task

and achieve an expected result given the available resources and time frame. Teo and Low (2016) perceived employee effectiveness as enhanced level of employee performance that would lead to higher productivity. Divya (2016) explained employee effectiveness as the extent to which an employee is capable of achieving desired performance.

Attributes of Effective Employees

Several attitudes and actions exhibited by employees in organization have being used to describe the characteristics of effective workforce. Effective employees in the words of Suchanya (2021) performs and delivers on expectations, they work well with others to contribute to goals of the organizational and they display capability to go above and beyond the job description and the organization's expectations. A summarized attribute of highly effective employees highlighted by Vanderbloemen blog (2022) that:

They are always anticipating team/organization's needs: Effective employees often ask themselves, "What does my organization/team need", "how can I add value to organization today?" They always try to think one step ahead of order workers and their team members, anticipating potential roadblocks or challenges the team might face. Instead of sitting back and hoping someone else does the work, they take ownership and make things happen. They don't sit around until their bosses remind them of their duties.

They shoot trouble instead of making problems: They always try to create solutions to a problem at hand by suggesting solution instead of creating or identifying problems without suggesting any form of way out.

They are always responsive and accessible: the effective employees is always accessible and available not isolating his/herself from the work team. effective employees are reliable and can be counted upon for prompt respond and moving the organization forward.

They have the heart of a servant: these individuals approach daily work with selfishly or selflessly. They are selfless approaching their work duties with the objective of serving their the organization well. Always work daily to answer the question "how can I perform my duty well in the organization today" They are motivated intrinsically and carry out job duties not for an external reward only, but for the self fulfillment they derive from the job (Vanderbloemen blog, 2022).

Importance of Employee Effectiveness to an Organization

Employees effectiveness is very key to the performance as well as effectiveness and competitiveness of an organization in an industry. Employees effectiveness makes an organization shine among its equals in an environment. An institution/organization is effective if its goals are most times met successfully. If employees frequently meet targets in terms of utilization of time and other resources to produce an expected result, the credit goes to the organization because the organization is able to render quality services/products to the society on time without waste of other resources making the outside world to see such organization as high performing organization in the industry. According to Suchanya (2021) research has shown that effective workforce plays a crucial role in the effectiveness of an organization and thus, increasing employee effectiveness does not only enhance employees' personal growth but also leads to organizational success.

An effective organization always concerned itself with several employees factors like how well and effectively employees perform their duties in the business process of the organization and seeks measures to improve the effectiveness of employees if they are not performing well. This is where leadership comes in.

Linking Pacesetting Leadership Style and Employees Effectiveness

Different styles of leadership according to the position of Muhammad and Peter (2016) result in different consequences, which have direct or indirect impact on the attitude and behaviors of the employees. The link and relationship between pacesetting leadership approach and employees effectiveness though may be subtle but can be seen in how it influences and motivates employees to be effective as far as work duties and responsibilities in the institution in concern especially in the school setting.

The pacesetting leadership style which is characterized by setting high performance standards and expecting employees to meet them, can be a motivator for growth and improvement by pushing employees or team members to go beyond their comfort zones, learn new skills, improved methods and improve their performance. In school organizational setting, pacesetting could motivate teachers i.e employees to sought means for self-improvement and acquire new skills and methods so as to meet the set standard and expectations of the organization in terms of quality teachings. According to Kim, Yang, and Lee (2023) when a leader expect high job performance and quality services from staff, staff tend to hold high expectations

of themselves that is; they believe in their abilities to effectively complete a given task.

According to Ugur (2016) if the manager's expectations are high, performance and productivity of the subordinates automatically goes up and if expectations are low, then there is a drop in employees performance. The pacesetting leadership dimension of emphasis on high quality and standard result can inspire employees to strive for excellence. They may feel motivated to meet and exceed expectations, resulting in improved performance for both themselves as employees and the students they teach

Initiative & adaptability culture hold by the pacesetting leader and exemplary leading can encourage and foster a growth mindset among employees to also apply high level of initiative and adapt to dynamic situation in the work situation. By this in the school setting, teachers or team members view challenges and setbacks as opportunities for growth and learning, rather than as threats to their ego or self-esteem. By promoting a growth mindset, pace-setters can help employees develop resilience, persistence, and a willingness to take risks which are features of effectiveness. Culture of high initiative and adaptability of the pace setting leader encourage employees to think outside the box and explore new ideas. This stimulates employees' minds, sparks their creativity, and enables them to come up with innovative solutions to challenges. As a result, employees become more effective in problem-solving and driving positive change within the organization.

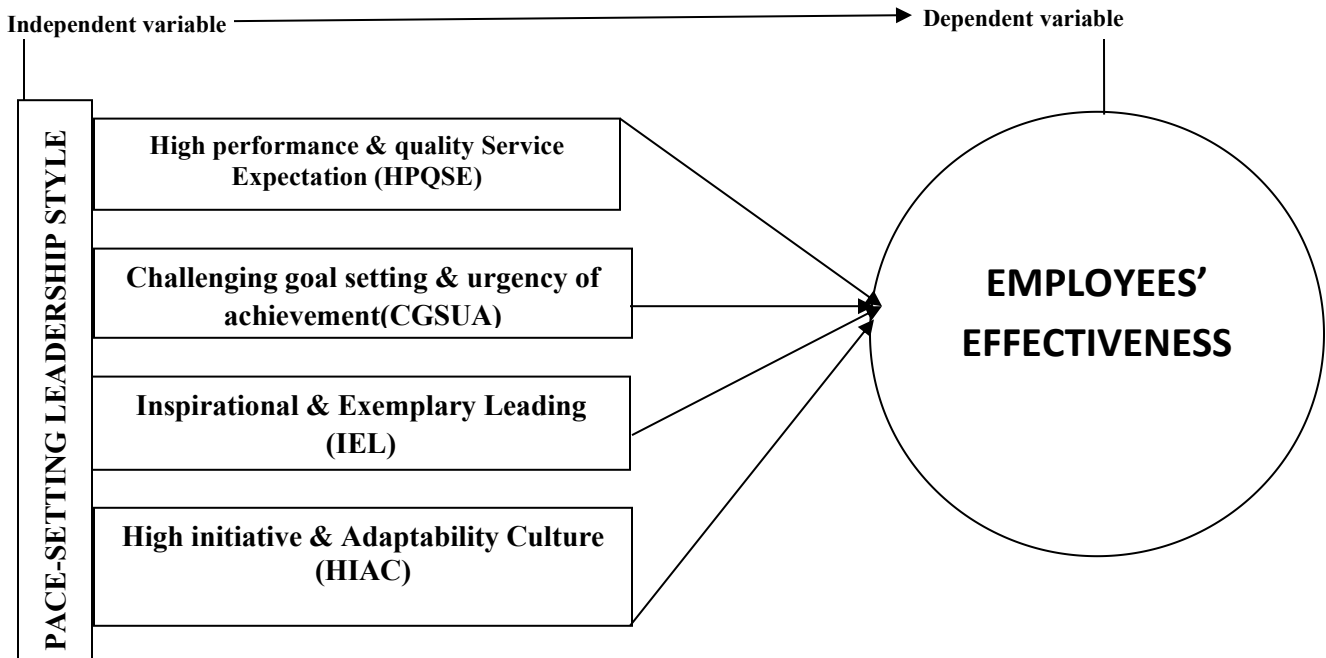
The challenging goal setting dimension of pacesetting leadership that involves setting goals that are skill demanding and maintaining a sense of urgency can drive employees to work more efficiently and effectively by indirectly instigating employees to develop new skills, competencies and initiatives in order to meet those expectations of the job. This can contribute to their professional growth and advancement(Human Resource Development Quarterly [HRDQ]Team 2022). As noted by Oleksandra M.(2023) pacesetting leadership enables the team to go outside their comfort zones, pick up new useful abilities, and enhance their overall work performance. Urgency of achievement propel employees especially the nonchalant ones to be efficient with their time and resources. It encourages them to find ways to streamline processes, eliminate unnecessary tasks, and allocate resources effectively to meet the deadline. They prioritize tasks and allocate their time and resources effectively, focusing on the most critical and high-impact activities that will contribute to the achievement of the goal.

Inspirational and Exemplary leading of pacesetting leader fosters foster collaboration and teamwork among employees. When employees see their leader taking the

initiative in embracing change and adapting to new circumstances, they are more likely to follow suit and work together to achieve common goals. This collaborative environment enhances communication, cooperation, and synergy among team members, resulting in increased effectiveness and productivity.

According to Indeed Editorial Team(2023) When employees see a leader modeling a strong work ethic, they may often aspire to the same level of commitment. Employees enjoy working with people who inspire them, and they may commit to a company largely because of an excellent and inspirational manager.

Fig. 1: Conceptual Model



Sources: Author’s Conceptualized Model (2024)

Theoretical Framework

This study is hinged on the Goal-Setting Theory(GST) of Locke and colleagues in 1981. In the theory, the scholars explained the 'goal' in the Goal-Setting Theory to mean what an individual or group is attempting to achieve; according to them, goal is the aim or objective of an action being performed. Then Moeller, Theiler and Wu (2012) described goal setting as the act of creating an effective and specific targets for task being performed. In the theory, Lock hypothesizes that individual who sets goal performs better than those who did not set goal but just depends on ‘the do your best group’. This was proven by Locke who in a study titled ‘goal setting and task performance’ from which he found and reported that goal setting has a positive influence on task performance. Thus infers that there is likely a corresponding increase in performance when there is increase in goal. Thus, Latham and Locke (2007) posited that setting specific high goal/expectation leads to even more higher performance than encouraging people to do their best. This study is anchored on the goal setting theory because the present study which is pace setting leadership style is one that is characterized by leaders

that sets challenging goals that are skill, effort, initiative and commitment demanding. The style of leadership drives subordinates or team members from their comfort zones and put them on track to sought ways to achieve the goals. This drive as a result of challenging goal makes them perform at maximum unlike those that does not have challenging goals set for them.

More so, the bottom line of the theory which stressed that setting high specific goal results in a more higher performance than just urging/advising workers to do their best, may or should be the ideology behind the adoption of the pacesetting leadership especially in the educational institutions(schools) where standards and quality is expectations of stakeholders

Authors in past have also hinged studies on the GST and the one very close to this particular study is that carried out using academics institution by Gardner, Diesen, Hogg, and Huerta (2016) on the impact of goal orientedness and goal setting have on performance of students in surgical training of clerkship skill acquisition program and found that there is a significant influence of setting goals on students’ learning performance

Empirical Review

The study by Teo and Low (2016) which investigated the effect goal setting which is an aspect of pacesetting leadership style have on effectiveness of employee for increased organizational effectiveness was carried out among employees of high-tech company in Singapore with the sole aim of ascertain if setting of goal have any effect on employee's effectiveness and if it ultimately improves organisational effectiveness. The researchers adopted a qualitative method in which they applied open-ended and close-ended structured interviews to obtain data from 100 employees of the organization and they reported that the interview participants were concurrence and unanimous in their response that goal setting play a significant role in employees effectiveness for improve organizational effectiveness. This implies that goal setting in an organization influences employees' effectiveness and eventually influences organisational effectiveness. This study though examined goal setting as variables of pacesetting leadership but looked at employees' effectiveness holistically and did not consider other variables underpinning effectiveness like positive attitude to work, application of initiative and skill set.

The study by Gardner, Diesen, Hogg, and Huerta (2016) in which they examined the impact of goal setting and goal orientation on performance with sample of 127 medical students who participated in surgical skill training during a clerkship surgical skills training program applied questionnaires which were completed both pretested and/or post-tested. Correlations statistics were employed in their data analysis and from their results reported goal orientation play a significant role in performance improvement, that goal setting was effective in helping new students acquire surgical skills, especially when students develop specific strategy and becomes goal oriented. In summary their study revealed that students have better learning performance when more specific goals were set. This research left a gap which is failure to examine the goal oriented leadership style which is pace-setting related on employees performance.

A quasi-experimental study conducted by Moeller, Theiler, and Wu (2012) to ascertain the relationship between goal setting and the performance of Spanish language learners in high school which was carried out with a sample of 1,273 students from twenty three high schools. They analyzed the association between goal setting and achievement of student over time at both the teacher levels and individual student level. Applying correlational statistical analysis they reported that setting high-quality goals contributed to students' better language acquisition. Brown and Latham (2000) in a study with thirty-six sampled employees of a telecommunications company in Canada tested the effectiveness of three ways to increase employees'

performance. Their results indicated that the employees with specific and challenging goals reached higher performance levels than those who set goals along with self-instructions to do their best.

Study of Ozlem, Mehmet, and Veysi, (2017) which investigated the impact of leadership style on the performance of employees in an organization in which they used secondary data by analyzing past related studies on leadership styles and employees performance and did not use any specific sampling technique because there was not particular case study. They considered three leadership styles which are; Transactional, Transformational and Contingency forms of leadership styles examining how subordinates under any of the aforementioned leadership styles perform. They reported that leadership style adopted can affect employees performance. The gap in their study is that they did not consider pacesetting style of leadership if it also have effect on employees' performance or effectiveness.

Mohammad, Mahfuzur and Kazi (2018) whose study aimed at identifying the influence of practices of supportive, autocratic and participative styles of leadership on job performance of employee used a sample of 118 workers of mobile telecommunication companies from whom the research data was collected with aid of questionnaire. They employed descriptive, correlations and regression statistics in their data analysis and they found a significant positive association between the styles of leadership and employees' job performance. The gap in this study is that they still did not consider pacesetting style of leadership if it also have effect on employees' performance or effectiveness.

Gap in literature

From the empirical literatures, it was observed that studies have not been carried out on the concept of pacesetting leadership style as variable that can influence employees effectiveness. More so, studies that have used some of the dimensions of pacesetting leadership style did not consider urgency of achievement, inspirational & exemplary Leading and high initiative & adaptability culture.

Methodology

Design: The study adopted the descriptive survey research design.

Population and Sample: The method of population and sampling is somewhat Multi-methodological in nature in that it adopted more than one method which are the stratified random, convenient and purposive sampling techniques in disguise. The population comprised of the 338 private owned secondary schools in Delta State (Delta State Ministry of Basic and Secondary Education website). The stratified random

sampling was adopted in the study. Doing this, the study area was divided into three strata(Delta central Zone, Delta South Zone and Delta North Zone) and

twelve 12 schools(taking 4 from each strata)with total number of 290 teachers/employees participated in the study as shown overleaf:

ZONES	NAME OF SCHOOLS	L.G.A	Number of Employees
DELTA NORTH	Graceville College, Asaba	Oshimili South	20
	Perpetual Secondary School, Obiaruku	Ukwuani LGA	32
	Ideal Secondary School, BojiBoji, Agbor	Ika South LGA	19
	St. Kizito Grammer School. Utagba-Uno	Ndakwa West	20
DELTA CENTRAL	Holy Cross Secondary School, Omojeta Street, Aragba-orogun	Ughelli-North	15
	Brentford Millennial Academy, New Abraka, Agbor - Eku Rd, Abraka	Ethiope East	20
	Holy Child Secondary School, AmukpeSapele	Sapele LGA	36
	Jeminaye Comprehensive College, Ogharefe	Ethiope West	27
DELTA SOUTH	Royal Foundation Academy, along Uruto Road, Ozoro,	Isoko North	33
	Benchill College, Warri	Warri South LGA	28
	Merit Secondary School, 98 Iyara Street, Odion, Warri	Warri South LGA	25
	Model Scholars School, 15, Temisanren Street, Off Iyara Road, Warri	Warri South	15
TOTAL	12		290

Source: principals/school heads(2023)

Criteria for selection is based on their full registration and license to conduct Basic school, WAEC and NECO external examination in Delta State as verified from Delta State Ministry of Basic and Secondary Education

Instrument: A structured close-ended questionnaire in a four point Likert rating scale with response categories ranging from "Strongly Agree (4)", "Agree (3)", "Disagree (2)", to "Strongly Disagree (1)" duly validated by experts and tested reliable was employed as instrument for data collection in the study. The questionnaire measured employee effectiveness as it relates to initiative & adaptability, employees' punctual attitude towards work and proficient performance of duties with modified questionnaire items from team

Reliability Statistics

Measurement	Cronbach's Alpha	No. of Items	N
Pacesetting leadership assessment(PSLS)	0.972	5	15
High performance & quality Service Expectation (HPQSE)	0.774	5	15
Challenging goal setting & urgency of achievement (CGSUA)	0.943	5	15
High initiative & Adaptability Culture(HIAC)	0.950	5	15
Inspirational & Exemplary Leading(IEL)	0.944		
Employee Effectiveness(EE)	0.964	5	15

effectiveness questionnaire scale by University of Colorado and staff performance evaluation questionnaire scale by the University of the Fraser Valley [UFV].

Validity and Reliability of Research Instrument:

The content validity was applied to validate the instrument for this study. To test the reliability of the instrument, the Cronbach Alpha statistical tools of testing for internal consistency of instrument was applied. The questionnaire after been validated by the supervisor, the researcher administered 15 copies of the instrument to a separate group of teachers in Abraka and the data was collated with aid of SPSS software, and the reliability coefficients were obtained as given bellow.

Model Specification and Method of Data Analysis

The independent variable in this study is Pacesetting leadership Style while the dependent variable is employee effectiveness measured with ‘initiative &

adaptability, punctual attitude towards work and proficient performance of duties. In line with the above, the model is given as follows:

$$\begin{aligned}
 & \text{PSLS} \qquad \qquad \qquad \text{EE} \\
 & \text{EE} = f(\text{PSLS}) \qquad \qquad \qquad \text{Correlation line} \rightarrow \\
 & \text{PSLS} = f(\text{HPQSE, CGSUA, IEL, HIAC}) \\
 & \text{EE} = f(\text{HPQSE, CGSUA, IEL, HIAC}) \\
 & \text{EE} = \alpha_0 + \alpha_1 \text{HPQSE} + E_1 \text{----- eq 1}
 \end{aligned}$$

$$\text{EE} = \alpha_0 + \alpha_1 \text{CGSUA} + E_2 \text{----- eq 2}$$

$$\text{EE} = \alpha_0 + \alpha_1 \text{IEL} + E_3 \text{----- eq 3}$$

$$\text{EE} = \alpha_0 + \alpha_1 \text{HIAC} + E_4 \text{----- eq 4}$$

Where :

- HPQSE - High performance & quality Service Expectation
- CGSUA- Challenging goal setting & urgency of achievement
- IEL - Inspirational & Exemplary Leading
- HIAC - High initiative & Adaptability Culture
- EE = Employee Effectiveness
- α_0 , = Constant terms
- α_1 = Coefficients
- E_1, E_2, E_3, E_4 = Error terms

Data Analysis: Descriptive and inferential statistics were employed to analyze obtained data. The descriptive(mean rating and standard deviation) was applied to show the response rate on the parameters for measurement. While the inferential statistics of multiple regression was applied to test the hypotheses at 0.05 alpha level. This is to ascertain the level of effect the dimensions(sub-variables) of the independent variables have on the dependent variable. All was done with the aid of Statistical Package for the Social Sciences (SPSS) software v.23

Results

This section presents and discusses the result gotten by the researcher according to the content of the questionnaire. A total of 290 questionnaire was taken to the field(schools) for administration, however, 285 accounting for 98.3% was retrieved valid and used for the analysis.

B.Sc/B.ed holders, 42.5% are N.C.E holders and 3.2% are holders of others qualifications not listed.

Work Experience: From the result, 26% of the participants have work experience between 1-4years, 27% have between 5-8years, 31% have between 9-12years and 16% have work experience above 12years. This indicates that majority of the teachers have work experience above 4years

Table 1:

	NO	Rate
Questionnaire Administered	290	100%
Questionnaire Retrieved	285	98.3%

Result Relating to Research Objectives

Analyzing the data relating to the objectives, the descriptive statistic of mean and standard deviation was used. As a rule, where the mean for a given parameter is greater than 2.50, it is accepted as the opinion of the respondents. But is orders, it is rejected.

Bio Data of Respondents

Gender: From the result, 74% of the teachers are female while 26% are male.

Educational Qualifications: From the result, 16.1% of the teachers are M.Sc/M.ed holders, 38.2% are

Table 2: Assessing the adoption of pacesetting leadership style

Descriptive Statistics

Parameters	SA	A	D	SD	Total					
	Count	Count	Count	Count	Count	Mean	Maxi	Mini	Std. Devi	Valid N
PSLS 1	77	157	33	18	285	3.03	4.00	1.00	.80	285
PSLS 2	112	160	7	6	285	3.33	4.00	1.00	.63	285
PSLS 3	132	145	4	4	285	3.42	4.00	1.00	.60	285
PSLS 4	122	154	5	4	285	3.38	4.00	1.00	.60	285
PSLS 5	167	109	6	3	285	3.54	4.00	1.00	.60	285

Field survey 2024

Parameters coded PSLs 1-5 were used to assess if pace setting leadership style is adopted in the organizations.

From the result above, all the parameters (PSLS 1-5) had mean score >2.50. this indicates that pace setting

leadership style is adopted by the leaders of the institutions in guiding the employees

Table 3: Data on Leaders high performance & quality of service expectation(HPQSE)

Parameters	SA	A	D	SD	Total					
	Count	Count	Count	Count	Count	Mini	Maxi	Mean	Std. Dev	Valid N
HPQSE 1	162	122	1	0	285	2.00	4.00	3.56	.50	285
HPQSE 2	0	1	152	132	285	1.00	3.00	1.54	.51	285
HPQSE 3	180	101	3	1	285	1.00	4.00	3.61	.53	285
HPQSE 4	120	163	2	0	285	2.00	4.00	3.41	.51	285
HPQSE 5	156	123	2	4	285	1.00	4.00	3.51	.59	285

Key: HPQSE - high performance & quality of service expectation item 1-5

Parameters coded HPQSE 1-5 are statements in the questionnaire used to assess the ways employees' effectiveness may be influenced by high performance & quality of service expectation dimension of pace setting leadership style of the institutions. From the result displayed in the above table, all the parameter

except HPQSE 2 were accepted with mean scored >2.50. This indicates that high performance & quality of service expectation have some level of influence on employees' effectiveness in the organization.

Table 4: Data on challenging goal setting & urgency of achievement (CGSUA)
Descriptive Statistics

Parameters	SA	A	D	SD	Total					
	Count	Count	Count	Count	Count	Minimum	Maximum	Mean	Std. Dev	Valid N
CGSUA 1	182	97	6	0	285	2.00	4.00	3.62	.53	285
CGSUA 2	182	101	2	0	285	2.00	4.00	3.63	.50	285
CGSUA 3	169	110	5	1	285	1.00	4.00	3.57	.55	285
CGSUA 4	183	90	9	3	285	1.00	4.00	3.59	.61	285
CGSUA 5	129	137	12	7	285	1.00	4.00	3.36	.68	285

Field survey 2024

Statements in table 4 are parameters used to obtain data in assessing the influence of effect of challenging goal setting & urgency of achievement dimension of pace setting leadership on employees effectiveness. From the table, all the parameters CGSUA 1-5 were accepted

with mean point >2.50 which indicate that pace setting leadership dimension of challenging goal setting & urgency of achievement in some ways influence employees' effectiveness at work.

Table 5: Data on inspirational & exemplary leading(IEL) dimension of pacesetting leadership

Inspirational & Exemplary Leading	SA	A	D	SD	Total				
	Count	Count	Count	Count	Count	Mini	Maxi	Mean	Std.Devi
IEL 1	74	160	33	18	285	1.00	4.00	3.02	.79
IEL 2	110	162	7	6	285	1.00	4.00	3.32	.63
IEL 3	131	146	4	4	285	1.00	4.00	3.42	.60
IEL 4	123	153	5	4	285	1.00	4.00	3.39	.60
IEL 5	171	105	6	3	285	1.00	4.00	3.56	.59

Field survey 2024

From the result, it shows that inspirational & exemplary leading(IEL) dimension of pacesetting leadership has influence on employees' effectiveness at work. All the parameters as statements were accepted with higher mean point >2.50

Table 6: Data on high initiative & adaptability culture of leader (HIAC) dimension of pacesetting leadership*Field survey 2024*

Scale	SA	A	D	SD	Total					
	Count	Count	Count	Count	Count	Mini	Maxi	Mean	Std.Dev	Valid N
HIAC 1	151	131	3	0	285	2.00	4.00	3.52	.52	285
HIAC 2	149	134	2	0	285	2.00	4.00	3.52	.51	285
HIAC 3	163	118	4	0	285	2.00	4.00	3.56	.53	285
HIAC 4	186	96	2	1	285	1.00	4.00	3.64	.52	285
HIAC 5	203	82	0	0	285	3.00	4.00	3.71	.45	285

From the result, it shows that high initiative & adaptability culture of leader (HIAC) dimension of pacesetting leadership style have some level of

influence on employees' effectiveness at work. This is evident from the response rate to the parameters as statements were accepted with higher mean point >2.50

Table 7: Assessing Employee's effectiveness (EE) in face of pacesetting leadership*Field survey 2024***Descriptive Statistics**

Parameters	SA	A	D	SD	Total					
	Count	Count	Count	Count	Count	Minim	Maxim	Mean	Std. Devi	Valid N
EE 1	152	132	1	0	285	2.00	4.00	3.53	.51	285
EE 2	170	108	6	1	285	1.00	4.00	3.57	.56	285
EE 3	204	77	4	0	285	2.00	4.00	3.70	.49	285
EE 4	179	102	3	1	285	1.00	4.00	3.61	.53	285
EE 5	165	112	3	5	285	1.00	4.00	3.53	.61	285

Statements in table 6 are parameters used to assess employees effectiveness in the face of pacesetting leadership style. From the table, all the parameters EE 1-5 were accepted with mean point >2.50. This indicate that the employees are effective in the face of the leadership style.

Hypotheses Testing

This aspect show the inferential statistic result of the Pearson correlation linear regression statistics to show the level or the degree of effect the independent dependent have on the dependent variable.

Decision rule: IF the Sig. (p-value) is less than 0.05 (p-value<0.05), we reject the null hypothesis, and accept the alternate hypothesis i.e there is significant effect of independent variables on the dependent variable. Also, if calculated F-value is greater than F-critical value, we reject the null hypothesis, and accept the alternate hypotheses

Thus:

Hypothesis Ho1: High performance & quality of service expectation of leaders does not have any effect on employees' effectiveness in basic & secondary school organizations

Hypothesis Ho2: Challenging goal setting & urgency of achievement attitude of leader does not have any influence on employees effectiveness in basic & secondary school organizations

Hypothesis Ho3: Inspirational & exemplary leading behavior of pacesetter does not have effect on employees effectiveness in basic & secondary school organizations

Hypothesis Ho4: High initiative & adaptability culture of pacesetting leader do not influence employees' effectiveness in basic & secondary school organizations

Multiple regression analysis testing the effect of pace setting leadership style on employees effectiveness

Table 8: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-3.136	.772		-4.062	.000	-4.656	-1.616		
	HPQS	.343	.071	.254	4.846	.000	.204	.482	.298	3.350
	CGSUA	.553	.055	.453	9.996	.000	.444	.662	.398	2.514
	HIAC	.239	.070	.173	3.414	.001	.101	.376	.320	3.128
	IEL	.096	.052	.099	1.842	.067	-.007	.198	.281	3.563

a. Dependent Variable: Employees Effectiveness(EE)

Based on individual dimension of the independent variable (Pacesetting leadership style), The analysis shows that high performance & quality of service expectation of leaders(HPQS) as ($\beta = 0.254$, $t = 4.846$, $CI=0.204$, 0.482 , $Sig. 0.000$ i.e $P<.05$), Challenging goal setting & urgency of achievement attitude of leader[CGSUA]($\beta = 0.453$, $t = 9.996$, $CI=0.444$, 0.662 , $Sig. 0.000$ i.e $P<.05$), High initiative

& adaptability culture[HIAC], ($\beta = 0.173$, $t = 3.414$, $CI=0.101$, 0.376 , $Sig. 0.001$ i.e $P<.05$), and Inspirational & exemplary leading[IEL] ($\beta = 0.099$, $t = 1.842$, $CI=-0.007$, 0.198 , $Sig. 0.067$ i.e $P > .05$). The result of the value inflation factors(VIF) shows no evidence of multicollinearity in the data set as the are less than 10

Table 8.1 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1215.865	4	303.966	235.609	.000 ^b
	Residual	361.237	280	1.290		
	Total	1577.102	284			

a. Dependent Variable: Employees Effectiveness(EE)
 b. Predictors: (Constant), Inspirational & Exemplary Leading (IEL), Challenging goal setting & urgency of achievement(CGSUA), High Initiative & Adaptability Culture(HIAC), High performance & quality Service Expectation HPQS

Also the ANOVA table show F- calculated value of 303.9 which is greater than F-critical value of 0.878^a and a p-value of 0.000^b which is less than 0.05

indicating a significant positive influence of the independent variable on the dependent variable. That is, Pacesetting leadership style have a significant influence on employees effectiveness in the basic & secondary school organizational setting.

Table 8.2:

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.878 ^a	.771	.768	1.13584	.771	235.609	4	280	.000

Model Summary

a. Predictors: (Constant), Inspirational & Exemplary Leading (IEL), Challenging goal setting & urgency Table 8.2 above display the value of $R = 0.878^a$ and the coefficient of determination (R square) amounted to 0.771, $Adj R^2 0.768$, model fit $F(3, 280) = 235.60$, $P<.05$. This suggests the notion that the dimension of

of achievement(CGSUA), High Initiative & Adaptability Culture(HIAC), High performance & quality Service Expectation (HPQS)

pacesetting leadership style influenced 77.1% of employees' effectiveness. In order word, 77.1% of employees effectiveness is as a result of pacesetting leadership style.

Discussion

Having analyzed the data obtained using various statistical tools and means, the following were observed in relation to the objectives:

High performance & quality of service expectation of leaders and employees' effectiveness

Based on the response rate in table 3 and the report table 8 ($\beta = 0.254$, $t = 4.846$, $P < .05$), the null hypothesis (Hypothesis one) was rejected and the alternate accepted. Hence, it can be said that high performance & quality of service expectation of leaders have a significantly positive effect on employees effectiveness in the basic & secondary school organization. This implication is that when employees are expected by the employer to maintain a specific standard of performance, the employees will have no choice than to step up and perform as expected by all means. This is in agreement with the position of the Human Resource Development Quarterly [HRDQ] Team (2022) that pacesetting leadership attribute of quality and high performance oriented, influence employees by driving employees to work more efficiently and effectively as they are indirectly instigated to develop new skills, competencies and initiatives in order to meet those expectations of the job. According to Kim, Yang, and Lee (2023) when a leader expect high job performance and quality services from staff, staff tend to hold high expectations of themselves that is; they believe in their abilities to effectively complete a given task.

Challenging goal setting & urgency of achievement attitude of leader and employees effectiveness

Based on the response rate in table 3 and the report table 8 that showed ($\beta = 0.453$, $t = 9.996$, $P < .05$), the null hypothesis was rejected and alternate was accepted implying that pacesetting leadership dimension of challenging goal setting & urgency of achievement attitude of leader have a positive effect on employees effectiveness in basic & secondary school organizations. This observation is in affirmation and similar to that of Linda in Yusuf (2008) who examined the influence of school leadership and management on teachers' attitudes to their jobs and reported from one of the participant that the pace setting leader make employees want to do their best, make them raised their game which implies being effective (Yusuf 2008). Also has posited by Oleksandra (2023) setting challenging goals enables the team to go outside their comfort zones, pick up new useful abilities, and enhance their overall work performance. Also related to Gardner, Diesen, Hogg, and Huerta (2016) who found from their study on impact of goal setting and goal orientation on performance that goal orientation play a significant role in performance improvement, that goal setting was effective in helping new students acquire surgical skills,

especially when students develop specific strategy and becomes goal oriented.

Inspirational & exemplary leading behavior of pacesetter and employees effectiveness

The result in table 8 with ($\beta = 0.099$, $t = 1.842$, $P \text{ value } 0.06 > .05$) indicates that Inspirational & exemplary leading have positive but insignificant effect on employees effectiveness in basic & secondary school organizations leading to rejection of the null hypothesis. According to Indeed Editorial Team (2023) When employees see a leader modeling a strong work ethic, they may often aspire to the same level of commitment. Employees enjoy working with people who inspire them, and they may commit to a company largely because of an excellent and inspirational manager.

High initiative & adaptability culture of pacesetting leader and employees' effectiveness

The fourth hypothesis was rejected based on the result in table 8 ($\beta = 0.173$, $t = 3.414$, $P < .05$), indicating that the pacesetting leadership dimension of high initiative & adaptability culture have a significant positive effect on employees effectiveness in basic & secondary school organizations. According to Ugur (2016) if the manager's expectations are high, performance and productivity of the subordinates automatically goes up and if expectations are low, then there is a drop in employees performance.

Finally, on a more holistic note, it was found that pacesetting style of leadership have a positive effect on effectiveness of employees in the school organizational setting. The is no so at variance with the report of Teo and Low (2016) that goal setting play a significant role in employees effectiveness for improve organizational effectiveness implying that goal setting in an organization influences employees' effectiveness and eventually influences organisational effectiveness. Thus bring to confirmation the position of Muhammad and Peter (2016) that different styles of leadership result in different consequences, which have direct or indirect impact on the attitude and behaviors of the employees in any organization.

Conclusion

Based on the observations in the course of the study that pace setting style of leadership is characterized by leaders or managers who always set challenging goals, have high expectation for quality performance and prompt achievement of goal and that this style of leadership have positive influence on employees being effective, it can be concluded without any form of doubt that the pace setting leadership style is an appropriate one to be adopted in academic institutions based on the expectation of the public that schools are to produce excellent students who will contribute to

development of the society. It motivate teachers to strive for proficiency in carrying out their duties, it make teachers adopt punctual behavior in their duties, teachers under pacesetting leaders are motivated to seek more skills in order to boost their competence for high performance as expected by the pacesetter.

Recommendations

Based on the findings in the study, it is therefore recommended that:

1. Organizations especially educational organizations who have not being adopting this style of leadership should endeavor to adopt it as it will make teachers who are school employees to strive to perform their best and meet up to standard.
2. Teachers should also adopt some level of pace setting in their dealing with students, this will motivate students to be more quality performance oriented and seek more ways to achieve set standard
3. principal/head teacher should improve on their inspirational and exemplary leading behavior in their adoption of pacesetting leadership style
4. This same study be carried out among teachers of the public basic & secondary schools, in order to ascertain if pacesetting leadership style will show same effect on teachers effectiveness as in this study with private school teachers.

Contribution to Existing literatures

The researcher through this study has contributed to the body of knowledge because the study has been able to prove an exemption to school/educational organization in the position that pacesetting leadership does not work well in all organization as this study has shown that pacesetting leadership style have positive effect on school employees(teachers) effectiveness. Thus, clearing the air that it is appropriate for academic institutions to adopt it.

Also, this study has contributed by been an addition to the scanty existing literatures hence, has increased the number of pacesetting related literatures that can serve as reference to future researchers

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HUMAN CAPITAL QUALITY AND ENVIRONMENTAL EXPENDITURES OF SELECTED FIRMS IN NIGERIA

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Abstract

Human capital resource is seen as a crucial asset in every entity, and in many organisations. It constitutes the most important asset with capacity to adapt to various situations and provide solutions to complex problems. One of such complex areas is environmental concerns and their valuation. This work was conducted to assess the association amongst firms' human capital quality and their environmental expenditures. The work employed panel data technique and the quantitative method since the work relied on historical data generated from yearly (annual) reports and accounts of the selected companies. The work used data from Uniliver Plc., Dangote Cement Plc., Union Bank Plc., First Bank Plc., Okomu Oil Plc., and Total E&P for sixteen years (2004-2019). The sample was restricted to companies whose environmental data were disclosed in yearly (annual) reports or sustainability reports for the work period. The findings reveal that training budget (one of the proxies for human capital quality) has a constructive but minor association with environmental expenditures, while Tobin Q ratio (another proxy for human capital quality) has a constructive and major association with environmental expenditure. The work comes to conclusion that, the constructive but minor association among training budget and environmental expenditure suggests the need for larger training budgets, given the adaptability of human capital. This could guarantee that environmental expenditures will be more proactively controlled.

Keyword: *Human Capital Quality, Environmental Expenditure, Tobin Q., Training budgets.*

Introduction

In the face of assertions by managers' that their organization's human capital is their greatest major asset, a small number of them could exist capable to positively state the financial value of it and or put a figure on it in financial terms on how shifts in management style and culture affect the cost of human capital as a resources (Fulmer & Ployhart, 2014). Managerial frontrunners repeatedly recommend the interpretation that their personnel are their greatest central asset (Guest, 2001). On the part of Flamholtz (1999), it understood the description as a notion that collectively human capital is embodied in the employees and it denotes an economic resource of an organization, in this, it is expected to generate future economic benefit for the organization. The incorporated reporting in accounting practice has brought contemporary changes and may in due course lead firms and their advice-givers to know that human capital have its place on a statement of financial position on firms' financial statements. Corporate frontrunners regularly argue that people are business' greatest assets.

However, the human capital aspect does not revealed in firms' financial statements, and the salaries, wages and training costs are all expensed? The notion of

quantifying the cost of an individual member of staff and also make out such a cost on a statement of financial position may appear incredible. Then, information on firms' greatest central assets is unmistakably of value to shareholders and investors. A number of accounting professionals in the accounting productiveness have confidence that human capital should be on the statement of financial position and that the contemporary accounting standards did not get it right. Company law in a number of nations which should surpass accounting standards, needs a fair representation and presentation of the value in a business. However, if its greatest assets are not recognizes, because the accounting standards do not allow it, the question now, is financial statement fairly represent a fair presentation? (Firer, 2018).

Madhani (2015) stressed that contemporary managers are aware of the benefits gained from a well computed and presented annual report and account. Accordingly, firms that spend heavily in research, brand development and marketing of their intangibles will have core competence and competitive advantage over their competitors in the indicators of corporate financial performance. In Nigeria and Bangladesh, it has been observed that business performance and other variables connected to corporate governance have a

significant impact on disclosure of human, skill, and intellectual capital (Rahman et al., 2019). The area of human capital and firm's performance is already rich in literature. Previously Rahman et al. (2019), Abhayawansa and Azim (2014), Rashid (2013), Khan and Ali (2010), and Khan and Khan (2010) focused specifically on the extent of Intellectual capital disclosure in Bangladesh. However, few existing researches have been conducted in the areas of human capital quality and environmental disclosures of companies in Nigeria. The apparent gap in the other scholars and researchers work has necessitated the need for the conduct of this research. This study adds ground-breaking offerings to the other scholars and researchers work in several ways. Firstly, this study identifies the association amongst firms' environmental expenditure and human capital quality of selected firms on the Nigeria Exchange Group Market.

Hypotheses

This study was established on the following null hypotheses:

H₁: There is no major association among average training budget and environmental expenditure for the employees.

H₂: There is no major association among Tobin Q ratio and environmental expenditure of the companies.

The notion of human capital quality/accounting

The most important asset held by most of the successful firms in an organizations is their human resource. Practically every chairman commends the virtue of their firm's human resource in their annual report and account. Then again it all seems to be a part of public relations exercise more than a true belief in the cost of human capital as an asset as it remains to fail to discover its place in any firm's statement of financial position. Brummet et al. 1968 was the frontrunner of human capital accounting and they defined human capital accounting for the first time as "a tool for increasing managerial effectiveness in the acquisition, development, allocation, maintenance, and utilization of its human resources" (Butt, 2013).

Theoretical Framework

The philosophical approach that this work hinged on is the institutional theory. The work used the understandings from the institutional theory so that the work can relate the performance of companies with a widespread expenditure and disclosure of human capital in their annual report and accounts.

The Institutional Theory

Scott (2001) attributes institutions to social arrangements which function at different degrees of influence with the inbuilt capability to control

behaviour. Accordingly, the institution is required to be competent in providing and implementing lawful, ethical, and social limits and distinguishing appropriate from prohibited actions that are capable of helping in authorising actions and players, providing rules on possessions and codes of conduct to control activities in the social order. Namuyondo (2014) outlines institutions as individuals who confront managerial activities that disturb local and social associations, which are capable of influencing interrupted and endless change to necessitate firmness. The government, according to Namuyondo, is perceived as an institution with primary concern to construct a fundamental procedure that may be used to construct modifications that will eventually influence planning in an organisation, with the effect capable of preventing conflict and coinciding roles in the oil and gas firms business. This includes the necessity for societal regulation and instruction which is an obligation to ensure compliance and reward, as well as to penalise unruly behaviour using diverse actions such as discrediting, banishment, police and the law courts (Namuyondo, 2014).

Institutional theory and legitimacy theory are the common used theories (Adams et al., 2016; Ntim et al., 2017). Institutional theory is employed to comprehend the backgrounds used by diverse firms and organizations in firm-specific industry settings (Adams et al., 2016). The theory clarifies how organizations use the related kind of practices and structures to make them detectible as a surviving firm in the eyes of the regulatory bodies and to gain ample legitimacy which is related to the legitimacy theory as well. Carpenter and Feroz (2001) recognized that a firm's acceptance of a particular structure in relation to its rivals is a result of external business environment constraints, the practice which they associated with institutional isomorphism. A vital statement of this theory is that firms embrace new standards and structures in order to gain external approval in the form of reduced cost of capital and a balanced costs and benefits situation (Clegg & Hardy, 1999).

Empirical Reviews

Rahman et al. (2020) carried out a study in Bangladesh's chemical and pharmaceutical industries, the study looks at how firm performance is affected by intellectual capital disclosure. Twenty-one (21) listed chemical and pharmaceutical companies were utilized as a sample in the study for the years 2016–2017. The study explore the intellectual capital disclosure index developed by Rahman et al. The performance proxy variables are return on assets and return on equity. The study employs content analysis to evaluate the level of disclosure regarding intellectual capital and pooled

cross-sectional analysis was used to evaluate the correlation amongst intellectual capital disclosure and firm performance. The finding shows that there is an optimistic and substantial correlation amongst intellectual capital disclosure and firm performance. Further, a detailed analysis of the study indicates that all the constituents of intellectual capital disclosure such as internal capital disclosure, external capital disclosure, and human capital disclosure are also definitely and considerably related with firm performance.

Hamrouni et al. (2015) looked at signaling firm performance through corporate voluntary disclosure. The study examines the connection amongst business voluntary disclosure and firm performance. The analyses indicate an optimistic connection amongst disclosure indexes and company performance proxies. The finding reveals a constructive connection amongst disclosure indexes and performance measures. They make available evidence that the level of voluntary information disclosed in yearly financial report and accounts plays a substantial signaling role of firm performance. But, the magnitude of this role be contingent on the nature of the voluntary disclosure, i.e. whether it involves strategic, financial or corporate governance information. Akinlo and Iredele (2014) studied corporate environmental disclosures and market value of quoted companies in Nigeria. The study investigates corporate environmental disclosures and market value of quoted companies in Nigeria. The study found a substantial constructive link amongst corporate environmental disclosures and market value, measured by Tobin's Q ratio. Ndum and Oranefo (2021) studied human resource cost and financial performance: a study of quoted brewery firms in Nigeria. The work assessed effect of human resource cost on financial performance of listed brewery companies in Nigeria. The work made use of quantitative data and the population of the work comprises five (5) breweries companies listed on Nigerian Exchange Group as at 2019 and the period covers 2007-2019. The data were collected from the published yearly report and accounts of the companies. The finding shows that staff cost has constructive and substantial effect on the net profit margin of the companies in Nigeria, while staff cost has positive and insignificant effect on the return on assets of the firms in Nigeria.

Fulmer and Ployhart (2014) studied our most important asset": a multidisciplinary/multilevel review of human capital valuation for research and practice. In an exertion to clarify the challenges accompanying financial valuation so that intellectuals could begin to move above them, they offer a multidisciplinary review of current study that has existed apprehensive with the

approximation, disclosure, and management of the financial value that are related to an organization's of human capital assets. Chukwu et al. (2019) studied market valuation of human capital in Nigerian Banks. This work ascertains the effect of human capital on the market value of banks in Nigeria. This work used a cross sectional research design which relates human capital pointers to the market value of banks in Nigeria. The study made use of data on three (3) proxies of human capital associated to remuneration and staff strength. Relevant financial statement data spanning from 2010-2014 were collected from the yearly report and accounts of fourteen (14) banks listed on the Nigeria exchange group. The regression results of stock price on the human capital indicators reveal that only the proportion of highly paid workers has a significant effect on the market value of firms. The findings submit that the robustness of the valued human capital asset held by banks on their payrolls boosts investor confidence. In order to maintain investor trust, banks that are unable to keep a significant percentage of highly compensated employees inside their workforce structure may consider merging with other banks. The percentage of highly compensated employees at the company level influences the confidence of equity investors, so the study also has implications for bank committee payments.

Passard et al. (2012) studied accounting for human capital: is the balance sheet (statement of financial position) missing something? The study investigates the prevailing opinions regarding the inclusion of human capital in the statement of financial position.

They constructed a survey in Google Docs composed of eight (8) multiple-choice questions and one free response question. The questionnaire include questions about the personal data of the respondents and their opinions about reporting human capital as an asset on firms' statement of financial position. The questionnaire was distributed through email by providing potential respondents a URL link. The data were obtained via Google Docs in an Excel Spreadsheet. The questionnaire was sent to five hundred (500) individuals in the accounting specialization. The individuals that they administered the questionnaire to were employees of corporations and certified public accounting (CPA) companies. For the 500 questionnaire distributed, one hundred and eighty (180) individuals responded. The study found that eighty seven percent of the people provide opinions that, human capital should not be provided for and stated on firms' financial statements.

Jeroh (2013) looked at human capital accounting and the comparability of financial statements in Nigeria. This work investigates the concept of human capital

accounting as it affects financial statement analysis and decision making, since human capital is the main driver of the competitive advantage of firms internationally and Nigeria in specific. A total of one hundred and forty five (145) respondents including investors in the Nigerian capital market, practicing accountants and academics in tertiary institutions in Nigeria were involved in this work. Primary data for the study were gathered using a validated self-structured questionnaire. The descriptive and inferential statistics employed in the analysis of the data acquired at a five percent (5%) level of significance included frequency counts, straightforward percentages, and the chi-square (χ^2). The result shows a significant relationship between human capital accounting and the comparability of financial statements in Nigeria. Butt (2013) studied how to bring human resource asset into statement of financial position without disturbing any financial accounting standards. The aim of the study is why most firms accept the standing of their human resource assets, and no company has up till now tried to display it in its statement of financial position. He explained that there were three main issues that led to this: the first was the lack of a generally accepted method to determine the asset's value; the second was the blatant violation of accepted accounting practices; and the third was the possible tax ramifications. This work gives a solution to all these complications.

Novas et al. (2017) looked at the role of management accounting systems in the development of intellectual capital. The study examines the role of management accounting systems in the development of intellectual capital such as human capital, structural capital and relational capital and the resultant effects on organizational performance. High-level managers of Portuguese enterprises were given questionnaires to complete as part of the study. The data obtained were analysed with the aid of structural equation modeling with AMOS. The finding reveals the role of management accounting systems in the development of human capital and structural capital. Consistent with earlier studies, the results also demonstrate optimistic and statistically substantial correlations among the three aspects of intellectual capital. Finally, the finding reveals that structural capital show a strong and optimistic correlation among structural capital and organizational success. Although the correlations among management accounting systems and relational capital, human capital and performance, and relational capital and organizational performance are all optimistic, the estimate approach only permitted that a partial validation of the suggested model were not statistically substantial.

Uwuigwe et al. (2011) studied corporate social responsibility disclosures by environmentally visible corporations: a study of selected companies in Nigeria. The study ascertains environmental visibility and corporate social disclosures among listed companies in Nigeria. The study concludes that environmentally sensitive firms disclose several environmental information in the companies' yearly report. Hilorme et al. (2019) studied human capital cost accounting in the firm management system. The study covers the methodological facets of human capital cost accounting, and looked at the resource utility model and alternative costs theory. The comparative characteristic of the models of human capital costs accounting which includes asset model ("costs", chronological cost model) and resource utility model. The selection of the human capital cost accounting model is logical and is contingent upon the extent of managers' authority and duties. The qualities for selecting human capital cost accounting model were measured depending on the grouping of accountability centres. The finding of the study shows that, adding human resources in assets will necessitate monthly reduction or fluctuation in value, and it will eventually result to unwarranted increase of the cost of services they provides.

Methods

The study made use of quantitative data that was generated from yearly financial report and accounts of the companies. The population of the work consists of six (6) randomly selected companies from 6 sectors that registered with the Nigerian Exchange Group as at 2019. The sectors include Consumer Goods (Unilever Plc.), Industrial Goods (Dangote Cement Plc.), Financial Services (Union Bank Plc. and First Bank Plc.), Agriculture (Okomu Oil Plc.), and Oil and Gas (Total E&P). Generally, the six listed firms on the Nigeria Exchange group were used with sixteen-year period data (2004-2019). The sixteen years period was chosen basically to carry out a balanced panel while the 6 cross sectional sectors of companies were the companies that provides the data within the time frame of the study. Therefore, the data are time series and cross section (Panel). Since no studies has looked at environmental expenditure, the researchers used environmental disclosures extant literatures in the review of other scholars and researchers work as a base to their argument and judgment. This is because the expenditures are the environmental costs that were disclosed in the yearly reports and accounts of the companies.

Method of Data Analysis

Following the lead of similar studies, the study employs a single econometric model to achieve the findings. The first econometric model examines the

Panel Regression, the second model examines the stationarity of the variables by applying panel unit root test using the Augmented Dickey-Fuller (ADF) test in line with Dickey and Fuller (1979 and 1981).

Panel Regression

The standard regression outputs were estimated in two sections which includes the coefficient findings and the summary statistics.

Hypotheses:

$H_0: \beta > 0$ (there is unit root in the series).

$H_1: \beta_0 - \beta_1 < 0$ (the series are stationary)

The hypothesis were tested on the basis of t-statistic of the coefficient

Panel Regression Tests

Table 1: Comparison of Pooled, Fixed and Random Effects Estimates

Variables	Pooled Estimates		Randc
	Coeff	Prob.	
C			-6.677
TB	558359.2	0.0000	-2.723
TQ	112525.3	0.0000	-12.23
R ²	0.722114		0.4674
F-Test			0.7638
DW	0.107365		0.8705

Source: Author's computation, E-views 10.0

Table 1 show findings of the panel analyses of Pooled, Fixed and Random Effects Estimates of the predictor variables and criterion variable of the study.

Variance Inflation Factors (VIF) from table 2, were method of measuring the level of collinearity between the regressors in an equation. VIF show how much of the variance of a coefficient estimate of a regressor has been inflated due to collinearity with the other regressors. They were calculated by simply dividing the variance of a coefficient estimate by the variance of that coefficient had on other regressors not been included in the equation. As shown in the table above, none of the Variables has a VIF value exceeding 10 and hence all the variables are upheld in the regression model.

Table 3: Serial Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:

	431.842		
F-statistic	2	Prob. F(2,151)	0.5431
	455.818	Prob. Chi-Square(2)	0.1330
Obs*R-Squared			

In table 4 above, the Ramsey RESET test were performed to check for the model misspecifications.

Decision rule: Reject H_0 if test statistic is higher than critical values, otherwise do not reject.

Data Presentation

The analyses below were performed to capture the pooled estimates fixed, and random effects of the models. More so, analysis on the Panel Augmented Dickey-Fuller tests, Granger Causality Tests and the Co-integration tests were performed and stated in this work.

Panel Regression Tests

The researchers, using the panel regression analysis, examined the model based on the pooled, fixed effects and random effects. The choice of best fit among the Variables is made possible using the Hausman test.

Table 2 Regression Assumption Tests Tests of Multicollinearity

Variance Inflation Factors
Date: 13/06/20 Time: 02:09
Sample: 1 3000
Included observations: 3000

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	9.901211	72.98710	NA
TB	2.151210	89.11318	1.492445
TQ	5.141210	1.664540	1.1130007

Source: Author's Computation, E-views 10.0

Source: Author's computation, E-views 10.0

The analysis above shows that there is probability value of (0.5). Clearly, the result shows that there is the absence of serial autocorrelation.

Ramsey RESET Test

Equation: REGRESSION_1

Specification: ENVE C TB TQ

Omitted Variables: Squares of fitted values

	Value	Df	Probability
t-statistic	6.31257	140	0.0065
F-statistic	151.5994	(1, 140)	0.0050
Likelihood ratio	6.7794	1	0.0051

Table 4: Ramsey RESET Test

Source: Author's computation, E-views 10.0

The performance of the Ramsey RESET test on the model shows low probability values of 0.0065 which is

lesser than 0.05. This means that there were misspecification in the model.

Table 5: Hausman Tests

Correlated Random Effects-Hausman Test

Equation: Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.718071	4	0.0055

Source: Author's computation, E-views 10.0

A widely used class of tests in econometrics is the Hausman test. The underlying idea of the Hausman test is to compare two sets of estimates, one of which is consistent under both the null and the alternative and another which is consistent only under the null hypothesis. A large variance among the two groups of estimates is taken as evidence in favour of the alternative hypothesis. Precisely, the Hausman test helps to make a choice between fixed and random effects model fits. The null hypotheses posits that the random effect is an appropriate model fit while the alternative posits that the fixed is the appropriate model fit. The analyses from table 5 above, indicate that the fixed effect model of the panel data analysis is the appropriate model than the random effect model to analyses the results.

Table 6: Unit root property test

Augmented-Dickey Fuller Tests Results

Coefficients	ADF Values	Probability	Comments
ENVE	432.472	0.0000	I(0)
TB	76.675	0.0001	I(0)
TQ	63.8818	0.0013	I(0)

Source: Authors Computation E-views 10.0

The table 6 above, reveal the findings of the ADF Panel Unit Root Tests of all the Variables. The findings are establish to be integrated of the same order. At first

difference, the p-values are establish to be lesser than 5% stated as the degree of significance. The whole variables are shown to be stationary.

Table 7: Co-integration Test

Pedroni Residual Cointegration Test

Series: ENVE TQ TB

Date: 13/06/20 Time: 11:26

Sample: 2004 2019

Included observations: 3000

Cross-sections included: 6 (1 dropped)

Null Hypothesis: 1 cointegration eqn(s)

Trend assumption: No deterministic trend

User-specified lag length: 1

Newey-West automatic bandwidth selection and Baretlett kernel

Alternative hypothesis: common are coefs. (within-dimension)

	Statistic	Prob.	Weighted Statistic	Prob.
Panel v-Statistic	-0.544540	0.0070	-0.524050	0.706
Panel rho-Statistic	-0.332485	0.3646	0.64206	0.5711
Panel PP-Statistic	-1.368044	0.0856	-1.144540	0.123000
Panel ADF-Statistic	-0.136476	0.4853	-0.60143000	0.1136

The co-integration reveals if or underwise the variables have a long-term relationship. As the table above shows in the model using the panel v-Statistic results,

the co-integration analysis met the required criteria for the acceptability of the result.

Table 8: Heteroskedasticity Tests

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	3.368287	Prob. F(8,151)	0.6449
Obs*R-Squared	26.01264	Prob. Chi-Square(8)	0.0010
Scaled explained SS	113000.520	Prob. Chi-Square(8)	0.0000

Source: Author's computation (2020).

Table 8 above, tests whether the variances of the models were the same over time. The rule of thumb is the use of the probability being more than 0.05. Heteroskedasticity is lack of constant error variance (Gujarati, 2013). This is a problem that makes the

standard errors biased leading to bias or invalid test statistics and confidence intervals (Wooldridge, 2010). There is Heteroskedasticity in the model since the probability value is 0.0010, which is less than 0.05.

Table 9: Granger Causality Tests

Pairwise Granger Causality Tests

Date: 04/23/20 Time: 02:18

Sample: 2004 2019

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
TB does not Granger Cause ENVE	2998	4.10280	0.0023
ENVE does not Granger Cause TB		0.26823	0.7648
TQ does not Granger Cause ENVE	2998	77.1804	0.0076
ENVE does not Granger Cause TQ		0.16632	0.8468
TB does not Granger Cause ENVE	2998	3.43399	0.1330
ENVE does not Granger Cause TB		0.68893	0.5026
TQ does not Granger Cause ENVE	2998	0.37655	0.6864
ENVE does not Granger Cause TQ		0.58785	0.5559

Source: Author's computation (2020).

Table 9 above, show the results of the Granger Causality Tests and the tests test for the direction of cause between two variables. The result shows that

Tests of Hypotheses

Having chosen the *fixed effect* model as a better fit model, the analysis were established on the fixed effect model. The result shows that $R^2 = 65\%$ of the variations in the criterion variable are explained by the variations in the predictor variables. F-test indicates that the overall model is statistically significant at 5% level while the Durbin-Watson statistic shows that there is no presence of serial autocorrelation.

H₁: The result shows that TB is positively correlated to the ENVE over the period. As the TB increases by a unit, the ENVE increases by 1.372977 units and vice versa. Again, the result shows that TB is statistically insignificant at 5% level of significance. We therefore reject the alternative hypothesis, accept the null and conclude that there is no significant association among TB and ENVE for the time frame under study.

H₂: The result shows that TQ is also positively correlated to the ENVE for the time frame of study. As the TQ increases by a unit, the ENVE increases by

there is unidirectional causality between ENVE, TB and TQ.

11.86584 per cent and vice versa. Again, the result shows that TQ is statistically significant at 5% level of significance. We therefore accept the alternative hypothesis, reject the null and conclude that there is a significant association among TQ and ENVE for the time frame under study.

Discussion of Results

The work has been able to dissect the association among the human capital quality and environmental expenditures of the 6 selected companies of the Nigerian Exchange Group, covering 16 years (2004-2019). As shown above, the result shows that training budget of the companies have a constructive but minor association with environmental expenditure. This means that although the companies spend on trainings, these expenditures are not enough to alter the environmental accounting procedures. The environmental accounting procedures are still the same even with the trainings (human capital development). This finding agrees with the findings of Uwuigwe *et al* (2011) who's discovered that human capital, through

the trainings offered, have constructive and major impact on the environmental accounting of the companies they sampled.

Again, the study found that Tobin Q ratio has a constructive and major association with environmental expenditure. Also, the finding agrees with that of Rahman *et al* (2020) who found a constructive and major association among intellectual capital disclosure and company performance. Further, an in-depth analysis of the study indicates that all the constituents of intellectual capital disclosure such as internal capital disclosure, external capital disclosure, and human capital disclosure are also definitely and considerably related with company performance. Furthermore, the finding agrees with the findings of Jeroh (2013) whose study reveals a significant relationship between human capital accounting and the comparability of financial statements in Nigeria. Again, the finding agrees with the findings of Akinlo and Iredele (2014) who found a substantial optimistic association among corporate environmental disclosures, measured by Tobin's Q.

Conclusion

The study reveals a constructive association among training budget, Tobin Q and environmental expenditure. However, a minor association is seen among TB and ENVE. Further study reveals panel ADF was stationary at first differencing for all the variables. The co-integration test also shows a long term association among the criterion and the predictor variables. The Hausman test reveals that the fixed effect model was an appropriate fit and therefore, employed to test the hypotheses of this work. This work concludes, that there is a constructive and major association among training budget, Tobin Q and environmental expenditure, but these companies need to increase their training budget to ensure the impact would be felt by their human capital.

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A BIVARIATE ANALYSIS OF THE EFFECT OF EMPLOYEE JOB-FIT ON PERFORMANCE EFFICIENCY OF SELECTED INDUSTRIAL FIRMS IN ANAMBRA STATE, NIGERIA

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Abstract

Just as humans need understanding to stand well in life, so firms require workers whose skills, experience, and focus are in congruence with job requirements to stand well in the industry of business. This study therefore assessed the correlational effect of employee job fit on the performance efficiency of selected industrial firms in Anambra State, Nigeria. A total of one hundred and thirty-five (135) respondents were randomly sampled and responses generated from them via a self-structured question, which was cross-examined with the Cronbach alpha reliability test. An alpha value of 0.859 was obtained for the instrument, showing that the instrument was reliable. The study employed both descriptive and inferential statistical methods for the purpose of data analysis and hypothesis examination. Hypothesis was tested at 0.05 significance level. The findings revealed that there was a positive and significant correlation between employee job fit and firm performance ($r = 0.814$, $n = 135$, $P = 0.000$). Consequently, the more priority given to job requirements and supplies in the recruitment and selection process, the higher the level of firm performance efficiency. The result further implies that an employee with the right skills and experience in the right job is a verified factor that contributes to firm performance. The study recommended, among others, that for firms to remain competitively effective, they should prioritize job fit during the recruitment and selection process by developing detailed or comprehensive job descriptions that lucidly define or delineate the required credentials, skills, competencies, and dispositions for job openings.

Keywords: Employee Job-fit, Firm Performance efficiency, Requisite skills, Job roles requirements and supplies.

Introduction

The concept underpinning the notion of employee job-fit finds significant expression in the metaphorical phrase “*putting a square peg in a square hole*”, which usually yields the desired results. It highlights a situation where individuals or objects flawlessly align with or fit into their assigned parts or roles. In the workplace context, this expression emphasizes the strategic significance of correspondingly fitting employees into responsibilities, positions, and roles that match and correspond with their abilities, skills, knowledge, values, professions, competence, and personality. Rajper, Ghumro, & Mangi (2020) aligned their views with the above expression by asserting thus: the right fit for the right place can make a big difference for the overall growth of a firm with human resources playing a vital role. To further strengthen the organization, the tasks are being assigned based on comparative and strategic scope to those of employees who possessed pertinent insights, knowledge, and competence. According to Rajper, Ghumro, & Mangi (2020), the ability of firms to drive their strategic vision, achieve competitive strength, and enhance performance is tenaciously linked to the skills, knowledge, experience, and commitment of their human elements (employees). Nugraha & Ramdansyah

(2022) lend credence to the significance of employee corresponding alignment with the right job to employee performance and firm performance efficiency. They stated that in an effort to enhance the performance of employees, firms are required to give priority attention to the job-fit initiative, which calls for a flawless match between the experience, abilities, and values of employees and the values implemented in their work. In most cases, employees are excited and intrinsically motivated when she or he finds himself or herself in the right job with the right environment. That is, a job that is compatible with their skills expectations and work value system. In other words, there exists a correlation between employee job-fit and employee effectiveness. This emphasis correlates with the views of Berahmawati, Sinulingga, & Wibowo (2019). They emphasized that a firm that gives more strategic attention to employee skills and competence in task assignment can strengthen the ties between employees and their jobs; therefore, employees will have higher levels of commitment and dedication to their jobs, and when they’re committed and dedicated, the firm’s performance efficiencies metrics will be enhanced.

Employee job fit is described by Kristof-Brown (2007) to mean compatibility between person

and his/her assigned job, responsibilities, or duties at workplace. In these contemporary times, according to Tinsley (2000), for firms to address and meet requirements of jobs and effectively drive goals, it is necessary to achieve compatibility or suitability between employee needs and job supplies to utilize their competency and experience. The employee has expected certain cognitive values, abilities, and personality fit to execute the necessary job tasks in the organization. The employee, if well fit with the job and environment, delivers maximum contentment that shows cognitive and physical satisfaction. The employee itself successfully corresponds towards personality linked to a career type and greater contentment if their employment is more stable and motivating. The job fit initiative is used to source and attract skills, values, and talent. Tak (2011) posited that employee job fit helps firms to minimize costs associated with hiring faults, enhance effectiveness, and reduce/decrease turnover intention. Furthermore, the congruence among individual orientation/values and organizational values and culture reflect the compatibility among individual employees with job tasks (Tak, 2011). Apparently, the necessity to improve the effectiveness of employees so that their compatibility and fit into the firm's job efficiency have become the goals of most servicing firms. This is due to the fact that a well-fitted employee is anticipated to demonstrate greater performance outcomes as opposed to otherwise. In contrast, the firm improves output levels and yields greater profits, which result in higher growth levels and prospects.

Employee job fit strategy has multifaceted positive contributions to employee levels of work status and organization efficiency level. It adds to and upscales employee job satisfaction and commitment to the assigned job. This is in congruence with Kurniawan (2021), who emphasizes that job contentment at the workplace is based on a person's fit for the job task, where all firm employees have their own uniqueness or distinctiveness and what is requested is the match with the prevailing terms and conditions of the work performed or carried out in order to enhance satisfaction and achieve optimal performance outcomes according to their capacities, abilities, and proficiency. Employees are more adapted to an organization where they are well aligned with or fitted to in terms of the demand of the job or how the organization meets their interests. Kahya (2009), cited in Onwuchekwu, Udekwe, & Arachie (2018), disclosed that organizational employees are more successfully effective and efficient in their jobs when the given or assigned jobs are compatible with their individual interests, aspirations, values, and abilities. According to Kristoff-Brown (2007), employee job fit is an essential

factor in the workplace that impacts employee effectiveness and firm success. When workers are more likely matched to their positions, they are more likely to be involved, efficient, active, and satisfied with their job. In contrast, having a square peg in a round hole can result in reduced performance efficiency, increased turnover, and negative results for both the firm and employee as well (Kristof, 1996). Shah & Ayub (2021) posited that there is an established connection between employee job fit and job satisfaction, which reveals a significant positive impact on firm performance efficiency. It's also noteworthy that firms involved in contracting are also one of the specific focuses for aligning employees according to their capabilities, where good employee performance will contribute to firm efficiency. Job satisfaction is also an aspect that needs to get the company's attention; if employees are satisfied, the commitment to the company will also be greater. In literature, employee performance translates into a firm's effectiveness, for they are regarded as the critical assets and resources in the course of their existence. Akpoyibo (2024) establishes that the central objective for setting up business firms by investors across the globe is shaped by the desire to gain continuous operational success and remain consistent in the pursuit of such goals. To achieve these goals, employers of labor must recognize the place of employees' performance; factors in the workplace that stimulate their job concentration and job stability should be considered. However, employee job fit is one of these factors that stimulate enhanced employee job effectiveness at the workplace.

Statement of the problem

The corporate world currently is becoming more and more competitively challenged due to the high dynamism in the environment, particularly in Nigeria's servicing sector. However, the survival of a firm begins with enhancing the administration of human resources, particularly the performance of its employees. Employee performance needs to always be considered by the firm to discover the capability of workers because employee performance can later be directly related to the firm. According to Kadek, Widyana, & Bagia (2022), job fit is one of the factors that influence employee performance. However, despite the significance of employee job fit in enhancing performance, many business firms still struggle to ensure appropriate fit between workers and their job roles. Poor job fit in most cases leads to poor firm outcomes. Sekiguchi (2004) highlighted that factors causing poor job fit may include, but are not restricted to, inadequate job analysis, a lack of workers growth and development prospects, and ineffectual recruitment and selection procedures. In the context of publicly listed firms in Anambra State, Nigeria, there is no

avalanche or there is limited research that highlights the correlation between employee job fit and firm performance efficiency. Even the few studies that assessed the efficacy of job fit initiatives were targeted on their relationship with employee performance and not on firm performance; *see* Onwuchekwu, Udekwe, & Arachie (2018), & Salsabila, Agus, Anang, & Hujjatullah (2023). However, without a lucid comprehension of the effect of job fit on employee effectiveness, firms may derail or might not be able to implement strategies that improve job fit and, as a result, miss chances to enhance performance efficiency and competitiveness. The understanding of the affinity that exists between employee job fit and firms' performance efficiency is therefore vital for the purpose of assisting these firms to leverage their human resources and improve overall efficiency and competitiveness. In addition, past studies had also shown that lack of right skills or right skills in the wrong job is the cause of poor or low performance among employees of the informal sector in Nigeria; *see* Salleh & Ndubisi (2006). Therefore, the capabilities of employees may be impacted in a bid to deliver expected job results (Aris, 2007). This present study is therefore envisioned to assess the relationship between employee job fit and performance efficiency of selected industrial firms in Anambra State, Nigeria. By conducting a bivariate correlation analysis, the study seeks to comprehend the nature and strength of the relationship that exists between these two constructs, thereby offering insights for practical implications for scholars, practitioners, captains of industries, and researchers as well.

Objective of the study

By carrying out a bivariate correlation analysis, the study seeks to underscore the nature and strength of the relationship that exists between employee job fit and firm performance so as to provide valuable insights for practitioners, captains of industries, and researchers in the fields of management, HRM, and organizational behavior. This study is therefore designed to investigate the relationship between employee job fit and performance efficiency of selected industrial firms in Anambra State, Nigeria.

Hypothesis of the study

To achieve the stated object, the study hypothesizes as follows:

H₀: *There is no significant correlation between employee job fit and performance efficiency of industrial firms in Anambra State, Nigeria.*

H₁: *There is a significant correlation between employee job fit and performance efficiency of industrial firms in Anambra State, Nigeria.*

Literature review

Employee Job Fit

Employee job fit, frequently referred to as Person-job fit is a vital factor that significantly influences the performance efficiency of employees within organizations. The concept of employee job fit has garnered significant interest in psychology literature in early times, as highlighted by renowned scholars such as Schletzer (1966), Beehr (1996), Locke (1996), & Porter (1962). According to Kilchyk (2009), fit conceptualization in the context of a work situation can be described in light of these perspectives of either demands-abilities on the part of the firm versus needs-supplies on the part of the employees, or supplementary versus complimentary perspective, which is also known as supplies-values fit. In the vein, Muchinsky and Monahan (1987) also posited that that job fit can be explained using two parameters, which are; the first one is the supplementary versus complementary, whereas the second parameter is the demand-abilities versus needs-supplies. A supplementary fit is a situation in which the qualities of a person are comparable to the environment of the firm or with other employees (Sekiguchi, 2003). Conversely, however, complementary fit results when the qualities of an individual fill up an opening of the firm, therefore complementing and making the firm more complete and strategically stable for service delivery (Muchinsky & Monahan, 1987). The concept of employee job fit is very significant to apply in firms because it forms the basic foundation or building blocks in the employee recruitment and selection process (Werbel & Gilland, 1999). In addition, in previous research (Park, Monnot, Jacob, & Wagner, 2011) on 90 Asian bank employees who worked in New York, it was found that employees would look fitter and healthier and more successful (in terms of performance) if the work was matching with their personal attributes and characteristics.

According to Widodo *et al.* (2020), & Anindita (2019) collectively asserted that employee job fit is the alignment of an employee's skills, knowledge, abilities, and qualifications with the current job requirements, based on their characteristics and job responsibilities in the workplace, to Kristof-Brown (2007), employee job fit is the compatibility or fit between employee and his/her roles or duties assigned and performed at the workplace. To address demands of work, it is necessary to have a positive correlation between employee needs and job supplies to make use of their knowledge, expertise, and competency. This alignment therefore enhances better job engagement, satisfaction, and greater performance outcomes. Job-fit employees are often more enthusiastic about their jobs, and such a passion can have a positive effect on task effectiveness; having forthcoming and good communication with employees can enhance productivity as well. A happier,

engaged, and motivated employee at work often does a better and greater job, and their role is successful in the organization. It reveals good employee job fit. In furtherance to this, a business firm will have the capacity to maximize its revenue and reduce the expenses associated with employee turnover.

Performance gaps often result when there is variation between employee skills, experience, and capabilities and current job requirements. Employees are critical resources, and their commitments and performance are the drivers of organizational effectiveness. Therefore, the compatibility between the capability of employees and the prescriptions of their work is an important factor to ponder over, especially where employees are recognized as one of the critical elements and assets of the organization's assets. According to Jaya et al. (2019), if there is a similarity between a worker's qualities and his/her job roles, the worker has a performance or organization that tends to be high and low pressure. In the context of work, an employee's suitability for his/her job is imperative. Such compatibility not only enhances their experience on the job but also promotes firm efficiency in service delivery. If employees feel a match, the better and greater the job contentment felt by employees. Employee job fit initiative stimulates and steers intrinsic motivation. Kurniawan (2021) highlighted that every employee in an organization has every quality, where what employees are searching for is the fit between the capability and the task performed in order to boost satisfaction and accomplish a maximal result. Employee job fit is one of the most significant roles in employee job contentment; employee job fit directly influences employee job satisfaction and firm efficiency. Shah & Ayub (2021) posited that there are several factors that influence job satisfaction, and one of such is the strategic alignment of job requirements with the expected expertise that a person possesses that makes the work and its demand very interesting to perform. When employees' needs seemingly align with what the organization offers, their commitment and performance improve significantly; this has a correlation with firm performance efficiency. Nurtjahjono *et al.* (2020) emphasized that the first priority of organizational leaders is how to transform their employees into excellent human resources, act appropriately in the workplace, and perform admirably in light of the needs at work and comprehend the principles and values that exist and adhere to them in the performance of their tasks and duties to the organization. It's expedient to note that job fit not only influences employee effectiveness but also impacts the overall firm's performance. Efficient job fit can decrease turnover rates and boost employee work morale and satisfaction, which in turn enhance firms' overall performance efficiency and productivity.

Employee Job-Fit and Firm Performance Efficiency: The link

Apparently, recognizing how stale and prospective employees' skills, capabilities, potentials, interests, and focus align with their job roles is indeed vital for building an enduring and motivating workforce. Extant studies indicate that a good job fit, that is, assigning task roles on the basis of the employee's acquired skills, experience, and capabilities, leads to enhanced effectiveness, a satisfied work-life, morale, engagement, commitment, and firm effectiveness and efficiency. Nugraha & Ramdanyah (2022) posited that job satisfaction is one aspect that influences employee performance. The sense of contentment that employees enjoy at work will feel a positive impact from their work. When employees are satisfied with their job, it will directly translate into firm performance efficiency, where workers will put in their best efforts to meet the firm goals. In other words, the higher the level of satisfaction felt by employees when executing their jobs, the better the impact on their job outputs. Perceiving the significance of employee performance on firm performance, firms provide several conditions of work such that their workers feel satisfied at the workplace, which include job security, supportive coworkers, open communication initiatives, promotions, adequate working facilities for employees, and many more things. The firm takes this action in order to foster positive employee performance. This assertion is consistent with a study by Suwandana & Perdanawati (2020), which indicates that there is a positive and substantial relationship between work satisfaction and employee performance.

Employee job fit is a concept that considers the expertise, capability, stamina, and adaptability or suppleness of an employee to a profession or career. In other words, the fit value may be taken into account as value added to the firm by the adherence of an employee to a job role. Task descriptions and responsibilities outline the competence required to perform a job. Apparently, firms benefit significantly from fit workers, as a result, they perform predetermined tasks and responsibilities that are systematically unique to their assigned job role. In addition, precision and accuracy are some vital features of performance outcomes associated with firms that hold dear to employee job fit initiatives. These fit employees' work positions and become significant for a firm to reach goals and objectives. In this manner, it is significant for organization-fit workers. If not, the worker is not perfectly adhering to job predetermined by the difficulties of the job position, and the employee can quit the firm or be terminated for noncompliance with details and specifications. In both situations, the wage or salary paid by the organization does not

translate into a productive outcome for economic agents who continue to pay employees who do not fit the job's necessary competence and knowledge. This situation indicates how fit employment generates or yields profits or financial gains for the concern firm, that is, the surplus or excess of the marginal productivity of the employee less their salary. This is the concept of employment or job fit.

Synopsis of the Mechanisms of influence of Employee fit on Firm Performance

Apparently, the mechanisms via which employee fit impacts firm performance manifest in several facets. This influence, however, can better be described and understood through some of these dimensions:

Decrease Employee turnover

According to Samuel & Chipunza (2019), employee turnover is defined as an employee's voluntary withdrawal of membership from employers. This holds that an employee can choose at any occasion to terminate his or her employment contract with employers should the unbecoming become the becoming in the workplace. Employee turnover is also seen as the percentage of employees quitting jobs in a given period of time, but it occurs before their employee contract's expected expiration date or time (Akinruwa, Ajayi, & Akeke (2019). Welle & Koffi (2023) posited that employee turnover is the percentage of change in the working employee of an organization within a predetermined period of time. The concept of employee turnover highlights the scenario where employees in a particular workplace quit the organization's offered jobs as a result of perceived direct or indirect incongruities. In most cases, when an employee frequently quits an organization, it costs the organization substantial expenditures and time and could also result in distraction or derail the organization from the direction of goals and objective drive at that material time period it occurs. Employee turnover describes the ratio outcome of human resource inflow into and out of an organization, which usually occurs before the expiration of the contract of employment. It is a decision of action that emanates from the employee at any time period, usually before the predefined date, time, month, or year of the employment agreement. The above circumstances may be traceable to a lack of job satisfaction, a happy work life, and low work esteem. This therefore highlights the efficacy of employee job fit in the organization. In other words, when there is better job fit, it translates into a positive work attitude, a happy work life, and a better level of work esteem. When employees are happy for doing what they actually desire to do and are satisfied for actually doing what they are doing and enjoy a good level of work esteem, they're very likely

to have full concentration on the job and fewer concerns for decisions relating to quit-or-stay. Such development would eventually translate into affective commitment on the part of such staff to the organization. Further, Allen & Meyer (1990), cited in Nejib & Kakia (2019), describe affective commitment to mean the attachment of the employee to their current organization. That is, the level of engagement and identification is determined by the employee. Khan (2011) sees affective commitment as the emotional attachment of an employee to the organization, his association with it, and his involvement with it. Meyer & Herscovitch (2001) highlighted some of the advantages of effective commitment. According to them, it decreases the level of absenteeism and enhances their organizational behavior and job performance. The success of any organization undertaking can only be ensured by the unwavering commitment of employees. This assertion is in congruence with that of Akpoyibo, Tarurhor, & Isaac (2021). They opined that an organization's capability to achieve goals and service delivery in aspects such as customer's satisfaction, productivity, and profitability are collections of factors in the workplace. Foremost among these factors is the commitment of the human elements (employees) of the organization.

Job fit has a psychological inclination. It promotes an uncommon sense of attachment and affiliation between workers and their jobs in the workplace. When employees are assigned the right task, responsibility, or duties, they feel excited and fulfilled executing such; indeed, job fit initiative is a near zero-apathy strategy. In other words, employees who match or are well aligned with their roles would develop affective commitment affinity with the organization and are very less likely to quit, thereby reducing turnover expenditures and operational fluctuation often caused by disruption or interference associated with sourcing, training, and development of new workers for the quitted roles in the organization. This view corroborates that of Akpoyibo and Isaac (2021). They posited that when firms continue hiring and training new personnel, it costs them resources, time, and stress. Further, the expenditure and/or cost of employee turnover can be immense, requiring and consuming a substantial part of annual wages firms would otherwise dole out to employees. According to Alkahtani (2021), employee turnover-associated costs consist of hiring managers, advertisement expenses, cost of resource management, job imbalance, lost man hours, time, and efficiency, as well as training and development expenses for fresh recruits. Firms can incur substantial expenditures associated with frequent hiring, selection, placement, training or equipping, socialization/familiarization, fluctuation, disruption, and other indirect costs. Job fit enhances job

commitment, satisfaction, and a happy work life of employees in organizations, thereby fostering organizational performance efficiency. Similarly, when workers feel that culture, expectations, and values match those of the employer, they demonstrate higher and greater work satisfaction, dedication, and commitment. This fit fosters an atmosphere where employees are encouraged and motivated to do well, thus enhancing organization effectiveness (Slamet, Bambang, Emi, Gerry, & Fahrudin, 2020).

Effect of Employee turnover on firm performance-the link

In organizational work contexts, employee turnover has been an issue that often hoists the flag of cost burden each time it occurs. It is an unplanned exercise of human resource inflows and outflows and happens usually before the predetermined date of signed terms of employment. According to Fatimehin, Ezejiolor, & Olanye (2022), employee turnover is the mobility of workers around the economic (labor) market, between organizations, professions, and jobs, and between the states of employment and unemployment. Turnover involves both costs and benefits to a firm. Survey evidence indicates that most job separations are quits rather than firings (Baron, Hannan, & Burton, 2001), cited in Qin, Ben, Alexander, & Terry (2021). Accordingly, the voluntary departure of highly assertive, productive, and competent employees is cost-effective, particularly when their expertise, talent, punctuality, and proprietary information and knowledge transfer to a rival. Numerous additional costs are associated with both voluntary and involuntary turnover (Beyer, Cohen, Lys, & Walther, 2010; & Belo, Lin, & Bazdresch, 2014), cited in Qin, Ben, Alexander, & Terry (2021). Additionally, turnover has underlining benefits, including the substitution or replacement of a worker with a rent-seeking mindset and incompetent or underperforming employees, offering rewards to perform, and bringing fresh ideas (Hausknecht & Trevor 2011; Hancock et al. 2013). Given that most turnover is voluntary, which most likely doesn't benefit the firm financially, performance and turnover are likely to have a primarily unfavorable relationship, mostly negative. Furthermore, employees are more likely to quit the organization, and organizations are more likely to dismiss employees when performance appears to be poor, which implies even more that there is a negative correlation between performance and turnover. Organizations and components of the labor market are also likely to influence this correlation. In addition, because a certain level of turnover might be advantageous because of the substitute of underproductive workers and new workers offering fresh and new insights or ideas, however, the performance and turnover correlation may not be

negative or unpleasant when the levels of turnover are very low.

Employee turnover has been seen as a setback development and major concern on the part of the affected organization. Employee turnover is a significant cost for businesses and a key human capital metric, but firms do not disclose this measure (Qin, Alexander, Ben, & Terry, 2021). The concept has remained a matter of concern for many organizations management. The challenge in sourcing or hiring, developing, and keeping competently qualified and resourceful employees and disruption to operational processes are the most frequently cited worries among CFOs in 2019 surveyed by the Duke CFO. Many advisory firms, including the Big 4, offer advice to business managers on mechanisms to increase employee retention for their continued operational successes. Firms often show that employee churn is a significant risk factor in their filings with the SEC. To this effect, numerous firms have devised an avalanche of measures to discourage worker churn. According to Tuna (2008), some firms' owners even match managers' compensation to maintaining turnover below a given or specified level. Alex & Kazaara (2023) opined that the employee turnover issue has garnered more and increased attention from firms' management teams. This worry is made more apparent, according to Emmanuel et al. (2023), by the rising cost of employee churn or other miscellaneous costs that are typically associated with employees, such as sourcing, recruitment, selection, training, and placement. In other words, some of the particular concerns of managers, boards of directors, and other stakeholders are the adverse effects of a high rate of employee turnover, which are frequently reflected in the quality of products and services and the consistency and stability of services exchanged for money by customers and clients in general (Isaac et al., 2023). According to David et al. (2023); Julius & Nelson (2023), other additional associated costs that arise from increased rates of employee turnover are characterized as voluntary turnover costs. Employee turnover has a negative impact on employee effectiveness because it causes disruption and upheaval in their daily job effectiveness. Organizations expend huge resources annually on workforce maintenance, especially in areas such as searching, recruitment, selection, developing, and placement of new employees resulting from high levels of turnover.

So far, there is little empirical evidence in the literature that employee turnover results in enhanced firm performance; rather, there is an avalanche of evidence in the literature that turnover negatively impacts firms performance; *see Hancock et al. (2013), Temesgen & Nigatu (2022), Nanyonga & Friday (2023), Khan,*

Alam, Badar, & Ahmad (2023), Ozoh & Agari (2024), & Chukwu, Adaora, & Onyemachi (2024). Consequently, a better job fit can save firms from the worries and costs associated with employee turnover. An effective fit is a strategy to minimize employee turnover; this is one of the contributions and policy suggestions of this paper.

Improves Job Engagement: Its link with firm performance

ErajesvariePillay & Singh (2018) emphasized that employee engagement is a significant factor that drives firms' performance. Even so, many firms battle to sustain employee engagement as a result of some factors in the workplace, such as unbalanced job fit, poor leadership style, career development prospects, and communication. A good and balanced fit fosters better employee job engagement, which leads to higher motivation and directly enhances productivity levels. Lucidly, well-engaged employees exhibit higher degrees of creativity, commitment, and innovation to their assigned job tasks, which often have a direct relationship with firm performance. Sakthimala & Deepalakshmi (2023) posited that in today's fast-evolving business environment, firms are increasingly coming to terms by realizing the crucial role that employee engagement plays in driving long-term sustainable achievement and reaching competitive advantage. It is asserted that firms with engaged staff experience reduced rates of turnover, complaints, lower absenteeism, and improved customer satisfaction. Shrestha (2019) sees employee engagement as the emotional attachment, commitment, and active participation or involvement of employees towards their job, firm, and its strategic goals and objectives, while firm performance symbolizes the whole efficacy, productivity, and achievement of the firm. Engaged staff are inclined to go above and beyond their work demands, resulting in increased efficiency and productivity. A study conducted by Gede & Huluka (2024) revealed a strong favorable and significant correlation between employee engagement and firm performance. The findings of the study conducted by Mansor *et al.* (2023) revealed a significant relationship between employee engagement and organizational performance.

One of the key factors contributing to poor organizational performance is unbalanced and unfit job fit. This has to do with inadequate skills, knowledge, and experience in jobs requiring adequate expertise (squared pegs). Such inadequacy often leads to a performance gap with devastating implications for firm overall performance and survival in a sliding business environment. Performance gap simply means the differences (deficiency) between planned and expected performance levels and actual results, which are like

hidden fissures in a firm's performance engine. These gaps have the capacity to hinder performance efficiency, productivity, and the overall growth and stability of the competitive advantage of the firm. In other words, firms that give due attention to job fit can enhance employee engagement and achieve sustainable growth and competitive advantages.

Increases Job Satisfaction: Its link with firm performance

When employees find themselves doing what they desire to do and doing what they derive joy in doing, they experience increased levels of job satisfaction. Apparently, job satisfaction acts as a vital moderator between employee fit and performance. In research conducted by Dinavance & Elizabeth (2023), job satisfaction was discovered to be positively related to firm performance. Studies recommended that a strong match between employee experience and work demands enhances job satisfaction and thereby boosts employee effectiveness and firm performance. Job satisfaction means the degree to which an employee feels negatively or positively about the various aspects of job roles, the work arrangement, setting, and relationship with colleagues, remuneration, and the work itself (Baridam & Nwibere, 2008). Apparently, Puspakumari (2008) posited that an employee with a substantial level of work satisfaction maintains a positive attitude towards their assigned duties and responsibilities, while an employee who is less satisfied with their work exhibits negative dispositions about the work. Job satisfaction is an aftereffect of employees' perception/impression of how well their duty gives those factors that are seen as important. Additionally, job satisfaction is influenced by conditions of the work environment and the general work-life balance, further linking it to firm commitment. When workers are happy and feel satisfied with their roles and environment of work, without mincing words, they are more inclined to demonstrate higher levels of commitment, dedication, and productivity to the firm's strategic goals and mission. Employees who are satisfied with their job contents and are very committed to their respective firms ensure an increase in the level of products and/or services quality, customer satisfaction, productivity, and yield/generate higher profits. Employees have more than work satisfaction; they are pleased that they can serve and are promoters of services, products, and brands of their employers. According to Bin Shmailan (2016), there is evidence that employee participation improves work performance and overall effectiveness, builds an improved and more productive work environment, and decreases absenteeism among employees and labor churn. A satisfied employee feels more at ease in the workplace, accomplishes duties more effectively, but

above all feels secure or safe with regard to his/her future and job in the organization. According to Wolniak & Olkiewicz (2019) & Niciejewska (2017), that is the reason why job satisfaction in the workplace is such a significant factor of work safety.

Empirical Review

Several studies (both local and international) have explored the concept of employee job fit and firm performance, as well as the dimensional mechanisms of influence of job fit on firm performance. For example, in a study by Shojaei & Karimiankakolaki (2023), job fit and organizational performance was reviewed. The study concept was conceived to investigate the correlation between job fit and organizational performance among the employees of Yasuj H Cs. The study adopted the historical cross-sectional design to explore how job fit contributes to firm performance. Additionally, prior literatures were reviewed, and factors of job fit contributing to employee and organizational effectiveness were x-rayed. The study was carried out in Yasuj, Iran, and draws data from 196 selected respondents, comprising managers of firms, experts, and staff working in health centers in Yasuj. Participants for the study were selected with the aid of convenience sampling techniques, and the data generated was analyzed by means of SPSS 20., including other statistical methods such as the Pearson correlation coefficient test to explore the strength and direction of the relationships among variables and multiple linear regression analysis to ascertain the predictive power of job fit on organizational effectiveness. A significance level of less than 0.05 was chosen as the threshold for statistical significance. The study findings revealed a direct positive and significant correlation between job fit and firm performance. The result is shown algebraically as follows: $r = 0.633$, $P\text{-value} = 0.00$, copiously indicating a positively significant relationship. In addition, the result also indicated that all components of job fit were discovered to effectively predict firm performance ($p < 0.05$). The study concludes by recommending that firms' operational management should concentrate more on improving job fit for employees so as to enhance their effectiveness.

Rizky, F. (2023) examined the influence of person job fit towards job satisfaction, organizational commitment, and citizenship behavior. The study was designed to assess the impact of job fit on organizational commitment and citizenship behavior. The study emphasizes the significance of employees as key drivers of organizational effectiveness by stating that the quality of the employee is one of the keys that can determine the improvement of an organization. The study adopts a survey and exploratory research design

and a sample of 150 respondents drawn from 180 population in M & FA and PIA in West Borneo, using 10 times formative indicators. Data collection for the study was achieved via the use of a questionnaire, and the data elicited was evaluated using the SEM, and analysis was done by the use of the Smart PLS 3.0 software application. The study findings revealed that person job fit has a significant and positive effect on organizational commitment. The study therefore recommended, among other things, that agencies should endeavor to put modernity in place to constantly strengthen and maintain the fit of their workers with their jobs, such that the employees can feel more satisfied to work in the agencies and more committed toward the agencies.

Tania, Mehwish, & Irfan (2021) analyzed the influence of person job fit and other factors in the workplace on organizational commitment. The study was designed to provide significant managerial implications for HR practitioners and policymakers at informal sector firms from a developing economy perspective. The study helps to enhance and optimize organizational commitment in the evaluation person job fit, work condition, and the mediation of job contentment. It also examines the impact of specific demographic factors on organizational commitment. Data for the study was gathered from 843 selected respondents working in the informal sector firms across Pakistan. The study respondents were white collar (managerial) employees, and the smart PLS software and SPSS were employed to perform structural equation modeling (SEM) for the study. In addition, confirmatory factor analysis was performed to test the model hypothesized for all five constructs and their respective items. The findings of the study showed that employee job fit, including other factors in the workplace such as work-life balance and job satisfaction, have a positive and significant influence on organizational commitment. The study concludes by recommending that organizations HR managers at the informal sector firms should strive to offer a better job fit such that employees are satisfied with the work and exercise effectual organizational commitment.

Bivariate Correlational Analysis

Bivariate analysis is a statistical technique that examines how two distinct objects or phenomena are related. The bivariate analysis seeks to ascertain if a statistical relationship exists between the two variables and, if yes, what are the strength and direction of that relationship. It's a useful method for determining or ascertaining how two phenomena (variables) are interconnected and finding patterns and trends in the data. This study is bid to explore the correlation between employee job and firm performance. That's,

how does job fit contribute to firm performance in the industrial sector.

Materials and methods

The study adopted the cross-sectional research design. This design was considered apt for the study given the fact that the study revolves around the demand and supply requirements of work and is aimed at generating data from employees of selected firms on the nexus between employee job fit and firm performance in Anambra State, Nigeria. Meanwhile, a structured and validated questionnaire and key in-depth interview chat constitute the basis for gathering the necessary data for the study. Items on the questionnaire instrument measure the employee job fit variable. The author adapted an adopted questionnaire of research conducted by Cable & DeRue (2002) that divided the employee job fit variable into two distinct dimensions, and these include the dimensions of need-supplies fit and demand-abilities fit. This questionnaire consisted of 9 statements. The standard job fit questionnaire was designed by Ahmadi (2015) and Ahmadi (2015) based on Hockman and Oldham's model (Safarkhanlou & Nezhad, 2019). The target study population was employees of selected firms such as Industrial and General Insurance Plc, Nexans Kabelmetal Plc, Berger Paints Plc, Alo Aluminum Plc, and Flight Aluminum Manufacturing Plc, Anambra State. Meanwhile, the population comprises all staff without any forms of

discrimination (all inclusive strategy). That's, the respondents comprise both male and female of different ages, academic qualifications, salary/pay grade levels, and tribes and religious affiliations. In other words, the different categories of qualification adopted were necessary because they assisted the researcher in generating non-discriminatory or biased responses for ascertaining the impact of job fit on firm performance. The population of the study is 150, comprising of senior personnel. This category was selected for the study because their roles and activities have a direct impact on how the firm's recruitment, selection, and placement policies are designed and implemented; performance, monitoring, and evaluation are also part of their engagement functions. Due to the small nature of the population, the study therefore adopted a census survey method permitting the adoption of the entire population as a sample size. The data collection instrument was designed after the 5 point Likert-type scale and was administered to the respondents. From the 150 distributed questionnaires, one hundred and thirty-five (135) were retrieved and used for the study. The study data analytical process was executed using Pearson's coefficient of correlation and linear regression with the aid of SPSS 23.0. The adapted questionnaire items were pilot tested with an initial study of 25 workers with replacements carried out to ascertain the study reliability and validity using the smart PLS criterion.

Table 1: Analysis of retrieved questionnaire

Number of Administered questionnaire	Number Retrieved	%
150	135	90%

Source: Field Survey, 2024.

Table 1 revealed that out of the one hundred and fifty (150) questionnaires administered, only one hundred and thirty-five (135) were recovered and used for data

analysis, representing ninety percent (90%) response rate. The result indicated a commendable success level.

Table 2: Analysis of retrieved questionnaire

Number of Administered questionnaires	Number of non-retrievable/ non-useful questionnaires	%	Causes
150	15	10	Not-properly assessed, mutilation, and not given attention

Source: Field Survey, 2024.

Table 2 showed that out of the one hundred and fifty (150) questionnaires distributed to the target respondents of the study, fifteen copies (15) could not be recovered due to some factors, including defacing mutilation, not being given attention, and not being

properly assessed; hence, they could not form part of the study analysis, representing a ten percent (10%) non-response rate. The result is too insignificant to have a direct consequential effect on the study outcome, hence was ignored.

Table 3: Validity and Reliability Results

Construct	Number of items	Composite Reliability	Cronbach's Alpha	Average Variance Extract
Employee Job Fit	13	0.859	0.782	0.707
Firm Performance	9	0.844	0.759	0.681

Source: Field Survey, 2024

Table 1 above indicates that the values range from 0.844 to 0.859 for composite reliability and 0.759 to 0.782 for Cronbach's alpha, respectively, for the two constructs. This suggests that all the constructs are reliable, as the values of composite and the Cronbach's alpha coefficients are greater than (>) the Hair, Hult, Ringle & Sarstedt (2017) 0.07 suggested threshold. The reliability outcome is backed by the discriminant validity values of Average Variance Extract (AVE), which range from 0.681 to 0.707, which are also greater than (>) the standard of 0.50 as postulated by Hair et al. (2017). Consequently, the 2 constructs for this study indicated significant reliability and internal consistency. Therefore, they're deemed appropriate for the type of research being done on this project. The study data analytical process was executed using Pearson's coefficient of correlation and linear regression with the aid of SPSS 23.0. These are found suitable for the nature of the study of this work.

Research Results

Utilizing the data elicited, the measures were first evaluated against the demographics of the respondents, as shown in Table 2 below. Table 2 indicates that 91 respondents (67.41%) are male staff and 44 respondents (32.59%) are female staff. This indicates that males, who predominate in the labor force of the sampled firms, are more concerned about employee job fit initiatives in the workplace and behavioral motives toward improved performance efficiency than females. In the facet of age disposition of respondents, 57

respondents (42.22%) are between the age range of 20-35 years, and 40 respondents (29.63%) are over the age range of 35-45 years. 15.56% of the respondents, (21) of employees, are of the age bracket of 46-55 years, while 12.59% of the respondents, (17) are between 56 years and above. This result holds that the vast majority of the respondents are between the ages of 20 and 55. On the aspect of marital status, it was discovered that 38 (28.15%) are married staff, 38 (28.15%) are single, while 5 (3.70%) and 10 (7.41%) are divorcees and widowed staff. This indicates that the chunks of the workers were married. 122 employees, accounting for (90.37%), are of full employment status, 3 staff reflecting (2.22%) are part-time workers, and 10 staff (7.41%) are holding contract/ad hoc employment status. On the facet of working experience, the analysis revealed that 14 staff, representing (10.37%), had worked between 1-12 months, 67 (49.63%), between 1-5 years, and 28.15% of the employees have experienced that spanned between 6-10 years, while 10 accounting for (7.41%) are holding 11-15 years, and 6 representing (4.44%) had worked for 16-20 years. 12 staff (8.89%) had FSLC/SSCE, 38 (28.15%) had OND/NCE, while 67 constituting (49.63%) hold BSc/HND Degree and 8 (5.93%) had master's or doctoral degrees, while 10 (7.40%) had professional degrees like the ACAN, CIPM, COREN, ACCA, CHRP, MNIM, CIPA, and CIPD. The above results established in overall terms that the sampled and studied firms had a balanced and well-constituted workforce with near zero discriminant factors.

Table 4: Demographics of Respondents

S/N	Variables	Categories	Frequency (n=135)	Percentages (%)
1	Gender	Male Female Total	91 44 135	67.41 % 32.59% 100%
2	Age Range of Respondents	20-35 years 36-45 years 46-55 years 56 years & above Total	57 40 21 17 135	42.22% 29.63% 15.56% 12.59% 100%
3	Marital Status	Single Married Divorced Widowed Total	38 82 5 10 135	28.15% 60.74% 3.70% 7.41% 100%
4	Employment Status	Fulltime Part-time Contract/Ad hoc Total	122 3 10 135	90.37% 2.22% 7.41% 100%
5	Working Experience	1-12 months 1-5 years 6-10 years 11-15 years 16-20 years 21 years & above Total	14 67 38 10 6 0 135	10.37% 49.63% 28.15% 7.41% 4.44% 0% 100%
6	Qualification	FSLC/SSCE OND/NCE BSC/HND MSC/PhD Professional Cert. Total	12 38 67 8 10 135	8.89% 28.15% 49.63% 5.93% 7.40% 100%

Source: Field Survey, 2024.

Testing of Hypothesis

H_0 : There is no significant correlation between employee job fit and performance efficiency of industrial firms in Anambra State, Nigeria.

H_1 : There is a significant correlation between employee job fit and performance efficiency of industrial firms in Anambra State, Nigeria.

Bivariate Analysis (Test of Correlation)

In addition to what is earlier stated, bivariate analysis entails the test for the bivariate correlation between the dependent and independent variables of a study. However, applying the bivariate examination technique, there are stated rules guiding its application in aspects of acceptance and rejection. The decision rule is stated

below: where the P value is less than 0.05 ($P < 0.05$), such a hypothesis is accepted on the evidence of significant correlation, and on the other hand, where the P value is greater than 0.05 ($P > 0.05$), reject the result of such a hypothesis on the ground of insignificant correlation between the measured variables.

Table 5: Correlation of Employee Job Fit and Firm Performance Efficiency

	Variables		Employee Job Fit	Firm Performance Efficiency
Spearman's rho	Employee Job Fit	Correlation Coefficient Sig. (2-tailed)	1	.814*** .000***
		N	135	135
	Firm Performance Efficiency	Correlation Coefficient Sig. (2-tailed)	.814*** .000***	1
		N	135	135

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

Source: SPSS Output, 2024***

Table 3 showed that there was a positive and significant correlation between employee job fit and firm performance ($r = 0.814$, $n = 135$, $P = 0.000$). Consequently, the more priority attention given to job requirements and supplies in the recruitment and selection process, the higher the level of firm performance efficiency. The result further implies that an employee with the right skills and experience in the right job is a verified driver of firm performance. From the hypothesis test result, the null hypothesis is rejected and the alternative accepted, establishing that there is a significant correlation between employee job fit initiative and firm performance efficiency.

Discussion of Findings

This research focused on the exploration of the impact of employee job fit on firm performance efficiency of selected industrial firms in Anambra State, Nigeria. The study clearly indicated that showed that in overall disclosure of the results of the study there are more male workers than female. In addition, there are more full-time workers than part-time/ad hoc workers, and we equally have more married and young workers. As predicted, the study revealed that employee job fit had a positive and strong significant relationship with firm performance efficiency. This finding corroborates with that of Shojaei & Karimiankakolaki (2023). Findings from their study revealed a direct positive and significant correlation between job fit and firm performance. The result is shown algebraically as follows: $r = 0.633$, $P\text{-value} = 0.00$, copiously indicating a positively significant relationship.

Conclusion and Recommendations

The focus of this study was to ascertain the effect of employee job fit on firm performance efficiency. This study was carried out to bridge the gap in knowledge about the influence of employee job fit on firm performance efficiency in developing economies. Based on the findings of this study, it can be concluded that the need for job fit in an organization cannot be overemphasized because it brings a significant and far-reaching impact on firms, its employees, and its relevant stakeholders in the business formation of the

firm. Furthermore, it can be concluded or said that job requirements with unmatched skills supplies can significantly disrupt expectations about important issues and create a tendency that can cause the firm a great deal of challenge and plough it into operational distress and quagmire, and on the other hand, matching job demand with the required skills and expertise enhances firm effectiveness and smooth operation with the advantage of eliminating labor turnover tendencies and fosters improved job satisfaction and a happier work atmosphere. This invariably saves the firm from abrupt interruption and disruption, often occasioned by labor turnover and absenteeism resulting from a lack of satisfaction and motivation. And as such, it can be asserted that there is a significant correlation between employee job fit and firm performance efficiency. That is to say, the impact of employee job fit on firm performance is profound. An effective and strong job fit fosters improved job satisfaction, enhances job performance, and encourages firm effectiveness. Firms that prioritize a good job fit between workers and their job roles can expect to reap or witness enhanced performance results, a near-zero work apathy situation, and a more effective and engaged workforce. In most cases, employees are more inclined to perform expected tasks effectively and may even go beyond their assigned job roles when they have or feel well aligned with their present jobs. When employees are assigned jobs, tasks, responsibilities, or duties that are in congruence with their skills and expertise, they feel excited executing such; indeed, job fit is a zero-job-apathy strategy. The study also found that a better employee job fit is linked to or associated with lower levels of job-related stress, apathy, and absenteeism or truancy. Employees who are content with their given job roles are very likely to have fewer health-associated challenges, contributing to a more effective and stable work environment. Without mincing words, firms need best fit to drive critical areas of performance progress, build, and sustain competitive advantage initiatives, especially in the cutthroat business world of today. Based on the findings, the following recommendations were made:

1. For firms to remain competitively effective, they should prioritize job fit during the recruitment and selection process by developing detailed or comprehensive job descriptions that lucidly define or delineate the required credentials, skills, competencies, and dispositions. Consequently, crafting and implementing structure assessment and interview instruments can assist in identifying candidates whose competence or abilities match or align closely with job requirements.
2. To keep and/or maintain a high and result-driven level of job fit, firms should invest in continuous training and development programs. This will enhance and strengthen the employee's potential, skills, and knowledge in addition to ensuring that they remain useful and relevant to their job roles, thereby enhancing overall effectiveness or performance.
3. Also, firms should periodically evaluate the job fit of their workforce via surveys and performance reviews. This can provide a mechanism to identify any mismatches or misalignments and allow for urgent and timely remedial intervention, such as role schedules, adjustments, or additional training programs.

Apparently, by implementing these practical recommendations, firms can significantly improve and strengthen employee job fit, resulting in enhanced performance efficiency and the overall firm's success. *Just as humans need understanding to stand well in life, so firms require workers whose skills, experience, and focus are in congruence with job requirements to stand well in the industry of business.*

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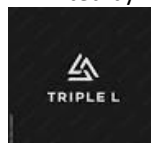
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