

***JOURNAL OF PUBLIC ADMINISTRATION,  
FINANCE AND LAW***

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***PUBLIC ADMINISTRATION***



## NIGERIA FOREIGN POLICY THRUST: A COMPARATIVE ANALYSIS OF PRESIDENT

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**Abstract:** Foreign Policy is a set of tools or activities developed by states to drive its interest in the international system, internal and external environment, and the personality of the leader usually influence the country's policy articulation and implementation. Nigeria foreign policy, like other countries of the world is all about the projection, promotion, protection, realization and advancement of its national interest. This paper attempts a comparative analysis of the foreign policy thrust of President Olusegun Obasanjo democratic civilian Administration from 1999–2007 and that of President Muhammadu Buhari's democratic civilian Administration from 2015 till date. The work focused on the strength of Nigeria foreign policy and gains in the period under review. The choice of both Administrations for comparison becomes necessary, as both Presidents and leaders had formerly ruled the entity Nigeria as military heads of state. The paper examines both administration efforts in Nigeria foreign policy formulation and implementation, using secondary data scooped from books, journals, newspapers, magazines and internet materials. Descriptive analytical method was engaged using international cooperation theory in the discourse. Findings showed that Obasanjo marked his policies with practical actions while Buhari match his policies with non challant approach. The paper concludes that the leadership role as well as the domestic and external environment of both regimes account for the continuous agains and the changes experienced in Nigeria foreign policy in both regimes.

**Keywords:** Foreign Policy, National interest, International relations, formulation, implementation.

### Introduction

The world is now a global village hence the evaluation of Nigeria's foreign policy is imperative to ensure that the country's domestic and national interests are vigorously pursued within the International political system to promote our developmental goals as a nation. We cannot ignore how affairs around the world affect our internal environment, as the saying goes, "when America coughs the world shakes". Nigeria's relationship with the international community started long before independence in 1960, under the colonial government, during which dependent Nigeria had no separate foreign policy outside of the British (Chibundu, 2009). During this time, the interest of Her Majesty, the Queen of England was the interest of the colonial Nigeria. The British colonial government, through its Governor-general administered Nigeria's foreign relations, which manifested in several ways, including the control of international trade, determination of import and export duties for Nigerians, the use of British colonial offices in other countries as bases for carrying on with external relations, sending of Nigerian soldiers to fight in the battle of Burma during the first world war, among other developments (Chibundu, 2009). On attainment of independence, the first distinct phase of Nigeria's foreign policy was the Balewa era, from October 1960 to January 1966. In their stock-taking and analyses of the outlook of Nigeria's foreign policy, King (1998), Fawole (2003) and Saliu (2007), reached a

consensus that the basic principles of Nigeria's foreign policy can be summarized as follows:

- Non alignment with any of the then existing ideological and military power blocs especially NATO and Warsaw Pact during the world war;
- Respect for the legal equality, political independence sovereignty and territorial integrity of all states;
- Respect for the doctrine of non-interference in the domestic affairs off all other states;
- Seeking membership of both continental and global multilateral organizations for their functional importance to Nigeria; and Africa as the centre piece of Nigeria's external relation.

These principles constitute the Nigeria foreign policies with other countries of the world since independence. King (1998) posits that Nigeria foreign policy is rooted in the basic principles that have guided its relations with other countries. They are geared toward protecting and advancing Nigeria's national interest. Every government has accepted their validity, although the style and vigour with which each pursued them have differed significantly. King (1998) further assert that, all of these five principles provide a basis for formulating, executing, and justifying specific foreign policy objectives and the actions taken to achieve them. They constitute guidelines that the interested public may use to evaluate particular foreign policy behaviour. Upon Nigeria's return to democratic civilian government in 1999, the elected President Olusegun Obasanjo came with a new direction and style in Nigeria's foreign policy drive in reaction to existing domestic situation and international image of the country. He was motivated by the wave of globalization policy of restructuring and reformulate Nigeria foreign policy objectives (Ukwuije, 2015). The administration embarked on foreign trips which took President Obasanjo to several parts of the world. "The resort to frequent traveling by the President was all he needed to repackage Nigeria for external consumption" Saliu, (2007.P 406). It is on this note that the paper examines comparatively, Obasanjo and Buhari foreign Policies when in government as democratic Presidents.

### **Objectives and research questions**

The general objective of the study is to critically compare the foreign policy objectives of Obasanjo and Buhari democratic administration.

### **Research Questions**

The following research questions will guide the study.

- i. *What are the benefits of both administrations shuttle diplomacy to Nigerians?  
How did the democratic administration of Obasanjo and Buhari economic diplomacy impacted on the citizens of Nigeria?  
Has the administration of Obasanjo and Buhari leadership style have any influence on national interest of the country?*

### **Literature review and theoretical frame work**

*Conceptual discourse. Concept of foreign policy*



Foreign policy basically is a programme of decisions and actions of a state in relation to its external environment designed to achieve a state's long and short term objective. By extension a country's domestic environment shapes the decision of its foreign policy. Morgenthau, (1966), tells us that "all foreign policy is a struggle for the minds of men". George Modelski as cited in Bojang, A.S (2018), defines foreign policy as "the system of activities evolved by communities for changing the behavior of other states and for adjusting their own activities to the international environment". Foreign policy must throw light on the ways states attempt to change and succeed in changing the behaviour of other states activities. Holsti, K.J (1972), view foreign policy as "the actions of a state towards the external environment and the condition usually domestic under which these actions are formulated. Wallace, (1971), posits that national survival and national security, the next most crucial use of foreign policy is economic development. Hence he asserts that most government pursue economic goals as major foreign policy objective. The pursuit of trading advantages the advancement and protection of foreign investment, the acquisition of materials, equipment and technology information for their domestic economy.

One thing that is clear from these assertions is that political leaders do prioritize the objectives they pursue through their foreign policies. President Olusegun Obasanjo, a one-time military head of state, democratically elected as civilian President in May 1999, focused on the following on Nigeria foreign policy:

- To re-integrate Nigeria into the mainstream of the international community.
- To restore Nigeria image in the international community.
- To attract foreign investment to Nigeria.
- To recover stolen public funds stashed in foreign bank accounts.
- To secure debt relief or outright debt cancellation for the country.
- To reduce to the barest minimum Nigeria's international financial commitment especially in Africa
- To strengthen Nigeria's bilateral and multilateral cooperation with other countries for the purpose of reaping economic benefits.

These directional changes of President Obasanjo's second entry in 1999 in his foreign policy thrust, made him to focus on the triple drive objectives of shuttle, economic and domestic diplomacies.

### **Concept of Shuttle Diplomacy**

Diplomacy is one of the concepts that is best conceptualized through a consideration of its usage rather than attempting to arrest or capture a precise, fixed or authoritative meaning. Diplomacy is derived from the Greek word "diploma" denoting a folded document that contains the official hand writing and the idea of credentials confirming the claims of the bearer (Bajang, 2018). There is no consensus among scholars on the exact meaning of diplomacy. Osagie, (2007), observes that, diplomacy in the popular sense means the employment of fact, shrewdness and skill in any negotiation or transition. He went further to say that it is an application of fact and intelligence in international policies through negotiation, persuasion and compromise. Asobie, (2002), define diplomacy as management of international relations by negotiation. Bajang, (2018), viewed diplomacy as the application of intelligence and tactics to the conduct of official relations between the governments of independent states. The word shuttle Diplomacy is

said to have emerged from Henry Kissinger's efforts in the Middle East in the early 1970s. He flew back and forth between Middle Eastern capitals for months in an effort to bring about peace after the 1973 Arab-Israeli war. Fey and Ramsey (2010) assert that shuttle Diplomacy, "involves the intermediary meeting with each side in turn and relying in those discussions to progress towards a solution". Akinterinwa, (2004), perceived shuttle diplomacy of Obasanjo to be a deal of foreign policy for promoting national objectives. Osagie (2007), noted that shuttle diplomacy was embarked upon to enable Nigeria re-integrate in to the comity of nation after being isolate.

The Politics behind shuttle diplomacy is primarily based on the use of a third party to convey information back and forth between the parties, serving as a reliable means of communication less susceptible to the grandstanding of Face to Face or media based communication. The researcher in the paper, sees shuttle diplomacy as the foreign travels of the Fourth Republic presidents, and as a tool only for re-building Nigeria's foreign image and fine tuning the international economic environment of the nation for securing debt relief for Nigeria and for the investment/capital objectives of the Nigeria foreign policy, and the repatriation of looted funds by Nigerians while in public offices. The shuttle diplomacy of the Obasanjo administration is in line with the foreign policy objectives in the 1999 constitution Chapter 11, Section 19. Obasanjo's civilian administration on assumption of office as democratically elected president of the Federal Republic of Nigeria, accepted the task before him as that of bringing Nigeria out of her dead-end by consolidating democracy at home, respecting fundamental human rights and encouraging Liberal economic reforms, good governance and transparency with a view to boosting Nigeria image by reassuring the rest of the world that Nigeria was truly back on track (Olasupo (2015). He undertook foreign trips on regular basis, there is basically no major country that President Obasanjo did not visit during his tenure. He was bent on taking Nigeria out of the recluse of General Abacha's years. President Olusegun Obasanjo shuttle diplomacy was a vital instrument for foreign bilateral and multilateral collaboration for sustainable development and peaceful co-existence in the West Africa sub-region as well as with other countries of the world. Before 1999, Nigeria external debt was 27,008 billion dollars which present Nigeria as the highest debted country in Africa (CBN, 2002) and the country was spending 3 billion dollars yearly on debt servicing. Obasanjo shuttle diplomacy, went on the drive for foreign direct investment, campaign for cancellation of the Nation's debt and a cutting edge economic diplomacy to tackle the financial problems of the country. His foreign trips woo prospective investors to Nigeria and established high diplomatic contacts with leaders of Nigeria's creditors. The Olusegun Obasanjo shuttle diplomacy, helped Nigeria to be able to secure debt pardon from Paris and London clubs to the tune of 18 billion dollars and Nigeria foreign reserves that is 2 billion dollars at the point of his entry 1999, rose to 43 billion dollars while leaving office in 2007, it also helped to chart the cause for debt release for the nation by foreign creditors and to repatriate stolen money by public office holders back to the country (Olasupo, 2015).

### **Obasanjo Economic Diplomacy**

The political and Social-economic situation in Nigeria on the return to democracy in 1999 creates an opportunity for economic renewal and an associated broader base for economic growth, foreign direct Investment and development. It was in view of this and

many social political and economic abnormalities caused by the past military regimes that shape and defined the techniques, modalities and approach, employed by the civilian administration of President Obasanjo. He made diplomatic moves to redeem the battered and shattered image of Nigeria which were results of the unending transition to democracy which cumulated to the June 1993 annulment of election, Increase in the Abuse of Human rights and regular killing of Innocent Citizens (Ken-Saro-Wiwa and other Ogoni activists). This led to the imposition of International Sanctions on Nigeria as a result of military Involvement in politics. Nwachukwu cited in Ofose, (2014) in his words noted. Nigeria's Image attained it lowest ebb during the years of Abacha's misrule. General Abacha's poor administration, one could say with the benefit of hindsight, disastrous political decision-making during his leadership, contributed to the production of the most negative image that Nigeria had ever had. By 1995, Abacha's administration committed its greatest and gravest mistake. After Summary trial, Ken Saro-Wiwa and Eight other Ogoni activists were executed. International condemnation soon followed. Many countries, decided to internationally shy away from interaction with Nigeria. Abacha's Nigeria lost all respect and consideration in International politics, and the severity of the Ogoni activists execution led to countries' withdrawal of their ambassadors and head of mission and some closed down their diplomatic mission in Nigeria.

President Obasanjo on assumption as civilian President, was faced with the immediate challenge on how to transform Nigeria from a Pariah state, shunned and treated with contempt by the international community to a respectable and responsible nation, contributing its quota in making the world a safe and healthy place for all. Obasanjo therefore was bent on reintegrating Nigeria into the global economy and politics. In his own words in Abuja, on May 29, 1999, President Obasanjo left no one in doubt about the thrust of his foreign policy and his intention to return Nigeria to the centre stage of global politics. Nigeria once a respected country and key player in international bodies became a Pariah nation. We shall pursue a dynamic foreign policy to promote friendly relations with all nations and will continue to play a constructive role in the United Nations (UN) and Organization of Africa Unity (OAU) now African Union (AU) and other international bodies. We shall continue to honour existing agreement between Nigeria and other countries. It is our firm resolves to restore Nigeria to her position in the comity of nations (Obasanjo, 1999). In pursuit of his foreign policy goals, President Olusegun Obasanjo in 1999, noted that Nigeria external debt was 27, 008 billion dollars, presenting Nigeria as the highest indebted Country in Africa (CBN, 2002) and the country was spending 3 billion dollars every year to service debts. To tackle the problem of huge debts Obasanjo went on Direct Investment drive, the campaign for the cancellation of the country's debt and a cutting edge Economic Diplomacy. This resulted in debt pardons from the Paris and London clubs amounting to 18 billion dollars and Nigeria foreign reserves rose from 2 billion dollars in 1999 to 43 billion dollars while leaving office in 2007 (Olasupo,2015). The new administration resuscitation of the economy for the well-being of the Nigeria people, repatriation of ill-gotten wealth of the previous regimes was also articulated.

For his Economic diplomacy, President Obasanjo was instrumental in gathering Africa leaders to work toward establishing a code of conduct in economic and political reforms that would satisfy the conditions and expectations of Western donors. At the June 2001 G8 Summit in Genoa, Italy, Obasanjo was one of the four leading African Heads of

state to unveil an African initiated plan for the New Partnership for Africa's Development (NEPAD) and African Peer Review Mechanism (APRM) Osagie (2007). President Obasanjo made Nigeria's Presence felt with his several trips abroad to attend sessions of the United Nation (UN); Organization of Petroleum Exporting Countries (OPEC); Group 77 (G77); World Bank, International Monetary fund (IMF); World Economic Forum (WEF); Group 8 (G8); United Nations Educational Scientific and cultural organization (UNESCO); Commonwealth Organization; African Union (AU); Economic Community of West African States (ECOWAS); and other organizations to better economic situations already battered by previous administrations.

The administration targeted at investment promotion in which Nigeria was repackaged for Export – to create awareness of investment opportunities, he brought back several investors to Nigeria. China, Germany, Japan, Denmark, France, Canada, Abdulai, (2007:17). Greece, Russia, Norway, Poland, Spain, Italy, Switzerland and Israel also established bilateral investment relation with Nigeria during this period (NIPC Annual Report, 2006; CBN draft annual report ). The administration also encouraged Regional Economic Integration, the West African Gas Pipeline project (WAPCO) which is expected when completed to supply Natural Gas to Benin-Republic, Ghana, Togo and Cote d'Ivoire in the West Africa sub region were embarked upon.

### **Obasanjo Domestic Diplomacy**

Domestic diplomacy which is National interest as a concept can be traced back to Italy in the 16th and 17th centuries England. (<http://fletcher.tufts.edu/research/2004/shembi-Rozetapdf>). National interest broadly conceived is a guide to formulation of foreign policy. It is not an end in itself but a means to an end. It is a method of reaching a goal and in formulating such goals, core values and national ethos must be considered. The central role that value plays in defining national/domestic interest has been underscored by Northedge, F.S. (1974(ed)). According to him “value describes the inner element brought to bear on decision makers upon the process of making decisions”. The Obasanjo Olusegun civilian administration was targeted at economic and shuttle diplomacy as a strategies to redeem Nigeria's image and facilitate National development. His trips saw him having face to face discussions with Nigeria citizens in foreign lands (countries) seeking Nigerians at home and in diaspora to be involved in the development effort of the government economically and politically. This made his administration hang more in his second coming as a civilian President on citizens centric than his earlier administration of Afro-centrism that is why the policy as espoused by Ojomadueke, the then minister of foreign affairs in 2007, centered on reciprocity, implying that the manner in which Nigerians are treated by a particular country should determine the manner in which Nigeria should treat the citizens of that country (Agbu, 2009). Given the fact that foreign policy is an off shoot of domestic public policy, a stable economic and political economy is crucial to the actualization of foreign policy in the international arena (Ukwuije, 2015). Since 1999 Nigeria has been faced with multiple crises resulting from communal and religious-based violence, resource activism which has taken the form of militancy, and fluctuations in global oil prices, thus leading to political and economic instability (Abdul, Ibrahim, 2013 pp.40). The Obasanjo administration at the beginning promised the nation to improve the electricity sector that has been epileptic,

tackle corruption and insecurity that was growing in all regions of the country. In the north the Islamic sect (Boko Haram); The east, the Igbo agitation for secession by the Indigenous People of Biafra (IPOB); and in the south the Niger Delta agitators for resource control due to neglect by the state and the multinational oil companies exploring and exploiting crude oil from the region. All of these were attempted, no significant result were recorded. In order to avert looming nationwide black out, he proposed to connect a total of 2,659mw of space capacity with his team to the National grid through the Oil Mineral Producing Area Development Commission (OMPADEC), Aluminum Smelting Company of Nigeria (ALSCON), Enron, Turbine system, Eagle energy and swede power sources (Olasupo, 2015). In Obasanjo's domestic policy, road construction, industries, citizens interest, employment, tackling of corruption and insecurity, improved health and education of the citizens, infrastructure were all articulated, much was achieved compared to that of Buhari civilian administration whose foreign direct investment on infrastructure is huge on the media and citizens are yet to feel the impact. Much had not been achieved by the Buhari administration as a result of insecurity facing the nation under his watch.

### **Buhari Shuttle Diplomacy**

President Muhammadu Buhari's administration when compared with Obasanjo's administration, there was no much difference, as both administration embark on debt recovery and image laundry as part of their shuttle diplomacy. On assumption of office in 2015 May, after the general election, President Buhari like President Obasanjo embarked on foreign tour of countries to bring Nigerians to the comity of nations and to improve relations with Nigeria's neighbours in order to jointly fight the menace of Boko Haram terrorist group that had brought bad name to the country. The Buhari administration partnered with United States of America (USA) and other world powers to support the Nigeria government in the fight against Boko Haram terrorist by aiding the Nation with the much needed manpower and intelligence. Buhari's travels to neighbouring Niger Republic, Benin Republic and Cameroon resulted in the entry for the multinational Joint tasks force to tackle the Boko Haram terrorist, and the relocation of the Multinational Joint Task Force headquarters from Nigeria to N'Djamena in Chad and appointing a Nigerian as the Commander of the Multinational Joint Task Force (MNJTF). This diplomatic relations between these ECOWAS countries helped to curtail the insurgent activities. His travels led to the improvement of relations with China in order to foster Economic development through provision of needed infrastructure. President Buhari Shuttle Diplomacy helped Nigeria to foster relations with the United State of America, China and the ECOWAS Countries, thereby helping Nigeria to fight Corruption which resulted to the US department of Justice (DOP) for the forfeiture of 144 million dollars, which was the proceeds, of corruption by Nigeria's former minister of Petroleum Diezani Alison-Madueke (Bello, Dutse and Othman, 2017). Buhari's foreign travels, his personality and his campaign promises of tackling Boko Haram terrorism and countering violent extremism, fighting corruption and improving the nation's economy were practically demonstrated on his entry to governance in his Shuttle Diplomacy just like the Obasanjo Administration.

### **Buhari Economic Diplomacy**

Economic diplomacy of President Muhammadu Buhari unlike his predecessor, he was able to improve relations between Nigeria and the United States which has led to

improving collaboration in the fight against Boko Haram and corruption resulting in the repatriation of stolen money back to the country and multilateral cooperation to fight insurgency of Boko Haram. The Buhari administration hinged his campaign promises on three cardinal points of combating Terrorism, fighting corruption and improving the economy. He improved relations with her neighbours in order to jointly fight Boko Haram which has assumed multinational or transnational dimension, partner with America and other world powers to support the government in order to fight terrorism by providing needed manpower and intelligence and more importantly the improvement of the economy and fighting corruption. He also improved relations with china in order to foster economic development through the provision of needed infrastructure. President Buhari administration barely one year after assuming office, visited China to solidify both countries trade, diplomatic and economic relations. This visit led to the signing of a frame work to enhance infrastructural development. Reform Commission of China and the Ministry of Industry, Trade and Investment of Nigeria, Technology and Scientific cooperation between both countries were entered into. In the visit, a number of loans were granted especially to finance the deficit of 2016 budget, infrastructure loan for trains, among others (Bello, Dutse and Othman 2017). The railway project by the Buhari administration was aimed at solving the infrastructural deficit in the country, also provides needed jobs for the populace and to stimulate the economy. The trade relations between Nigeria and China in just first half of 2016 has stood at \$6.4 billion (Bello, Dutse and Othman 2017).It has provided the Nigeria State with the needed funds to cushion the effect of infrastructural deficit and the nation’s needed foreign direct investments.

**Figure 1. Showing Infrastructural Project Agreement Signed Between China and Buhari Administration**

S/No	Project Worth	Projects
1	\$1.231 billion	Lagos-Kano, modernization project Lagos-Ibadan segment
	\$1.146 billion	Lagos-Kano railway modernization project, Kano-Kaduna segment
	\$3.474 billion	Lagos-Calabar coastal rail project
	\$6.1 billion	Ibadan-Ilorin-Minna-Kaduna-Kano line
	\$1.4 billion	Lagos-Ibadan railway project
	\$15 billion	Agricultural development
	\$2 billion	Dangote group cement project
	\$478 million	Construction of 300 megawatts solar power in Shiroro, Niger State
	\$55 million	Construction and equipping of granite mining plant
	\$1 billion	Greenfield expressway for Abuja-Ibadan-Lagos
	\$250 billion	Ultra-modern 27 storey high rise complex
	\$1 billion	Hi-tech industrial park in Ogun-Guangdong. Free trade zone
	\$200 million	Construction of two 500mt/day float gas facilities
	\$363 million	Comprehensive farm and downstream industrial park
	\$500 million	Project for the provision of television broadcast equipment
	\$25 million	Facility for production of pre-paid smart meters

Source: <http://www.nta.ng/news/investment/20160410>

### **Buhari Domestic Diplomacy**

Buhari domestic diplomacy as earlier stated, it is observed that the subsisting domestic milieu on the Foreign Policy behavior of Buhari administration. President Buhari

promised, during his campaign to tackle three major challenges facing the country, which include insecurity, corruption and dwindling economy. It is however, noteworthy that Nigeria's domestic problems are not limited to the ones stated. Some others as indicated by Akinterinwa include "intermittent polarization and instability, high level of unemployment and poverty, mono-cultural economy and low industrial and agricultural productivity....., the problem of institutional corruption, declining quality of education and ethical standard, as well as infrastructural deficit". In all of these, the Buhari administration deed little or nothing, in addressing the issues of insecurity, corruption, unemployment, and educational decline in the country. People leave in fear of been killed or kidnapped, with high rate of insecurity, poverty and unemployment. The economy is of no better with high rate of inflation of goods and services by the day, there by breeding high rate of corruption in the country.

### **Theoretical Framework**

This study is anchored on international cooperation theory. This theory emerged and evolved over the past few decades as a cornerstone of international relations. Thucydides discussed diplomacy treaties and alliances over two thousand years ago. Yet the study of international cooperation is surprisingly new. International cooperation theory is traditionally defined as occurring "when actors adjust their behaviours to the actual or anticipated preferences of others, through a process of policy coordination" (Milner, 1992, P.467 citing Keohane 1984). The concept of cooperation as we currently understand it crystallized in the early 1980s (Taylor, 1976, in Axelrod, 1981; 1984), as coordinating behaviour of independent and possibly selfish actors that benefits them all. Individual selfishness need not impede cooperation of institutions or interdependence where individual welfare depends on others' behaviour. Cooperation requires neither altruism nor government both of which are often in short supply at the international level. This definition of international cooperation is general in terms of both actors and issues. Cooperation occurs not only among individuals but also among collective entities, including forms, political parties, ethnic organizations, terrorist groups and nation states. Although, information and communications technology, often define international cooperation in terms of states. It can also involve other actors especially inter-governmental organizations (IGOs) and nongovernmental organization (NGOs). These diverse actors cooperate for different objectives across a wide range of issues area. IGOs work with states to combat global environmental problems; firms collude to monopolize markets, NGOs campaign to save the whales and so on. Finally, international cooperation is not always a good thing, at least from the perspective of those excluded or targeted. For example, International sanctions involved cooperation against target countries (Drazner, 1999), and commodity cartels often harm consumer states. It is a nation tool to strengthen, share and accelerate development within and across regions. It involves creating, adapting, transferring and sharing knowledge and experiences to achieve a common goal or benefits.

### **Research method**

The researcher adopted time series research design. The time series research design involves a careful observation of a phenomenon over a specific period of time, while

attributing changes in the phenomenon to casual events (Campbell & Stanley, 1963). The study took historical account of the civilian regime of Obasanjo comparing it with that of Buhari, both as civilian Presidents of Nigeria and one time military heads of state. Data were derived from secondary sources involving the use of journals, newspapers, official, organized documents, textbooks, and internet materials. Descriptive method was used in the analysis of data collected.

### **Data presentation, analysis and discussion of findings**

*What are the benefits of both Administrations in their Shuttle Diplomacy to Nigerians?*

The inauguration of chief Olusegun Obasanjo in May 1999 as elected President of the Federal Republic of Nigeria marked a watershed in the nation state's International image rating. Since independence in 1960, the Nigerian state had been enmeshed in long years of military rule leading to an apparent plummet of its international image- a phenomenon which reached its lowest point bringing Nigeria to the fringes of Pariah state at the brinks of democratic governance in 1999. Nigerians would prefer to forget the events of the Abacha regime which inflicted gratuitous and wanton pains on them and forced many Nigerians to seek Asylum abroad with those unable to travel forming various coalition movements in opposition to the draconic Junta. Sanubi F.A & Oke, C.T.A (2017) During Abacha regime people lived in social anguish, vicious poverty and economic misery. Citizens who criticises the government are marked and targeted for summary elimination. The period also witnessed, Interlalia, the gruesome murder of the environmental rights activist, Ken Saro-wiwa and nine others of his Ogoni Kinsmen. The international community slammed the nation with economic and military sanctions including travel bans on top military personnel and their family members. Sanubi F.A. & Ole, C.I.A (2017). On assumption of office in May 1999, Obasanjo embarked on foreign trips, he visited major countries in the world to lauder Nigeria battered image. Within 168 weeks in office he made over 103 foreign trips Ezeife (2003). He was able to build bilateral and multilateral relations among and between various counties of the world, Ezeife, (2003) reintegrating Nigeria into the international community leading to London and Paris club pardonings Nigeria debt amounting to \$18 billion dollars. Similarly, Muhammadu Buhari who over thrown democratically elected government in 1983, chose to follow the foreign policy of Murtala /Obasanjo military government which was radical in nature. Buhari second coming as an elected President of Nigeria in 2015, also hinged on improving relations with neighbours and maintain ties with the United States of America (USA) and china among other countries in the world. His shuttle diplomacy was referred to as "Jet setting president". He spent a quarter of his first 100 days in office in different countries. The oversea trips of Buhari led to the repatriation of money looted by Nigerians, Daizani former minister of Petroleum under President Goodluck Jonathan, James Ibori former governor of Delta state to mention but a few. Bello,I.,Dutse, A.I. & Othman, M.F. (2017), President Obasanjo administration and Buhari's administration are similar in terms of travels to redeem the nation's image abroad but different in operations, Obasanjo anchored his shuttle diplomacy on debt cancellation to raise the standard of life of the citizens and improve the economy of the country. While Buhari travels is to improve relations with his neighbours and America to fight Boko Haram terrorism that was made incapacitated by the previous administration before 2015 Election.



*How did the democratic administration of Obasanjo and Buhari economic diplomacy impacted on citizens of Nigeria?*

President Obasanjo emerged in the Nigerian political scene with the daunting task of resuscitating international image of the country. Nigeria has since the return to democracy in May 1999 focused on developing strategic partnerships with traditional and emerging global powers, to support its domestic priorities, on regional economic integration front, Nigeria under Obasanjo moved on the West African Gas pipeline project (WAPCO) that had been billed to facilitate the supply of natural gas to four countries in West Africa, Benin Republic, Ghana, Togo and CoteD'Ivoire. Obasanjo administration focused on improving the nation's economy, he encouraged foreign direct investment leading to investors from India, China, South Korea to invest in Nigeria, thereby giving jobs to the youths and reducing the rate of unemployment. He has cordial relations with his neighbours and encourages free trade market with other economic countries of West Africa (ECOWAS). Obasanjo trade liberalization improved the nation's economy by reducing import duty tax on essential commodities like wheat, and the coming of the mobile telephone boost small scale businesses and communication industry. Like Obasanjo, Buhari administration also focused on economic diplomacy especially on the agricultural sector President Buhari requested Obama administration to assist the government in curtailing corruption which has continued to plague the country, also seek the assistance of government towards improving the economy which included reforms in the energy sector by stopping oil theft. The meeting was followed up by a meeting with Vice president Joe Biden where it was agreed that the USA would assist Nigeria to root out corruption, ensure stability in the economy and also the policy with special reference to the Northern region of Nigeria which is the heart beat of the Boko Haram insurgency. Blanchard, L.P & Husted, T.F (2016). Under the administration of Donald Trump, nothing seems to have changed, a US department of Justice recently filed a civil complain for the forfeiture of money (\$144 million) which are from corrupt proceeds by former Nigeria minister of Petroleum Drezani. Trump also demonstrated efforts to aid Buhari administration in his fight against Boko Haram with the proposed sales of military equipment to Nigeria, which included 12 ember A-29 super Tucano aircraft. The proposed arms sell also got the approval of senate in US congress who had earlier blocked the sales on the ground of Nigeria militaries having cases of human right abuse, Gional, F. (2017). Comparing Obasanjo and Buhari economic diplomacy they are similar, but with differences, Obasanjo Economic diplomacy for Nigeria and its agains are physical, the standard of living, military abuse of human right was low compared to that of Buhari. Under Buhari, human right abuses are growing by the day leading to insecurity in all parts of the country, #EndSars, where innocent citizens were brutally murdered, the Nigeria naira is highly devaluatued in Buhari administration and 90 percent of Nigeria citizens now leave from hand to mouth in abject poverty.

*Has the administration of Obasanjo and Buhari leadership style have any influence on national interest of the country?*

A country's foreign policy, also called foreign relations consists of self- interest strategies chosen by the state to safeguard its national interests and to achieve goals within its international relations milieu. Foreign policy of a country would have the following key components: i. Goals such as internal development of the country, maintenance of peace, territorial Expansion or Even ideological ones, ii. Priorities-some principles would be more

important than other, iii. Time frame- priorities and goals may change with time, iv. Formality-foreign policy originate from a government or a formal set-up foreign policy and national interest are twin concepts in the realm of international relations, thus a sound interest foreign policy is a product of national interest. National interest as a concept can be traced back to Italy in the 16th and 17th centuries England. In America, its use by states men began establishment of the constitution. (<http://fletcher.tufts.edu/research/2004/shembilku-rozeta.pdf>). In essence, constructive and beneficial foreign policy direction of the Obasanjo administration was intended to address and redress the perceived inadequacy inherent in “concentricism which was not at all an objective but a means; it was more or less a foreign policy tactic that had not been fully taken advantage of, and as a means to an end, concentricism had no focus” Akinterinwa, B.A. (2004). Consequently, President Obasanjo left no one in doubt about the thrust of his foreign policy and his intention to return Nigeria to the centre stage of Regional and global politics. His leadership style and personality meeting with Nigeria community in Diaspora, encouraging them to invest at home and making them part of his government attracted both multinational corporations, business interest and meeting Nigeria communities in the countries he visited.

President Buhari’s approach is similar to that of Obasanjo, his visit to other countries gave Nigerians in diaspora confidence especially his purported fight against corruption, to revamp the nation’s Economy, fight against insurgency especially the Boko Haram Terrorist sect that had lay siege to the North East of the country. His personality made the Arab world to open relationship with Nigeria, thereby giving loans with low interest rate for infrastructural development. The difference between the Obasanjo and Buhari’s administration on Domestic Diplomacy is that Obasanjo vibrant approach to win investors to Nigeria is different from that of Buhari slow approach to issues of national interest which earn him a slogan “ Baba go slow” . The above discussions, one can find out that Obasanjo’s administration, Nigeria battered relations internationally have been taken to greater heights with improvement in bilateral economic and diplomatic drive. His administration promote greatly Africa total democratization, it secured an investment promotion and protection agreement with Germany, a trade pact with India and renewed the faith of foreign investors as expressed by the several trade and investment delegations to Nigeria from Japan, China, India U.S.A., Canada, UK, South African, Denmark, Ghana, Turkey, France, Belgium (Abdulai, 2007:17) Greece, Russia, Norway, Poland, Spain, Italy, Switzerland and Isreal also established bilateral investment relations with Nigeria during the Obasanjo Civilian administration (NIPC annual report, 2006, CBN draft annual report 2008). Buhari’s administration 2015 till date hinged on his three cardinal points which include, combating terrorism, fighting corruption and improving on the economy. He had several relations from his travels, economics investment by china, diplomatic relations with China leading to the provision of loan to the tune of 2 billion dollars to Dangote cement factories Tanimu, A.M .T (2016). A part from economic relation between both countries, the countries also enjoy good diplomatic relations. China recently stated its support for Nigeria’s quest for a permanent seat in the United Nations Security Council, Chinese parliament speaker Zhang Dejiang made this known during a meeting with his Nigerian counterpart Yakubu Dogara, this was part of effort to reform the United Nations (UN) and accommodate countries from another region. Buhari’s slow approach to national issue had

led to incompetent handling of his three point agenda there by increasing the risk of foreigner and citizens living in Nigeria.

### **Summary, conclusion and recommendations**

#### *Summary*

Undoubtedly, Nigeria capabilities inform its role in international politics. Its ability to achieve its foreign objectives flow from how it assembles its variable capabilities. In a situation where the foreign vision and its assumed role impact negatively on its domestic affairs, its foreign objectives must be re-examined and refocused. A country's commitment to its foreign policy objectives and to articulate a set of desired gains achievable across her international boundaries for national interest or a desired role in international politics, this was what these two administrations of Obasanjo and Buhari set to achieve, their leadership role was identified with some challenges, domestic problem, rise in level of poverty, unemployment, illiteracy, dependent on mono-economy (oil), over borrowing, devaluation of the naira, corruption and insecurity. However, the researcher stressed that Nigeria foreign policy should be to achieve national interest, national welfare and national prestige.

#### *Conclusion*

This paper examines foreign policy under President Obasanjo civilian administration. It was able to transform Nigeria from isolated state of Abacha's regime to a globalized nation; the administration has also attracted foreign development investment in multiple ways especially in the area of oil and telecommunication. Comparing the Obasanjo administration foreign policy implementation, while that of Buhari civilian administration maintained good relationship with its neighbours to fight Boko Haram insurgency and also improved bilateral relations with China to cater for countries economic imbalance and also maintained good relations with United States of America.

#### *Recommendation*

Foreign policies are not forged in vacuum, Nigeria's ability to influence the continent of Africa depends on how she is able to combine both internal and external variables. For Nigeria to successfully realize its foreign policy objectives, she must undergo a revolution in social national economic resources which have not been harnessed, the development of her economic base is absolutely necessary to maintain effective and consistent leadership, Nigerian's commitment in her foreign policies equal its capabilities with stable-polity and visionary leader.

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## **FUNDAMENTALS OF GOOD GOVERNANCE: THE PANACEA FOR DEVELOPMENT PERFORMANCE IN NIGERIA**

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**Abstract:** *A system of governance is good when it is legitimate, participatory, transparent and accountable, operates by the rule of law, efficient and effective in the use of resources, responsive to the needs of the people and promotes equity and equality. In Nigeria, years of economic exploitation, mal-development and bad governance have continued to fan the ember of conflicts and crisis in the country. A failed, corrupt and inept leadership coupled with inclement domestic socio-political environment have plunged development performance into the abyss. To progress from bad to good governance and from weak to strong development performance, Nigerian political leaders must adhere to the core fundamentals of good governance without which socio-economic and political development will continue to be an illusion. The cardinal objective of this study is to demonstrate that core fundamentals of good governance impact significantly on development performance. This study adopted qualitative research design as data were collected from secondary sources. The technique of content analysis was applied to analyze the data collected which helped us to make interpretations coherently. The study revealed among other things that governance issues are the bane of development performance in Nigeria. The study therefore, recommends among others that for good governance and strong development performance to be feasible in Nigeria, transparency and accountability, rule of law, electoral legitimacy, efficient and effective service delivery, administrative competence, civil liberties and participation must be guaranteed.*

**Keywords:** *Good governance, development, performance, fundamentals, political stability, democracy*

### **Introduction**

In modern day governance globally, the issue of good governance has assumed the front burner as an indispensable requirement for social, economic and political development, yet good governance continues to be a source of worry and a big challenge to most countries including Nigeria. Democratic governance with the underlying emphasis on the activation of citizenry to realize the common good' has not taken root in the popular consciousness of Nigerians. Everyone appears to be for himself, in Nigeria, it would seem that democracy has increased the culture of impunity in some people while political difference are believed to have fuelled some of the violence that have erupted. Generally, governance, according to the World Bank (1989) is the exercise of political power in the management of a nation's affairs. This definition thus implies that governance encompasses the state's institutional and cultural arrangements, decision-making processes and implementation capacity, and the relationship between the governing apparatus and

the governed. By governance therefore, we mean the manner in which power is exercised by governments in the management and distribution of a country's social and economic resources. The nature and manner of this distribution makes governance a bad or a good one. It is significant to note however, that good governance as a norm cannot make sense unless it is predicated on the presupposition that the experience and knowledge of bad governance is possible and real (Ogundiya, 2010). This suggests that governance can be good or bad depending on the method of the management of a country's social and economic resources. In a democratic state, election plays wider roles such as instruments of accountability, mobilization of the people and promotion of legitimacy among other functions. In short, credible elections produce security, development and political stability. It is not an overstatement to contend that the return of the country to electoral democracy in 1999, it has not made significant impact on the economic, political and social well-being of the people. Despite all economic and social policies that have been implemented by successive administrations, Nigeria remained a laggard in economic, political and social developments. Subsequently, political instability, abject poverty, acute youth unemployment, heightened crime rate, poor health prospects, widespread malnourishment have been the main features of Nigeria's political economy (Ogundiya, 2010). The Nigerian state is a victim of brazen corruption, bad governance, a cyclical legitimacy crisis, political instability, disregard for due process and the rule of law and abuse of the electoral processes. All these retard development performance in Nigeria.

Fundamentals of good governance have become a mighty beacon where there are high-level corruption, insecurity, political instability, abuse of law, public service failure, abject poverty, acute youth unemployment, inequality and the weakening of institutions. Due to this intuitive appeal, good governance has grown rapidly to become a major ingredient in analysis of what is missing in countries struggling for economic and political development. As such, nations (Nigeria inclusive) wishing to realize, promote or maintain economic, political and social strands should strive to embrace the core fundamentals of good governance such as transparency and accountability, adherence to the rule of law, electoral legitimacy, efficient and effective service delivery, administrative competence, civil liberties and citizens' participation in development process. Thus, this study accounts for how to progress from bad to good governance and from weak to strong development performance in Nigeria.

### **Methodology**

This study adopted qualitative research design as it relies on secondary data collected from documentations through published and unpublished books, journal articles and internet sources, and were content analyzed in relation to the scope of the study. That is, a systematic review of extant literature on significant impact of good governance fundamentals on development performance.

### **Conceptual Analysis**

A study of this nature requires the clarification of certain concepts considered fundamental based on the opinions of notable authorities. This will go a long way in familiarizing readers with the subject matters of the study. Therefore, the following concepts are accorded priority in this study:

### *Good Governance*

The World Bank has provided two definitions of governance that are widely cited in the literature: The use of power to manage a nation's affair (World Bank, 1989) and the manner in which power is exercised in the management of a country's economic and social resources for development (World Bank, 1992). Variations on these definitions include specific mentioning of the exercise of administrative, economic and political authority to manage a country's affairs, separation of political governance from economic governance (with administration subsumed under each category) and separation of governance at the national level from governance at the sub-national level. A distinction is also made between public governance (covering government at all levels) and corporate or business governance (Isham, Kaufmann & Pritchett, 1997). According to Hyden and Court (2002: 19), governance is "the formation and stewardship of the formal and informal rules that regulate the public realm, the arena in which state as well as economic and social actors interact to make decisions. Here, governance refers to the quality of the political system rather than technical capacities or distributive aspects, which they argue are a function of policy. In the view of Ogundiya (2010:202), governance is "the process that is employed to achieve the noble end of the state. Thus, governance simply implies the art of governing a people within a given territory or a state. It consists of two essential elements of the state, namely the structure of the state and the procedures of the legislative, judicial and those of the executive and administrative bodies at all the tiers of government". Governance according to Fagbadebo (2007), referred to the development and implementation of public policy through a broader range of private and public agencies than those traditionally associated with government. Because government increasingly characterized by diversity, power interdependence and policy networks, governance stresses the complexity of policy – making, implementation and accountability relationships between a variety of state and societal actors at all levels, globally and regionally, and at national government level as well as in local administration. In governance theory, the relationship between state and non - state actors become less hierarchical and more interactive. In this way, governance denotes "a highly fluid institutional and policy matrix in which the powers and responsibilities of different actors and tiers of government are in flux" (Wohlmuth, 1999:7). In the context of this study, governance is conceived as the manner in which power is exercised to manage a country's economic, political and social affair at both the national and sub-national levels.

Governance embraces all "the methods (good and bad) that societies use to distribute power and manage public resources and problems" (UNDP, 1997:19). Good and bad governance is therefore subsets of governance, depending on whether public resources and problems are managed effectively, efficiently and in response to the critical needs of all members of the society. According to UNDP (1997:19), "a system of governance is good when it satisfies these conditions. It is participatory, meaning it allows both men and women a voice in decision-making, either directly or indirectly. It is legitimate and acceptable to the people, transparent and accountable, promotes equity and equality, operates by the rule of law which means legal frameworks are fairly and impartially enforced, responsive to the needs of the people and efficient and effective in the use of resources". In the view of Oluwa, 2012 cited in Nwanegbo, Umara and Ikyase (2017:214), good governance is "a function of effective, visionary, transparent, trustworthy and credible political leadership whose driving force is an improvement in the collective well-



being of the citizens through well conceived, effectively implemented economic policies and human development programmes”.

Sharman, Sadana and Kaur (2013:64) affirm that good governance “established the rule of law, enforces contracts and agreement between the individuals, maintain law and order, guarantees security to the people, economizes on cost and resources, protects the government and properly delivers services to the society. It also determines an optimal size of the government and makes best possible use of government resources”. In the opinion of Fagbadebo (2007:32), good governance could be “accomplished when the operation of governance is in line with the prevailing legal and ethical principles of the political community. When this is the situation, system affect will be high, and the people would collectively aspire to participate in the activities of the state, knowing full well that adherence to the rules and procedures would serve the interest of the greatest number of the population. Deprivation of benefits and selective justice would not be encouraged, as individuals’ rights would be protected within the ambit of the law. Political leaders would hold dear the watchwords: transparency and accountability in governance”. Similarly, Onichakwe (2016) posits that the formulation and implementation of friendly policies will attract and encourage the citizenry to participate both in economic and political activities freely within the confines of the state’s policies. The underlying principles of good governance are the focus on people as the ultimate objective of governance. Notwithstanding the variations in the definitions, there is broad consensus in the literature on the subject on its core fundamentals: transparency and accountability, rule of law, electoral legitimacy, efficient and effective service delivery, administrative competence, civil liberties and participation and consensus- orientation.

#### *Transparency and Accountability*

Transparency refers to an environment in which government policies and actions and the information relating to them are provided to the public on an understandable, accessible and timely basis. Transparency could be accomplished when decisions made and their enforcement is achieved in a manner that is in conformity with the rules and regulations. To guarantee good governance practice, “government policies are to openly disseminated to the entire citizens can easily develop confidence in their intentions”. In short, the processes of decision-making, the ultimate decisions reached and government actions taken are expected to be made open and subject to check by other organs of government and non-governmental organization (Apaza, 2009; Gisselquist, 2012; Addink, 2017). Thus, transparency makes open government possible and increases the demand for accountability. Closely linked to transparency is the concept of accountability. It refers to the degree by which political actors have the ability and willingness to demonstrate consistency between their activities and the constitution (Gisselquist, 2012). A government is accountable when its leaders (both elected and appointed) are responsive to the demands of the governed. Respect for the rule of law and an independent judiciary constitute key mechanisms for enforcing accountability. Elected legislatures (a key component of electoral legitimacy) also constitute mechanisms for enforcing accountability through their oversight function. The institution of ombudsman where it exists is yet another instrument for enforcing accountability. An Ombudsman is commonly referred to as the ‘citizen’s defender’. Also, citizens can seek redress in the courts for acts of omission or commission by a government and its officials. Accountability emphasizes that all actors particularly

those in government, business, voluntary agencies, civil societies, among others are to be made answerable to the public (Rotberg, 2004).

### *Rule of Law*

The rule of law emphasizes that it is the law that rules not man. Thus, there must be emphasis on fairness to all as well as impartial enforcement of laws and rights. Rule of law, underpinned by an independent court system implies a predictable legal framework that helps to ensure settlement of conflicts between the state and individuals on the one hand and among individuals or groups on the other. It also helps to protect and enforce property and contract rights. In almost every modern state, the supreme law of the land (or the fundamental law) is the constitution. Woleola (2017) posits that the rule of law guarantee equity, fairness and justice in the society. It is also the impartial enforcement of transparent laws, regulations and codes, and the full protection of human rights, particularly those of minorities in the society.

### *Electoral Legitimacy*

Electoral legitimacy is derived from periodic, open, competitive, free and fair elections that provide to the elected political executive a mandate to govern. The legitimacy of the political leadership is a function of the extent to which the elections are free and credible. Also, there is the legitimacy of the legislative body (parliament) whose members emerge from periodic elections that are sometimes the same as those that produce the leadership of the executive and sometimes the elections are separate. Free, fair and credible elections are essential because they help ensure that every citizen participates in the government of his or her own country. In the view of Ighodalo (2012:167), election is “part of the democratic framework in the society that if properly put to use, will produce socio-economic and political development. Credible elections put the right people in government, manage conflict effectively and allocate resources efficiently”. Thus, credible elections are necessary to stem the tide of political decay and renewal in the country. This is because in the view of apologists of liberal democracy, once elections are gotten right, democracy is on its way to being consolidated and in consequence enduring peace and security and development and political stability will be instituted in the country. Therefore, periodic, credible and genuine elections are a necessary and indispensable element of sustained efforts to protect the rights and interests of the governed and that as a matter of practical experience, the right of everyone to take part in the government of his or her own country is a crucial factor in the effective enforcement by all in a wide range of other human rights and fundamental freedoms, embracing political, economic, social and cultural rights (United Nations General Assembly, 1992).

### *Efficient and Effective Service Delivery*

Efficiency is primarily the process of doing things right while effectiveness is the process of doing the right things (Cole & Kelly, 2011). Thus, the principle as it applies to good governance means doing things right and doing the right things within the society by the government, using the resources available. Efficiency embraces the long-lasting use of God-given resources of the society and most especially environmental protection while the principles of effectiveness emphasizes the good use of the natural resources of the society by the government (Rotberg, 2004; Nanda, 2006; Rothstein & Teorell, 2008, Oluwa, 2012).

The primary purpose of a public service in a modern state is the delivery of quality public goods and services to the citizens.

#### *Administrative Competence*

Administrative competence can be conceived as the capacity of a state administration to perform the core functions of a modern state as well as create an enabling environment for different actors in promoting development in a state. Two of the factors widely acknowledged as assuring a competent administration are merit-based recruitment and promotion and an emphasis on professionalism and continuous learning. A competent administration would be expected to ensure the continuity of the state, provide or facilitate the provision of quality service delivery and be accountable to both the political leadership of successive elected governments and the general public. The critical importance of a competent administration in the discussion of the governance of a modern state can be illustrated by the fact that almost without exception, the incapacity of a state administration to assure the continuity of the state is a strong evidence of a failed or failing state (United Nations General Assembly, 1993).

#### *Civil Liberties*

Civil liberties refer to freedom of expression, association and assembly. Freedom of expression referred to as freedom of the press (print and electronic and freedom of association is concern with political associations (political parties), civil society groups (for example, trade unions, community –based and faith-based organizations). The definition of civil liberties is most often extended to cover human rights such as the right to life and property for all citizens and specific concern with rights of children, women, the disabled and their marginalized groups in the society. The constitutions of many modern states have provisions on respect for civil liberties and the protection of human rights. Civil liberties also guarantee equity and inclusiveness. It covers the dignity of the human person, equal rights and freedom from any discrimination. This therefore, ensures that every citizen is given equal access to better his or her lot and also to enhance his or her well-being in the society (Harrison, 2005). In modern state, the enforcement of respect, for civil liberties and human rights is normally a key responsibility of the judiciary. Some countries, commissions or councils have been established for the protection of human right ( for example, Ghana, Malawi, Benin, Nigeria, Kenya, etc) More so, in many countries, civil society groups serve as agencies that help ensure respect for citizens’ basic freedom. Therefore, a society’s well-being depends on ensuring that all its members feel that have a stake in it and do not feel excluded from the mainstream of society.

#### *Participation and Consensus – Orientation*

Participation refers to the involvement of every adult in the politics of his or her society. It could be either direct participation by individual citizens or indirect participation by their accredited representatives. According to Kaufman, Kraay and Mastruzzi, 2006 cited in Woleola (2017:156), participation is “the degree of involvement of the citizens of a country in the election of their political leaders and ultimately their representatives in government”. Thus, participation is a cornerstone of good governance and needs to be informed and organized, which requires freedom of association and expression and organized civil society groups, while consensus – orientation on the other hand requires

mediation of the different interest in society to reach a broad consensus on what is the best interest of the whole society and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve such development (Whohlmuth, 1999).

### **Bad Governance**

Bad governance is “the absence of good governance and may not necessarily mean the absence of democracy. It is evident in the inability of a state to achieve or realize the essence of the state at a particular time” (Ogundiya, 2010: 204). In Owoye and Bissessar, 2009, cited in Coker and George-Genyi (2014: 1125), bad governance is “a symptom of institutional and leadership failures, explicitly manifested by its long list of dictatorial leaders, not free media and undemocratic elections”. World Bank (1992) posits that bad governance has many features, among which are failure to make a clear separation between what is public and what is private, hence a tendency to divert public resources for private gain; failure to establish a predictable framework for law and government behavior in a manner that is conducive to development, or arbitrariness in the application of rules and laws; excessive rules, regulations, licensing, requirements, etc. which impede the functioning of markets and encourage rent-seeking; priorities that are inconsistent with development thus resulting in a misallocation of resources and excessively narrow base for or non-transparencies, decision-making. According to Obadan, 1998 cited in Ogundiya (2010), when these features occur together they create an environment that is hostile to development, the authority of governments over their peoples tends to be progressively eroded, the economic cost tends to be high including a diversion of resources to internal security and escalating corruption. Thus, bad governance is contrapuntal to a nation’s socio-economic and political development. However, bad governance is more pronounced when a state fails (abysmally) to meet the needs of the society even though it makes use of the best of all the resources at her disposal. Wael (2013) posits that factors such as acute corruption and absence of accountability, the lack of effective institutional control, predatory coalition between the ruling party and business sector, lack of transparency of rules, laws and processes and lack of leadership by example are the major features of bad governance.

### **Democracy**

Democracy is “a broad model of government that is epitomized by good governance, the rule of law, security, and protection of individual rights, vibrant civil society and shared economic prosperity”. Based on this postulation, it becomes practically difficulties if not impossible for democracy to be sustained in the absence of any or all of the above specific attributes. In other words, it requires an adherence to rule of law, constitutional practices, press freedom and judicial independence for the spirit of democracy to be sustained (Gambari, 2001; Omemma, 2017). Similarly, Oluwole, 2003 cited in Ogundiya (2010), posits that democracy is a theory that sets some basic principles according to which a good government, whatever its form, must be run. Such principles include justice, equity, freedom, liberty, accountability, openness and transparency in government. Indeed, effective democratic forms of governance rely on public participation,

consensus-orientation, transparency and accountability, equity and inclusiveness, the rule of law and constitutionalism and strategic vision. The symbiotic relationship between democracy and good governance is globally acclaimed. This is borne out of the belief that democracy premised on the principle of the rule of law and constitutionalism is capable of ushering good governance and societal development. It is equally believed that democracy conforms to the principle of justice, equity and fair-play as a democratic state is based on consent and popular participation (Oke, 2010). He further posits that governance in Nigeria is such that has portrayed and presented a mockery of the widely acclaimed symptom of good governance, democracy the official governmental practice has been hijacked by military apologies to the extent that Nigerian citizens now experience despair instead of hope, insecurity instead security, tragic and untimely death instead of long life and high life expectancy, illusion instead of expectation, deficits instead of dividends, militarization instead of civility, dictatorship instead of rule law, political selection instead of election, etc. Thus, the Nigerian political landscape seems headed for disaster. Some of the country's political leaders have stripped naked the rule of civil engagement, jettisoned the constitution and have allowed cacophony to hold sway. Thus argument is still plausible today in the Nigerian polity.

### **Development Performance**

Development and performance are two concepts that are of significance to all modern societies. Development is a complex and highly contested concept that does not lend itself to any generally acceptable definition due to the multidimensional nature and multidisciplinary approach to it and the value laden attached to it. This may be the reason for Idode (1989) to described development as a problematic concept. He further posited that development has been used in many different ways including political, economic and social. In other words, development is a construct of many applications. Okobiah (1984) sees development to involve a process of economic, political and social change in a direction towards a better social well-being for the members of the society. Similarly, World Bank (1992) holds that the concept of development has both socio-economic and political attributes such as sustainable increase in living standards including consumption, education, health and environmental protection, equality of opportunity and liberties and political freedom. In the view of Oladosu (2015:145), no country can be described developed except that which enjoys remarkable calm, harmony, tranquility and whatever it takes genuine peace to reign. A good percentage of its citizens must be economically buoyant, socially amiable and culturally well exposed. They must have a sound educational background, acceptable political system, increased industrial output, a democratically elected government and a very high standard of living. A developed nation would have minimal cases of poverty, ignorance, diseases, accidents and all forms of artificial mishaps and abnormal behaviors have zero tolerance for corruption and all forms of abominable acts”.

In short, Goulet, 1985 cited in Jacob (2017) opined that the objectives of development are concerned with life sustenance, self-esteem or respect and freedom. Life sustenance is concerned with access to basic human needs without which life would be impossible. These things include food, shelter, healthcare, electricity and protection. The second feature of development is self-esteem and self-respect. It is the wish of every society

to be respected. To this end, most societies pursue those things that would give them the necessary respect. These things include wealth and technological development. Lastly, freedom as used in this context means emancipation from alienating material conditions of life and from the servitude of men and nature, ignorance or misery, institution and dogmatic belief. Similarly, See (1969:22) posed the basic question about the meaning of development by commenting that:

“The question to ask about a country’s development is therefore: what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high level, then beyond doubt, this has been a period of development for the country concerned. If one or two of these central problems have been growing worse, especially of all the three, it would be strange to call the result development, even if per capital income doubled”.

Development can be broadly defined in a manner applicable to all societies’ at all historical periods as an upward ascending movement featuring greater levels of energy, efficiency, quality, productivity, complexity, comprehension, creativity, mastery, enjoyment and accomplishment. (Aver, Nnorom & Targba, 2013). Therefore, development is a process of economic, political and social change not merely a set of policies and programmes instituted for some specific results and it must bring about qualitative improvement in the standard of living of the citizens in the society. In the context of this study, development is therefore conceived as the creating of an economy with relevant economic, political, social and physical infrastructure for business operations and industrial growth, to provide gainful employment, high level education facilities and medical care for the citizenry. While performance on the other hand refers to how an institution uses governance arrangements to contribute to its overall performance and the effective delivery of goods and services to meet the needs of the society.

Development performance therefore refers to the capacity to cope with new and continuous changes towards the achievement of progressive economic, political and social objectives. It emphasizes economic, political and social development across the length and breadth of the country. Economic development refers to “a sustainable increase in living standard that encompasses material consumption, education, health and environmental protection” (Sapru, 197:7). Increase in their capital income, reduction in poverty and more equitable distribution of wealth are the basic tenets of economic development. Similarly, Black (1966:56) conceived economic development as “the attainment of ideals of modernization such as rise in productivity, industrialization, social and economic equalization, development of modern knowledge, improved institution and attitude and a rationality coordinated system of policy measures that may on the other hand remove the host of undesirable conditions in the social system that have perpetuated a state of underdevelopment while on the other promote better nourishment, better health, better education and better living conditions”. Political development means the increased differentiation and specialization of political structures and the increased secularization of political culture (Nwagwu, 2018). According to Kakuba (2016), political development is seen in the perspective of having a self-reliant, rule of law, free and fair periodic elections and respect for human rights among other tenets, in that regard, citizens are given full opportunities to participate in the political affairs of the country. Social development refers to “the process by which people interact with others around them. As they develop and perceive their own individuality within their community, they also gain skills to

communicate with other people and process their action” (Aver et al., 2013:262). Therefore, social development denotes people, community and the factors that influence quality of life. It is an attempt to explain qualitative changes in the structure and framework of society that help the society to better realize its aims and objectives.

### **Good Governance in Nigeria: Discussing the Paradox**

Nigeria is one of the most blessed countries in the world with abundant human and natural resources. But fifty nine (59) years after political independence and twenty (20) years of uninterrupted civilian regimes, the country remains grossly undeveloped and occupied a strategic position in the poverty, acute unemployment and inequality index in the world. Everyone expected that the return of Nigeria to democratic rule would bring the desired change it needs for the polity. On the contrary, Nigeria is still behind this sphere of human development. This has made many people still hold doubts on whether development is achievable under the present democratic dispensation due to growing insecurity, poverty, corruption, political instability, unemployment, widespread malnourishment and poor health prospects to mention but few, despite the growing oil revenue and economic potentials. The Nigeria’s economic and political landscape is pervaded by corruption and abuse of office. Corruption, bad governance and low level of transparency and accountability have been major sources of development failure in Nigeria. Corruption is viewed by Nwangegbo et al (2017), as the cog in the Nigerian wheel of progress and development, as the both social and economic monster and the cause of inequality and inequitable distribution of the nation’s wealth among its citizens, a situation that is the root cause of disaffection among Nigerians.

It is worrisome however; that decades after the ‘third wave’ of democracy have blown across the continent of Africa, democratization in Nigeria has not produced the expected result. Rather than engender development and good governance, it has led to anarchy, civil wars, genocide, terrorism, political assassinations, ethno-religious conflicts and political instability. Omede and Ngwube (2017) affirm that the problem of instability exists and persists when the political system fails to engender, maintain and sustain the belief in its constituent members and its citizenry that which the regime defined as a constitutional order. The prevalence of political violence and gross instability in Nigeria is an empirical indicator of the low level of political legitimacy. Thus, legitimacy crisis is one of the most pernicious endemic and the most challenging problems confronting the Nigerian State and its leaders. It has manifested in different ways such ethnic and religious crisis, political disturbance, civil disobedience, e.t.c. Also, Fagbodebo (2007) has rightly noted that one of the major factors responsible for political instability in Nigeria is the failure of the political class to sufficiently adhere to the basic tenets of democracy and constitutionalism. In short, the failure of governance could expressly mean failure of political leadership. This support the assertion of Achebe (1984) who posited that political leadership has been one of the main obstacles to democracy and development in Africa. Post-independence political leadership has been everything but not productive they have been distributive rather than productive in orientation, wasteful and corrupt in political and economic management. The problem with Nigeria has been described simply as that of leadership. Given the character of the country’s leaders today, it is not surprising that there are threats to human security. This is not unrelated to the schism in the ranks of the political

leaders who lack the hegemony and discipline to engender socio-economic and political stability. Indeed, the best governments are those who met their society in a condition of socio-economic and political nadir and are able to save the society or lift it up from doldrums to the position of fame and prosperity.

In some countries today such as South Africa, Zambia, Sierra Leone, Botswana, Tanzania, Ghana, e.t.c. progress has been visible with the conduct of credible elections, alternation of power among political parties, expansion of the political and civil space with better observance of human rights and the rule of law, nourishing media and modest economic progress. Regrettably Nigeria today there is neck-deep in a crisis of transition, in which there is large scale election rigging, the trend towards a one party state, marked inter-ethnic electoral conflicts and political violence, the concentration and personalization of power and a new phenomenon of political dynasty in which leaders stage-manage power transfer to their children – all constituting ominous signs of a downward political slope in Nigeria's democratization effort. There is a huge gap between the demand and the supply of democracy and good governance in Nigeria, while the people yearn for and prefer democratic governance as the most viable alternative for constructing a decent society and assuring a better future, the supply of it by the political leaders is very limited, incongruent with the expectations of the Nigeria. This is why Osaghae (1999) and Fagbadebo (2007) contend that given the depth of the decay and destruction of the political infrastructure and democratic culture of the society, entrenched dominant interest will not likely give way easily and the process of transition to genuine democracy and good governance will be in two phases: first when civilian rule is consummated with the conduct of credible elections and second when democratic culture reigns. Current evidence suggests that these is a long and tortuous route to achieving democracy and good governance in Nigeria, and the process of democratic consolidation will be long haul (Omede & Ngwube, 2017).

In short, Nigeria's 1999 transition to civilian government was a product of long, turbulent period of military rule and failed democratic experiments. At the time of the political handover, many Nigerians expressed hopes for a democratic dividend that would expand political liberties, prove the performance of government, encourage transparency and accountability among leaders and revive the ailing economy. The anticipated benefits of democratic governance have been slow to emerge and the new dispensation has failed to fulfill the expectation of many Nigerians. Today, Analyst, commentators, academic scholars and average citizens in Nigeria express deep concerns about political violence high court level of corruption, bad governance leadership failure and economic deprivation. All these suggest absence of democratic governance. Indeed, Diamond (2008) avers that in real terms, there is no democracy to all in Nigeria. For Agbaja, 2004 cited in Lindberg (2009:86), Nigeria is "a mere showcase of electoralism, a caricature of electoral democracy on what some others referred to as electoral authoritarian regime". In a similar vein, Nwigwe, 2003 cited in Ogundiya (2010:205) contends that it would constitute a very difficult problem for political theorists to determine the classification of Nigeria's type of government. It is not a monarchy, even though there are so many monarchs in the polity-making positions. It is definitely not an aristocracy, because by its very definition, aristocracy means government by the best. It is of course not democracy, because at least in its modern understanding, democracy is government of the people by the people and for the people. What then is it? It we go by St. Augustine's definition – government that Nigeria ever had could qualify as 'Mafia Government'. The word 'Mafia' means



government infested with power drunken, less operatives; usually selected by their kind and of course scarcely ever selected by the people. Even in the guise of multi-party election, those to rule are clearly predetermined and chosen even before elections takes place”.

The above assertion is still forceful today; the reason for Nwigue’s (2003) conclusion is not far-fetched. In terms of outcome, Nigerians have not significantly reaped the dividends of democracy. Secondly, Nigeria’s democracy has been violent ridden characterized with Wanton destruction of lives and properties. Thirdly, and most importantly, the peoples’ vote seems not to count in determining who governs as elections are rigged or its outcome determined before the poll (Ogundiya, 2010). Therefore, procedurally, democracy in Nigeria is lamed and in terms of its conceptual outcome, it has failed to meet the expectations of the people. More so,, Nigeria’s democracy (if it could be so described) has tended to promote inequality rather than equality. Toyo’s (1994) comment is also instructive; there can be no genuine democracy in a country where citizens are grossly unequal in wealth and the poor who are invariably the majority are dependent on the wealth. Due to the fact that wealth is power, where such a cleavage and dependency exist, political power is inevitably in the hands of the wealthy. In this scenario, democracy ceases to be democracy in reality; in effect it is a plutocracy. In essence, a responsible and accountable leadership that would characterize good governance in Nigeria is patently absent. In Nigeria today, what we have is democracy without economic, political and social development. Therefore, democracy cannot engender good governance in a state like Nigeria where it is yet to make sense of, most especially the contending political leaders.

### **Fundamentals of Good Governance and Development Performance**

The analysis below lays out the linkage of each of the fundamental of good governance to development performance:

#### *Transparency and Accountability*

Transparency and accountability in governance will increase the sense of national community as well as the level of system affect. Regarding transparency, one good illustration is in respect of fiscal policy for which the “Code of Good Practice of Fiscal Transparency’ prepared by the International Monetary Fund (1997), is the widely accepted yardstick in both developing and developed countries. The code was prepared after the collapse of East Asian economies in the late 1990s – an illustration of the linkage of transparency to better economic performance. The main points in the code are: clarity of roles and responsibilities for fiscal policy; public availability of information; open budget preparation, execution and reporting; and independent assurance of integrity. Also, accountability of a government to the governed requires that the government is answerable to its citizens and responsive to their needs. In almost every case, citizens’ needs are conterminous with the promotion of development. Mechanisms for enforcing accountability include the court system, the oversight role of legislative bodies, ombudsman institutions and the media and civil society groups through their watchdog role. For the different mechanism for enforcing accountability to function properly, it is important that government policies and actions and the ‘information relating to them are provided to the public on an understandable, accessible and time basis. Access to government information has increased significantly since the 1990s even though only a

few countries have adopted a freedom of information law/act (for example, Botswana, Cape Verde, Namibia,, South Africa and Mauritius). Nigeria is among the laggards (Economic Commission for Africa, 2004).

A widely acknowledged index of lack of transparency and weak accountability is the root cause of the problem of corruption in the development literature. The extensive research work on the subject in the 1990s led to a worldwide shared view of it as a ‘cancer’ to be combated in both developing and developed nations. With specific reference to developing countries, there is strong evidence that corruption undermine development efforts, distorts the composition of government expenditure, reduces expenditure on operations and maintenance, lowers the quality of public infrastructure and services, lowers incentives to private investment, undermines legitimacy and credibility of the state, influences outcomes of the legal and regulatory processes, violates the social and economic rights of the poor and the vulnerable and erodes the moral fabric of society (Kofi, 1999). In short, an unaccountable government would tend to be corrupt and be a drag on development while an accountable government would tend to be relatively honest and development-oriented. In Nigeria today, the immunity from transparency and accountability, accentuated by the enormous oil revenues, further impoverished the people especially the inhabitants of the oil producing area. Thus, the underdevelopment or no development syndrome became cyclical. In order to break this cycle, transparency and accountability have to be guaranteed and the people have to be involved in issues the affect their lives and tier immediate environment.

#### *Rule of Law*

There is a growing literature on how judicial independence and efficiency contribute to improved development performance. The main points highlighted are as follows: judicial inefficiency is bad for litigants and for economic prosperity; inability to enforce and protect legal rights (especially property and contractual rights) undermines economic growth and harts the poor; good judiciaries enhance economic development. A good illustration of the negative consequences of the lack of judicial independence for economic development is provided by the Republic of Guinea after the collapse of the country’s one-party government in 1984. Because the single party had usurped judicial functions, the collapse of the party created a virtual legal vacuum. The absence of any legal framework hindered the establishment of both new governance structures and new market-oriented economic policies. Consequently, building judicial institutions was a priority of the successor government, with the help of multilateral and bilateral donors who had been invited by the government to provide development assistance. In rehabilitating the court system, attention was focused on the protection of property rights and the development commercial law, with particular reference to the enforcement of contracts. According to Olson (1993), it is the same legal system that enforces property rights and contracts that also helps to ensure respect for individual rights. He adds that an economy in which people have rights is more sustainable than one in which individual rights are denied. A counterfactual is the evidence of good economic performance linked to enforcement of property rights and contracts while there is a good record in respect of human rights. Thus, a good legal system simultaneously enforces property and contracts rights and ensures respect for individual rights and good economic performance.

### *Electoral Legitimacy*

The legitimacy of governments, derived from free and transparent periodic elections is crucial for the mobilization of public support for government policies. It requires a government to focus on implementing policies for which it has a mandate and it ensures good for domestic and foreign investors and contributes to economic development. When the legitimacy of the political leadership of the executive arm of government is 'contested' (for example, through public perception of rigged elections), the positive linkage to stable policies and economic development could be lost. Similarly, while the legitimacy of the legislative body (parliament) ensures that it is able to effectively perform its legislative, representation and oversight functions (with positive consequences for development performance), contested legitimacy at that level would also impact negatively on the development performance. Also, the linkage of electoral legitimacy to development performance is through citizens' participation in governance that is fostered by the organization of periodic elections. Thus, free, credible elections allow the governed to elect their leaders including throwing out non-performing governor and president while re-electing good performers who would contribute more to socio-economic development. At this point, it is important to acknowledge the good development performance of some Asian and Latin American countries that lacked electoral legitimacy in the 1970s and 1980s (for example, Chile, Indonesia, Taiwan and South Korea) and recorded impressive development performance, measured by the significant proportion of their populations that 'graduated' from poverty. It was also the case in some African countries that lacked electoral legitimacy recorded poor development performance at about the same time (for example, Guinea and Benin). Significantly, since the mid-1990s, electoral legitimacy in the sense of reliance on establishing governments through elections has become widely accepted across developing and transition countries in Africa, Asia, Latin America and Central and Eastern Europe as a crucial factor in achieving good development performance (UNDP, 2002).

### *Efficient and Effective Service Delivery*

Despite efforts to improve service delivery, criticisms and complaints toward public service remain to be heard. The public sector in Nigeria continues to face criticism for its inefficiency, lack of flexibility, ineffective accountability, red tape and poor performance. Thus, the administrative machinery of the state is expected to provide some services directly, others through partnerships with the private sector, non-governmental organizations or communities. There is also increasing emphasis on the need for the administration of a modern state to provide an enabling environment for private sector and civil society organizations that seek to provide quality services to the public. Notwithstanding the role of the actors in service delivery, the role of the governmental administration is crucial. There is strong evidence that it is when a state administration is able to deliver quality services, serve as an enabler and credible partner of other actors that development performance is enhanced. To improve the quality of service delivery, a state administration could use a combination of the following methods: surveys of selected public services, citizen charters and programme evaluation (World Bank, 2004).

### *Administrative Competence*

Drawing on existing public administration literature, there are five key issues that deserve to be addressed in discussing administrative competence: matching the role of the state to its capability, merit-based recruitment and promotion, centrality of budget management importance of decentralization and devolution and achieving administrative accountability. These features of a competent administration contribute individually and in combination in varying degrees, to the promotion of social and economic development. It follows that increase in the number of salient features found in a country's administrative system would result in corresponding enhancement of its impact on development performance. Administrative accountability is the most salient features of administrative competence in modern state. In the context of this study, administrative accountability refers to the responsiveness of appointed public officials to the (elected) political executive as well as to the general public. Because of their permanency of tenure and expertise (acquired in order to cope with the explosion in scientific and technological knowledge), appointed officials are in a position of power vis-à-vis the laymen politicians (for the most part) in the executive and legislative branches. The officials are also in a position of power vis-à-vis the citizens they are expected to serve; their activities cover a very large area of the citizen's life from cradle to the grave. And it is also the case that some of these officials could abuse their office for selfish ends (for example, for personal and family enrichment). To deal with these serious problems, some accountability or control measures are used (for example, measures focused on financial management and procurement) and others are external such as legislative oversight, judicial control and the watchdog role of the media and civil society organizations. It is widely accepted that officials who are held accountable would tend to be more efficient, productive and development-oriented than those who are not.

### *Civil Liberties*

According to Isham, Kaufmann and Pritchett (1997), countries with the stronger civil liberties have development projects with an economic rate of return 8 – 22 percentage points higher than countries with the weak civil liberties. The authors use four measures to explain the linkage of civil liberties to development performance:

- Freedom House Civil Liberties: Check list of 14 civil liberties such as media free of censorship, open public discussion, freedom of assembly and demonstration, freedom of political organization, non-discriminatory rule of law in politically relevant cases, freedom from unjustified political terror, free trade unions and peasant organizations, free businesses and cooperatives, free professional and other private organizations, free religious institutions, personal social rights (for example, the right to own property and to travel internally and externally), socio-economic rights, freedom from gross socio-economic inequality and freedom from gross government indifference or corruption.
- The Humana Index that include: right of peaceful assembly, freedom of opinion and expression, the right and opportunity to take part in the conduct of public affairs and the right to form trade unions.
- Freedom to organize
- Media pluralism

Regarding the freedom of the press, Sen (1994) asserts as follows: 'There has never been a famine in any country that has been a democracy with a relatively free press ... I

know of no exception'. The two widespread famines in the world were the 1984 Ethiopian famine during Mengitsu's iron rule and the 1997 North Korea's iron curtain. Wolfensohn (1999) provides a complimentary viewpoint: 'If you do not have the right to voice and the ability to expose issues, which is of course so tied to the freedom of the press, you remove the right to equitable development performance'. Thus, civil liberties promote socio-economic and political developments.

#### *Participation and Consensus-Orientation*

Participation is a cornerstone of development performance. Citizens' participation increase government accountability, effectiveness and performance management systems. It emphasizes benefits to individuals, communities, organizations and the society, including increased knowledge, authority, power and problem-solving ability. Participation leads to faster and more equitable development. In contemporary development practice, there is a general feeling that the process of development through the implementation of projects and programmes will only acquire full meaning if the citizen's participate fully in their planning and implementation. Thus, the notion of citizen's participation in development practices that affect their lives has been gaining momentum in the process of human empowerment and development (Mubita, Libati & Mulonda, 2017). The ultimate goal of participation is to ensure that citizens have the power to determine and influence development outcome and increase project effectiveness (Oakley, 1991). Consensus-orientation on the other hand emphasizes mediation among the contending groups in the society in order to reach a general agreement that will completely and satisfactorily accommodate the differing interests and views of the various groups, and where possible, on policies and procedures. Thus, it emphasizes general agreement on socio-economic and political issues which are the underlying determinants of the long-run development performance (Sheng, 2012). The ultimate goal of participation is increased accountability, transparency and efficiency of governance structures in promoting development and reducing poverty.

#### *Theoretical Framework*

While there are several theories which might prove appropriate for a discourse of this nature, the good governance theory present us with a heuristic tool for interrogating the central issues of this study. Good governance theory sets some basic principles according to which a good government, whatever its form, must be run. Such principles include transparency and accountability, public participation, economy, efficiency, rule of law, electoral legitimacy, etc. (Minogue, Polidano & Hulme, 1998). In line with the World Bank principles and policy interventions in the third world countries, good governance theory emphasizes on efficient public service, an independent judicial system and legal framework to enforce contracts and responsible for administration of public fund, respect for the rule of law and human rights at all level of government and a pluralistic institutional structure. Apart from the foregoing, good governance theory is predicated on three segments of the society which have direct effect on governance: the type of political regime, the process by which authority is exercised in the management of the economic and social resources with a view to development and the capacity of government to formulate policies and have them effectively implemented (World Bank, 1992). Therefore, good governance theory is aimed at achieving efficiency in public service delivery,

encouraging competition, privatization, civil service reforms decentralization, out-sourcing of services to key private suppliers among others (Williams & Young, 1994). Furthermore, it will be duly emphasized that good governance theory is geared towards enhancing ways and means by which state bureaucracies carry-out state activities and utilize state resources so as to protect individual liberties and promote development (Sheng, 2012). In addition, Idada and Uhunwuangho (2012) argued that while theory of good governance seeks to promote effectiveness and efficiency as well as stable and predictable economic growth through public service institutions, the theory of democracy deals with political freedom, equal right and justice as main focus. Nevertheless, democracy is the philosophical foundation of good governance and they are therefore synonymous.

In the final analysis, the relevance of the good governance theory is based on its ability to justify that development performance must go hand-in-hand with a public service that is efficient, judicial system that is reliable and an administration that is transparent and accountable to its citizens.

### **Conclusion and Recommendations**

Good governance is about performance and conformance. Good governance and development performance are indivisible. Without the core fundamentals of good governance – without transparency and accountability, the rule of law, electoral legitimacy, efficient and effective service delivery, predictable administration, civil liberties and participation and consensus-orientation, no amount of funding and charity will set a country on the path to prosperity. In Nigeria, the root cause of weak economic performance has been the failure of public institutions. The deteriorating quality of government, epitomized by bureaucratic obstruction, pervasive rent-seeking, weak judicial systems and arbitrary decision-making have seriously hampers socio-economic and political development in the country. These conditions are derive from increasing incidence of massive corruption among government officials and ‘money-bag’ politicians, flagrant misuse of executive powers, lack of transparency and accountability, absence of openness in policy formulation, absence of people’s participation in issues that directly impact on their well-being. To progress from bad to good governance and from weak to strong development performance, Nigeria political elites must adhere to the core fundamentals of good governance without which socio-economic and political development will continue to be an illusion. Therefore, democratic governance thrives where there are periodic elections based on universal suffrage; elections conducted are free, fair and credible; where freedom of speech, association and publication is allowed, where there is acceptance of opposing views; where majority rule is maintained; where government and its agents adhere to the rule of law, where the process of elections is competitive among political parties; where individuals is allowed to freely make his or her choice and where succession process is smooth and not problematic. For good governance and development performance to be feasible in Nigeria, the following recommendations were made:

- For Nigeria to move out of the cocoon of underdevelopment she is presently entangled in, transparency and accountability, rule of law, electoral legitimacy, efficient and effective service delivery, administrative competence, civil liberties and participation and consensus-oriented must be guaranteed.

- There is urgent need for good leadership, one that is honest, development-oriented and capable of creating and nurturing institutions. This will go along way to promote good governance and strong development performance.
- For better government responsiveness, civil society actors who have all the capacity to compel the Nigerian elites to be accountable should brace up for the challenge as agencies of accountability and engine of economic growth and development.
- There is need for a good legal framework and sound anti-corruption policies free from impressive language in Nigeria. This will go a long way in reducing the perception of government as the instrument of the elites to acquire and retain power expense of the people. Also, a culture of tolerance and accommodation should be embraced by stakeholders in the political system.
- Nigerian government should intensify effort to address the interests of the poor across the country. This is because poor people who lack education, good health, good and shelter might not be interested in voting in elections or in bothering about whether or not a government is transparent and accountable.

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## **TRANSPARENCY AND AUTHENTICITY OF SOCIAL MEDIA USAGE: THE CASE OF SLOVAK CITIES**

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**Abstract:** *Regarding the impacts of social media on the execution of public administration, the states try to find optimal solutions, which might help to increase the qualitative aspects of public governance. The aim of the study is to examine the use of official Facebook pages by Slovak cities, more precisely the basic aspects connected with authenticity and transparency of official Facebook pages. Altogether 124 official Facebook pages of Slovak cities were analysed. The main finding is based on the statement that the public administration must secure the authenticity and transparency of their official Facebook pages, mainly multichannel features and fully filled out information about the official Facebook page. The ambition of the study was also interested in contributing to the standardization of strategies on social media usage in the public administration.*

**Keywords:** *Social media, Facebook, Municipality, Transparency*

### **Introduction**

The impacts of information technologies on the execution of public administration are mostly discussed as significant challenge of contemporary governance. However, various positive, negative and contradictory impacts of information technologies can be discussed for a long time, but most of them relate to the fact that the role of information technologies is irreplaceable (Cigu et. al, 2020; Ručinská & Fečko, 2020; Toader et. al, 2018). Simultaneously, the role of engaged public is irreplaceable in current democratic states governed by the rule of law. Regarding the contemporary crisis of democracy, it is necessary to implement solutions focused on the new forms of communication. We might identify the growing importance of innovative forms of communication, which have the potential to share information to citizens more effectively than traditional platforms used so far. Informed citizens can collaborate with public administration to achieve better quality of public services and higher quality of life.

The quality of information shared by public administration seems to be more important than in the past. According to G.A. Porumbescu (2016) organizations of public administration are today disclosing more information than ever before. Regarding the growing use of new and modern tools, public administration has started to use social media as an alternative communication platform. Comparing to traditional platforms, social media bring qualitatively different level of interactivity among users, official profiles on social media are also capable to reach broader public and have the potential and the ability to promote online civic participation (P. Silva et al., 2019; Warren et al., 2014; Bregman, 2012). The use of social media might be characterized as a crosscutting problem of contemporary governance. Public administration organizations are still developing

universal operating procedures on how to monitor and share information on social media, as well as prepare strategies aimed at their audiences (Charest et. al, 2016; Wukich & Mergel, 2016). Regarding the growing importance of social media in the sphere of public administration, the purpose of the study is to examine the Facebook usage by local self-government units in Slovakia. In this sense, the aim of the study is to examine selected general aspect of the Facebook usage by the cities, more precisely transparency and authenticity of official Facebook pages. Altogether 124 official Facebook pages of Slovak cities were analysed, while the study reflect the conditions at the end of the year 2020. Besides, the article tries to provide theoretical and practical insight to the importance of social media usage in public administration.

The study consists of three parts. The theoretical introduction concentrates its attention on the use of social media in the sphere of public administration. The second part examines selected aspects of social media usage connected with transparency and authenticity of official Facebook pages. Regarding the findings the article ends with a discussion about the importance of transparency, authenticity and validity of information shared on official social media profiles.

### **Literature review: the role of social media in contemporary governance**

Participation and engagement have mostly been discussed in their connections to social media in the last few years. Overall, social media are the phenomenon of last decade. Social media, such as Facebook, Instagram, Twitter or YouTube, are platforms which have potential to connect billions of users and have ability to transform the way people are accessing, reading and spreading the information (Driss et al., 2019). Social media and their impacts on society continue to grow, and there is no evidence that this popularity is slowing or stopping (Siena et al., 2019; Toscano, 2017). This statement is intensified by the argument mentioned by the I. Mergel (2017) that social media are free and do not need to build and maintain the technological background. The power of social media to connect people and information in real time is increasing the capacity of people to exercise power and mobilize into action, because many groups can be reached very easily (Sihi, 2018; Lev-On & Steinfeld, 2015; Bourgon, 2011). Put differently, the use of social media and information included on social media profiles affect almost each sphere of our society, especially patterns of behaviour, hierarchy of values and opinions of individuals.

### **The use of social media: Towards open transparent public administration**

The impacts of social media on the execution of public administration can be identified in the activities of state across all levels of governance. Governments use social media as a tool, which could make mutual communication with the public more effective and more focused on the needs of the digital public (Lee & Reed, 2015; Lovari & Parisi, 2015). In this sense, social media bring sophisticated mechanisms, which can enrich communication and interactions between public administration and citizens. In this sense, social media represent the ideal of open and instant communication in modern public governance. Social media in this sense help to create more open and transparent public administration (Eom et al., 2018; Stamati et al., 2015; Picazo-Vela et al., 2012). The implementation of social media should be based on an openness to share, a clear

understanding of transparency, as well as a desire to work collaboratively (Miller 2011). In this sense, social media have the potential to share relevant information to the key stakeholders in policymaking. However, social media cannot be defined just as a platform for two-way communication between public administration and citizens. This view is limited and does not describe the real importance of social media for both society and public administration. Citizens' engagement and participation does not rely on traditional mechanisms but is based on authentic and interactive dialogue, which produces positive effects on decision-making, collaboration, citizenship, and governance (Brainard, 2016; Laforest, 2014, Denhardt & Denhardt, 2015). In this context, social media have the potential to raise public awareness of the execution of public administration functions. This can help citizens and governments, as partners, to be more informed, make socially responsible decisions and to transform governance system at the city, region or state level (Bonsón et al., 2015; Picazo-Vela et al., 2012). This interactive dialog is possible thanks to social media, because according to T. Stamati et al. (2015) social media helps to transform the role of citizen from a passive adopter to a co-creator of public policies. Social media have the potential to create an environment where citizens can express their opinions and feel more involved in the management of organization, measurement of its performance and at the same time feel more responsible for a certain territory (Todisco et. al., 2021; Hartmann, 2019; Dimitrijevska-Markoski, 2018). Summing it up, social media should be described as a tool which helps public administration to serve citizens more effectively, to improve participation of citizens and their engagement, and at the same time helps public administration organizations to reduce organizational costs.

### **Social media: A universal solution or cross-cutting problem for public administration organizations?**

Social media represent a brand-new communication platform between public administration and the public, which is thanks to interactivity, simplicity and immediacy different from interaction tools used so far. Regarding the courage of public administration organization to use social media the beginning of this journey is relatively simple. However, having a social media icon on official website do not demonstrate the usage (Henrique et al., 2013). According to the T. J. Snead (2013) it is better to have fewer types of media and better interaction with community members than to engage in more types of media with minimal interaction. The social media usage seems to be very simple and non-problematic. On the other hand, various risks and threats must be managed by the organization and administrators of social media pages. However, is not only an opportunity for public administration to use social media, but it also appears mandatory to avoid someone else playing the role of certain organization of public administration, providing ambiguous information to citizens (Agostino, 2013). As was stated by T. Fyfe and P. Crookall (2010) there is considerable pressure on public administration to implement social media, because there is a legitimate fear that public administration will be left behind; thus social media might improve the decentralization of the decision-making process, empower collaboration, and achieve a better quality of services. Public administration use social media also to improve organizational image, to prepare more inclusive policy processes, as well as to share citizens' opinions and ideas to improve public services delivery,

governmental effectiveness, and the quality of life (Alcaide-Muñoz & Rodríguez Bolívar, 2019; Jukić & Svete, 2018; Špaček, 2018).

The benefits of social media usage must be also discussed in the context of potential risks and threats. In this sense, it is not suitable to omit any relevant individuals or groups in policymaking process based on information shared only on social media pages. Put differently, social media can not be perceived as key communication channel between public administration and citizens. Regarding the need of a systematic approach social media activities should be based on a sophisticated strategy. We might agree with R. Laforest (2013) that social media strategies need to be a part of a larger institutional framework for engagement policy that helps democracy work. Using the words of Hrdinová et al. (2010) the core elements of social media policy include employees' access, account management, acceptable use, employees' conduct, content, security, legal issues, and citizens' conduct. Public administration organizations could very easily create their official social media pages, but at least the following aspects of social media usage should be considered: social media policy with goals, tools and objectives, staff to make sure that content is up to date, the ability to protect and monitor the site to secure the site is not abused or hijacked, as well as solve problems such as security, privacy, records management (Shark, 2015; McNutt, 2008). Some disadvantages of social media usage in the sphere of public administration result from the fundamental basis of social media. Broadly speaking, information communication technologies have brought new specific problems connected with the protection of privacy and personal data. This challenge of new technologies is sensitively discussed especially in the case of e-health, e-taxes, as well as security of cloud solutions.

Besides, the official social media pages can also be hijacked or duplicated, and this is the real problem for the implementation of democratic principles. In this context, naive use of social media might lead to information asymmetry, while the concepts of democracy, civic engagement, and justice, might become placed at risk (Zavattaro & Sementelli, 2014). Based on abovementioned, social media usage needs to be considered in wider circumstances. Otherwise, the ideal of public administration, collaborating with the digital and informed public through the social media would not be reached.

Using the words of K. Miňová (2020) the main threat is not just the simple abusing and misusing of data, because it is important to deal with secondary impacts of these negative tendencies, which cause change of individuals' behaviour and deciding influenced by disinformation. In this sense, the relevancy and correctness of information published on social media is also questionable, because social media represent the main space for spreading disinformation and hoaxes. This is the main reason for the citizens to verify information and official Facebook profiles of public administration organizations.

Based on abovementioned, the use of social media in the sphere of public administration can be recognized as logical reflection of their current importance and usage by individuals. We must admit that the number of similar studies has increased at municipal level in the last few years, mainly analyses of Facebook usage in European territory (Jukić & Svete, 2018; Murray Svidroňová et al., 2018; Levkov, 2017; Gesuele 2016; Bonsón et al., 2015; Lev-On & Steinfeld, 2015; Agostino, 2013). The mentioned papers examined various important aspects of social media usage, such as basic aspects of social media usage, number of posts, purpose of the posts. On the other hand, official social media profiles must reflect some minimal requirements on their validity and authenticity of shared

information. In this context, the basic aspects of social media usage and profile information must be discussed precisely by the theoreticians, practitioners, and citizens as well.

## Methodology

The focus of this article is put on the basic aspects of social media usage, while most previous studies concentrated their attention on interactions with citizens and their reactions. The aim of the study is to examine the use of official Facebook pages by Slovak cities, more precisely the basic aspects connected with authenticity and transparency of official Facebook pages. Put differently, the authenticity and transparency of the social media activities are determined by the actual and complete profile information, interconnection with other communication platforms, as well as the audience size. In this sense, the paper tries to answer these research questions: How many cities have created official Facebook page and actively share information via official Facebook page? Do examined official Facebook pages include actual and relevant information? Do social media pages include direct connection to other informational platforms? What is the size of the audience in the cases of examined cities? The selected groups of indicators (Table 1) were inspired mainly by the methodologies applied in previous studies on social media usage by local self-government units in different countries, such as Greece, Italy, Israel, Macedonia, or Slovenia (Jukić & Svete 2018; Lappas et al. 2018; Levkov, 2017; Gesuele, 2016; Lev-On & Steinfeld 2015, Agostino, 2013). However, these methodologies were slightly adjusted. The indicators related to general aspects were adjusted to our research questions and Facebook updates.

**Table 1: Set of Indicators**

Group	Indicator	Indicator's value
General features of Facebook page usage	Existence of official FB page	Yes/no
	Availability of link to the official FB page on the city's web page	Yes/no
	Availability of link to the official web page on the official FB	Yes/no
	Availability of link to the other social media	Yes/no
	Creation of official page	Year
	Fully filled out information about the FB page	Complete/incomplete
	Number of fans (December 31st, 2019)	Number
	Number of inhabitants	Number
	Fans to number of inhabitants ratio	Number
	Rating and review section	On/off

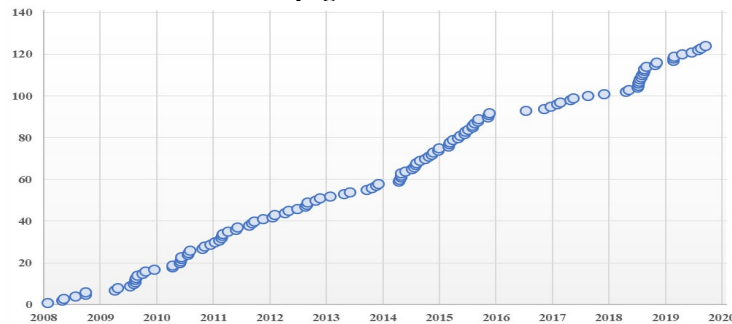
The research sample was selected intentionally. The study analyses the usage of official Facebook pages of 124 cities in Slovakia. Local self-government is a specific public activity different from the state, which is focused on public issues, has a powerful impact on living standards and serves to promote the democratic values of society (Vernarský, 2019; Župová, 2018; Jesenko 2017; Mäeltseemes et al., 2013). Selected cities (local self-government units) are mostly perceived as initiators of innovative solutions in Slovakia. Data were collected in 2020, to provide information detail information about basic aspects of social media usage by selected groups of local self-government units, as of 31st December 2020. Obtained information and data were collected manually by

analysing social media pages of selected group of local self-government units (external desk research).

## Results

The paper focuses on the transparency and authenticity of social media usage by Slovak cities. Based on the methodology and research questions, the analysis was dedicated to presence of the selected cities on Facebook, interconnection between the official Facebook page and website or other communication platforms, the relevancy of profile information and review section, as well as the size of the audience. The simple presence on social network is not the key to the success. However, the presence of selected cities on the Facebook was the first and important part of our analysis. Altogether 124 cities (87,74%) created their official Facebook page. Each of analysed page can be characterized as active and maintained by the city. Important attribute of trustiness of Facebook page is the date when the page was created (Figure 1).

**Figure 1: The creation of official Facebook page**



Source: Author

Based on our analysis, the first official Facebook pages were created in 2008. Constantly growing importance of social media in public administration defined by the theoreticians, is also confirmed by presented data. According to obtained data, almost one-third (35 pages) of all currently active official Facebook pages of Slovak cities were created between 2008 and 2011. The highest growth was identified between 2014 and 2016. More precisely, 39 official Facebook pages were created in this two-year period. Another intensive growth was identified at the turn of the 2018 and 2019, when 10 official Facebook pages of Slovak cities were created. Regarding the importance of transparency and openness, the size of the audience is also important in public administration. Information about number of fans and fans to number of inhabitants ratio are presented in Table 2, while the attention is put on 10 cities with the highest and the lowest number of fans.

**Table 2. Fans to number of inhabitants ratio (by number of fans criteria)**

Cities with the highest number of fans	Number of fans	Number of inhabitants	Fans to number of inhabitants	Cities with the lowest number of fans	Number of fans	Number of inhabitants	Fans to number of inhabitants
Bratislava	44,100	429,564	10.27%	Sliač	450	4,980	9.04%
Trnava	28,110	65,382	42.99%	Rajecké Teplice	497	3,008	16.52%
Nitra	23,700	77,048	30.76%	Poltár	599	5,693	10.52%
Košice	21,872	239,095	9.15%	Spišská Stará Ves	658	20,302	3.24%
Prešov	19,872	89,138	22.29%	Liptovský Hrádok	696	7,528	9.25%
Poprad	19,848	51,486	38.55%	Stará Turá	821	8,932	9.19%
Banská Bystrica	17,772	78,484	22.64%	Šurany	890	9,788	9.09%
Žilina	17,200	80,978	21.24%	Svätý Jur	938	5,655	16.59%
Spišská Nová Ves	14,280	37,326	38.26%	Gbely	953	5,155	18.49%
Trenčín	14,230	55,537	25.62%	Nemšová	978	6,368	15.36%

Source: Author

Altogether 653 375 fans were identified in the case of 124 official Facebook pages of the Slovak cities. The average number of fans in the selected group of cities is 5,312. The highest number of fans was identified in the cases of the largest cities. According to our analysis, the highest number of fans have official Facebook pages of eight regional and most crowded cities. However, Poprad and Spišská Nová Ves do not represent regional cities. But these two cities achieve high number of fans as well as high fans to number of inhabitants ratio. On the opposite site of the scale, the cities do not reach 1,000 fans mark on their official Facebook pages. However, many of these cities have reached higher fans to number of inhabitants ratio than two biggest cities in Slovakia, Bratislava and Košice. Subsequently, it was very important to examine number of fans of official Facebook pages with an emphasize on number of inhabitants (Table 3).

**Table 3. Fans to number of inhabitants ratio (by fans to number of inhabitants ratio criteria)**

Cities with the highest fans to number of inhabitants ratio	Number of fans	Number of inhabitants	Fans to number of inhabitants	Cities with the lowest fans to number of inhabitants ratio	Number of fans	Number of inhabitants	Fans to number of inhabitants
Trenčianske Teplice	7,506	4,177	179.70%	Spišská Stará Ves	658	20,302	3.24%
Námestovo	11,607	7,868	147.52%	Nové Mesto nad Váhom	1,652	20,066	8.23%



Banská Štiavnica	11,300	10,097	111.91%	Sliač	450	4,980	9.04%
Modrý Kameň	1,564	1,597	97.93%	Šurany	890	9,788	9.09%
Modra	7,142	8,976	79.57%	Košice	21,872	239,095	9.15%
Gabčíkovo	420	5,391	77.91%	Stará Turá	821	8,932	9.19%
Hanušovce nad Topľou	287	3,768	75.03%	Liptovský Hrádok	696	7,528	9.25%
Dudince	106	1,422	71.45%	Moldava nad Bodvou	1,061	11,342	9.35%
Kremnica	378	5,385	69.79%	Bratislava	44,100	429,564	10.27%
Turany	270	4,275	63.86%	Poltár	599	5,693	10.52%

Source: Author

The average number of fans to number of inhabitants ratio in the Slovak cities is 32.20%. The highest values of fans to number of inhabitants ratio were identified in cities with 10,000 or less inhabitants. On the other hand, one of the lowest fans to number of inhabitants ratio were identified in the city of Košice and Bratislava, two most populous cities. In this sense, the high number of inhabitants does not automatically provide high number of fans to number of inhabitants ratio. The profile information represents important feature of official Facebook pages of selected local self-government units. Altogether 60 cities (48,39%) have fulfilled profile information about their official Facebook page in accordance with actual options offered by the Facebook, while the rest of the cities have fulfilled just basic profile information, which were probably available in the moment of page creation. Another general aspect is associated with multichannel features. Put differently, whether cities add a connection to their website, a direct connection to Facebook page on website or a link to other social media accounts. According to our analysis, 100% of analysed Facebook pages contain a direct link to the official website of given city. On the other hand, a direct link to the Facebook page could not be found on each website of selected group of cities. Various types of connection can only be found only on 71,77% out of all web pages of Slovakian cities. It is also very important to verify account on other social networking site. In this context, one of the profile functionalities allows administrators to add connection to other social media accounts. However, only 20 official Facebook pages (16,13%) include direct connection to another social media account, mainly Instagram and YouTube. Facebook allows cities and administrators to add section called as Reviews. This functionality allows cities to make opinions of the citizens available to wider public. The result is also connected with the ranking of certain official Facebook page. However, only 45 cities (36,29%) have switched this functionality on. The most dominant part of these cities, exactly 40 (88,89%) pages, have reached five-star rating.

## **Discussion**

Regarding the new dimensions of providing information by public administration the social media usage has increased in last decade. This tendency has been proved both by the theory and realized research. The official Facebook pages of the selected cities are a relatively stable part of their image and can be perceived as an accepted communication channel. The analysis of transparency and authenticity features revealed fundamental information about social media usage by selected Slovak cities. Information sharing through the official Facebook pages is low-cost solution for the cities. There are no quantitative limitations associated with sharing information, videos or pictures. If we consider financial and personal costs connected with the maintenance of official website, then the use of social media seems to be very effective. Another benefit of the Facebook usage should be identified in the context of social media coverage because the ability of social media to spread information seems to be unlimited. In our opinion, that is the main reason why almost 90% of Slovak cities have created their official Facebook page. According to previous research, a relatively high adoption rate of social media by various types of local self-government units was identified in Greece 53%, Israel 58.1%, Lithuania 77%, Romania 83% and Italy 92% (Lappas et al. 2018; Sinkienė and Bryer 2016; Urs 2016; Lev-On and Steinfeld 2015; Agostino, 2013). According to previous studies, average number of fans reach 15,260 fans in Romanian local self-government units, 1,877 in the case of Czech self-governing regions and 7,576 in Israel municipalities (Špaček 2018; Urs 2016; Lev-On and Steinfeld 2015). The average number of fans reached in the case of Slovak cities is 5,312.

However, our research has ambition to bring slightly different view than previous studies focused on basic aspects of the Facebook usage by local-self-government units. According to obtained data, the discrepancy was identified in the context of number of fans, number of citizens and fans to number of inhabitants ratio. This relationship should be key ambition of cities and their activities on social media. In our opinion, it is very important to achieve the highest value of fans to number of inhabitants ratio as it is possible. Based on our research, high number of inhabitants does not automatically provide the highest numbers of fans to number of inhabitants ratio, however the number of inhabitants has been identified as important factor of total number of fans.

Authenticity of official Facebook page is also important part of success, which should be guaranteed by the Facebook, but trust rate of Facebook page must be primarily created by the local self-government units themselves. The verifiability of information is very important in contemporary information society. In this sense, the citizens want to check the profile of their city to make sure that information is coming from the city they live in. Facebook helps users to recognize authentic pages from pages, which try to harm or duplicate the activities of public administration organizations.

Simultaneously, the cities can also fulfil profile optional information of their official Facebook page. The dominant part of analysed pages is older than 5 years. Many actual functionalities were not available in the time when these pages were created. In this sense, the ideal official Facebook page of city should include all possible profile information supported by the Facebook. Put differently, cities should check the possibilities of new profile section options on regular basis. In this sense, we might discuss the complexity of information about the official Facebook page in accordance with actual possibilities offered

by the Facebook. Our attention was not put only on fundamental and traditional aspects of profile information, such as description, email or web page. The analysis was focused on the newest functionalities, such as opening hours, location, QR code, multichannel features, or categorization of the page. According to obtained data, the half of analysed official Facebook pages (51,61%) have not informed citizens about the authenticity of page as much as they could.

Multichannel features of social media seem to be another important factor, which might enhance the transparency of official Facebook pages and subsequently the trust of the citizens in public administration organizations. Interconnection of two dominant platforms for providing information is very beneficial. According to our analysis, 100% of the selected Facebook pages include a direct link to the official website of city, while only 71,77% out of all websites include connection to official Facebook page. Regarding the growing importance of social media, the cities have started to use other social media networking sites. The credibility of these sites is sometimes questionable, but official Facebook pages of cities offer very easy solution. In our opinion, it is important to add direct connection to other social media accounts, which were adopted by the certain city. Based on obtained data, only 20 official Facebook of Slovak cities (16,13%) include direct connection to other social media, mainly Instagram and YouTube. Regarding the growing importance of other social media networking sites, it will be very important for cities to make it easier for citizens to identify official social media accounts of cities on emerging social media networking sites.

The citizens and the wider public, as the users of information shared on official Facebook pages, should be able to identify that shared information is objective, relevant and trustworthy. This can very easily be achieved thanks to the verifiability of the plurality of communication channels between public administration and citizens. In this sense, it is more than necessary to use multichannel features of social media in its connection to official websites of cities, and of course it is important to link the key social media accounts used by the cities to inform the citizens. Ideally, mentioned use of social media multichannel features could limit the spread of misinformation and might help to eliminate hoaxes and untruth. Reviews and rating are also the important feature which helps citizens to verify the authenticity of official Facebook page. This feature was originally created for the business accounts but is also used by public administration organizations. Review feature is another piece of puzzle, which helps citizens to recognize authentic official Facebook pages of cities. Besides, official pages of cities look more transparent with reviews option switched on. However, only 36,26% of Slovak cities have made decision to give citizens the possibility to rate social media activities of their city.

The benefits of the performed analysis and the defined recommendations should be considered in connection to their limits. The research sample was selected intentionally, and the paper examines only the selected part of public administration (cities). According to this fact, the widening number and type of organizations could be very useful both for theory and practice. It must be said that the paper tries to be an initial insight into the relatively new aspect of public administration activities on social media. In this sense, the analysis of basic attributes of other social networking sites can bring more comprehensive results and recommendations. The paper could foster future research. In this sense, the paper tried to support an interest in deeper research focused on the use of social media in public administration. The benefit of the paper might be a comprehensive view on the

general aspects of social media usage, thanks to which cities and administrators could prepare and implement better social media policies. Moreover, the paper concentrates its attention to Slovakian cities, but findings could be inspirational for public administration organizations around the world. Besides, the frequency of posts, number of reactions also represent inspirational aim of the research, mainly in the comparison between different countries, different subsystems of public administration or size categories of organizations.

## **Conclusion**

The use of social media in the sphere of public administration can be recognized as logical reflection of their current importance and popularity among individuals in contemporary society. Regarding the permanent effort of states to bring new communication platforms and despite the negative aspect of their usage, the social media represent platform for better involvement of citizens in governance and policymaking. Utilization of social media usage can be viewed especially in their potential to share information immediately and their ability to create a space for two-way communication between public administration and citizens. The users of social media, as the users of information shared on official Facebook pages, should be able to identify that published information is objective, relevant and trustworthy. In this sense, there are important issues which need to be considered by the management of public organizations, such as multichannel features and fully filled out information about the official Facebook page. It is important to use multichannel features of social media and link the key social media accounts used by the cities. The local self-government units must secure the authenticity and transparency of their official social media profiles to ensure the open dialogue between the state and citizens. Public administration just begins to create standards and social media policies. In this sense, the widening of informational basis is very important for better sophistication of social media usage. The manuscript tried to widen the informational basis of social media usage, which is also very important for better sophistication of social media usage by the managers of public administration organizations and administrators of official social media pages.

Summing it up, social media do not represent the final solution for more effective participation and engagement of citizens in public governance and policymaking, but the use of official social media pages represent relatively new and simple mechanism, which can help public administration to provide valid and relevant information to citizens.

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## OCCUPATIONAL HEALTH AND SAFETY: CHALLENGES AND PROSPECTS IN THE GREEK PUBLIC SECTOR

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**Abstract:** *Occupational health and safety (OHS) is a major element of the labour relations aimed at protecting human life, preventing occupational accidents and diseases and protecting the health of the employees and the natural environment. OHS is an obligation of employers in the public and private sector in accordance with International Conventions, Directives of the European Union and provisions of the internal legal order. The article aims to present the most important challenges that employees in the Greek public sector face in the field of OHS, mainly through the study of the legal framework and the good practices of the public sector in other countries, as well as the comparison with those in force in the private sector. It also quotes initiatives that can be taken in order to prevent and improve the safety and health conditions of the employees, in the light of a complex economic, social, political and technological environment, where new occupational hazards are constantly emerging, as recently demonstrated by the spread of the COVID-19 pandemic. In this way, the institutional framework of the OHS in the public sector can be aligned with the modern requirements and contribute to the improvement of the lives of the employees, the better provision of services to the citizens and the increasing efficiency of the public sector.*

**Keywords:** *Occupational health and safety, public sector, Greece*

### Introduction

Occupational health and safety (OHS) defines the obligation of the employer and at the same time the right and the obligation of the employee to comply with the implementation of the established health and safety regulations in the workplace, the working time and the way of working. OHS is an essential part of labour relations and is the objective of all parties with a view primarily to protect human life, as well as to prevent accidents at work and occupational diseases and to protect the health of the employees and the natural environment. In addition, there is an obligation for the employers in the public and the private sector to follow the rules deriving from International Conventions of the International Labour Organization (ILO), European Union (EU) Directives as well as legal provisions of the internal legal order (Kapetanidou, 2015). OHS is not just about employees and employers. On the contrary, achieving a safe and healthy environment is a key feature of social and economic prosperity and progress that can contribute to promoting economic growth and employment, by ensuring quality and productivity at work, and in a modern and prosperous society with fewer accidents, illnesses, health problems and deaths. Even on an individual level, the promotion and maintenance of high levels of OHS contributes to the reduction of accidents at work, occupational diseases and other health problems and ultimately promotes the social, mental and physical well-being and the well-being of each employee (Ministry of Labour and Social Affairs, n.d.).



This article aims to identify the most important challenges that public sector employees in Greece face in the field of OHS, mainly through the study of the legal framework that governs it, as well as the comparison with the framework of the private sector and the good practices of the public sector of other countries. In this way, actions can be proposed to prevent and improve the health and safety of the employees, in the light of a complex environment in which new occupational hazards are constantly emerging, as recently proved by the spread of the COVID-19 pandemic. For this reason, the article focuses on the key issues about the OHS in the Greek public sector, such as its concept, its institutional framework, the framework of its strategy and policy, the emergence of its importance as a key part of the content of labour relations and the different levels of employment in the public sector about health and safety policy, taking into account differences in the framework of health and safety between the public and the private sector, good practices from other European countries and the risks emerging in the new employment environment, as shaped by rapid changes in the economic, social, political and technological environment.

### **Occupational Health and Safety in the public sector**

#### *The concept of the Occupational Health and Safety*

OHS is defined as the science of predicting, evaluating and controlling risks that exist in the workplace and could harm the health and the well-being of the employees, taking into account the wider impacts on the environment. It is a key factor in achieving stable and decent working conditions and creating precautionary security policies. It is therefore a broad field that requires interdisciplinary analysis as many structures, knowledge and analytical skills are required to make sure the application of health and safety in the workplace (Alli, Benjamin, 2008). Protecting employees from illnesses, diseases and injuries has been a priority for more than a century, as set out in the ILO Preamble to the Constitution of 1919. Since then, the core of the ILO has been to achieve decent working conditions and to consolidate a precautionary culture about occupational health and safety policies, as shown by the adoption of the Convention on the promotion of occupational safety and health – article 187, as well as its accompanying Recommendation – article 197 (Ibid). Also, in the workplace there are reports of accidents at work, as a result of the lack of necessary health and safety conditions. An occupational accident is one that occurs during work or on the occasion of work, causes the employee unable to work and is due to a sudden event (Stamati & Syriopoulos, 2013). According to the jurisprudence, an occupational accident is the accident caused due to a violent incident during the execution of the work of the victim (q.v. Decision 1415/2018 of Supreme Civil and Criminal Court of Greece), while according to the circular 45/24.6.2010 of the Hellenic Social Insurance Institute, it is defined as the death or the inability of the employee to work caused by a violent incident that occurred during the work or because of it (Ministry of Labour and Social Affairs, n.d).

#### *The framework of the OHS strategy and policy*

The promotion of OHS is a top priority for international, supranational and national organizations. At the core of the ILO activities is the investigation of the causes in order to reduce the incidence of occupational diseases and accidents at work and the prompting of

an interdisciplinary approach to achieving this goal. In particular, at the EU level OHS is a key priority and is governed by the principle of the employer responsibility for work. This implies the legal and moral responsibility of the employers to ensure to all the employees (in any form / employment relationship) their health and safety through the implementation of the safety measures arising from the applicable legislation. The existing Community legislation has been adopted in accordance with the article 153 of the Treaty on the Functioning of the EU, according to which the EU has the power to issue instructions (directives) regarding health and safety at work. These directives - which are binding on the Member States in terms of their obligation to transpose them in their legal system - set out the minimum requirements and fundamental principles, such as the principle of risk prevention and assessment and the responsibilities of employers and employees, without precluding the adoption of stricter rules by the Member States. Furthermore, European guidelines and European standards (by European standardization bodies) can help the implementation of the directives mentioned above (Minister of Labour, Social Security and Social Solidarity, 2017).

An important directive in Community law is the Council Directive 89/391 EEC of 12 June 1989 (OHS Framework Directive), which guarantees minimum safety and health standards throughout Europe in the public and the private sector and is based on ILO Convention No. 155. Its basic principles concern prevention, occupational risk assessment, control and prevention measures, workplace awareness and consultation, employee participation and social dialogue. The European Social Charter of the Council of Europe also includes the enactment of regulations and measures related to the OHS and specific instructions on OHS concerning specific tasks and groups of employees or characteristics of the work (Ibid). Regarding the new European institutional framework, the European Commission recently announced the EU Strategic Framework for the OHS 2021-2027, following the Strategic Framework of the EU for the OHS 2014-2020, in view of the significant changes in the environment, the new technologies, the demographic composition of the population and the health crises, with the aim of predicting and managing as much as possible the changes in the new working landscape that is being formed (European Commission, 2021). Greece, as a Member State of the strong core of the EU, has adapted to the requirements of the Community law and therefore its strategy and individual policies have been harmonized with the European framework. It also participates in the process of reporting on the implementation of the Directives and monitors through the Advisory Committee for the OHS the progress of the relevant procedures. However, there is significant room for autonomous strategy and policy, as evidenced by the formulation of a National Strategy for Health and Safety, which was last approved for the years 2016-2020. This Strategy states that there is a sufficient degree of flexibility in the development and management of policies for OHS at the national level and more specifically in the existing structures for OHS (national legislation, national authorities, control mechanisms, national tripartite bodies, structures responsible for information, awareness raising, education and training, research, data collection and statistical processing and networking and development of collaborations). Reference is also made to the role of the social partners, the consultation, the monitoring of the implementation of the legislation, the protection and prevention services, the high-risk activities, the challenges of the current national situation, while also the national strategic planning in vision, strategic goals, priority areas, funding, monitoring, evaluation and

disclosure is specialized. An explicit reference is made to the sparse production of legislation by the national law, as it derives from the Community legislation, and to the limited possibilities for “domestic” legislation (Minister of Labour, Social Security and Social Solidarity, 2017).

At the national level, the formulation of the strategy and policy for the OHS is carried out by the Ministry of Labour and Social Affairs (by the Directorate for the Occupational Health and Safety and the National Focal Point of the European Organization EU-OSHA). An important role is also played by the Occupational Health and Safety Inspectorate of the Labour Inspectorate Body, the Employees' Health and Safety Council, the Social Audit Board of the Labour Inspectorate Body, the Advisory Committee for the issuance of a certificate of legal assistance to External Protection and Prevention Services and the Employees' Health and Safety Committees (ibid). Crucial is also the government funding to cover OHS-related operating costs, especially in the public sector, such as equipment and staff training. In recent years, there has been a significant reduction in this funding, which significantly affects the content of the work of the employees of the public sector and weakens and degrades their capabilities and role (Koinoniko Polykentro of ADEDY, 2013). The funding includes also the wage policy of the government regarding the provision of allowances and benefits that can be granted to the employees of the public sector and in particular the amount of the allowance for hazardous and unhealthy work and the specialties of the eligible employees in accordance with the provisions of Law 4354/2015. It is noted that the previous Law 3205/2003 provided the allowance for dangerous and unhealthy work and also the granting of an extra employment allowance, an allowance of special working conditions, an allowance of high degree of responsibility and safety, a special allowance for penitentiary and correctional facilities, a special allowance for radioactivity, clothing allowance, etc.

In any case, the role of the international and supranational organizations that influence national OHS policies and strategies is not insignificant. For example, European standardization bodies, the European Committee for Standardization, the European Commission for Electrotechnical Standardization and the European Telecommunications Standardization Institute aim to ensure a high level of health and safety protection (European Agency for Safety and Health at Work, n.d), and the ILO seeks to ensure that high priority is given to OHS in national agendas and policies, especially regarding the development and maintenance of a preventive culture and the implementation of a system management approach in OHS. The main tool used in this direction is the issuance of international work standards, codes of good practice and guidelines (Alli Benjamin, 2008; International Labour Organization, 2015).

### **The institutional framework of the OHS in the Greek public sector**

The basic rule of law that regulates the issues of health and safety of the employees is Law 3850/2010. The above Law applies to all companies and operations of the private and the public sector. It is actually a code of laws, which has been ratified according to the article 76§7 of the Constitution of Greece, that codifies all the provisions in force for the health and safety of the employees. The Law contains general provisions (scope, definitions), the tools for the improvement of the working conditions at the national level, the building requirements, the prevention of occupational risk, the protection of the

employees from physical, chemical and biological agents, the obligations of employers and employees, the protection of minors at work and the penalties imposed. Specifically, for the public sector the issuance of Presidential Decrees on health and safety issues is provided (ref. article 2§6), while reference is made to more specific health and safety issues (e.g. article 4§6 for the appeal to a decision of a labour inspector, article 44 for the allowance for dangerous and unhealthy work and granting items of personal protection in dangerous or unhealthy occupations or places and article 69 for the cooperation of public services related to the health and safety of the employees). It is worth noting that the guarantee of health and safety conditions at work had been already provided by the provisions of Law 1568/1985 (with special provisions for the public sector).

Furthermore, according to Law 3528/2007 and Law 3584/2007, which are the main pillars of law for the employees in the public sector and concern the ratification of the Code of Civil Servants and Employees of Public Entities and the Code of Municipal and Community Employees respectively, it is explicitly stated that the employees have the right to ensure health and safety conditions in their workplace, which is specified either by Presidential Decree or by special provisions regarding the supervision and control of compliance with health conditions and security. Also, the OHS in the public sector has constitutional foundations, as it results from the provisions of the article 22§3 of the Constitution of Greece (concerning individual and social rights and labour protection) which states that the Law defines what is valid for the collective labour agreements for the civil servants, the employees of local authorities and the employees of public entities. This Law (2738/1999) stipulates that the trade unions of the employees mentioned above negotiate, among others, the terms and conditions of the OHS (ref. article 3).

More specific provisions for the OHS in the public sector are provided in other rules of law, most important of which are Presidential Decree 157/1992, Law 2224/1994, Φ10221/οικ.26816/929/30-11-2011 Decision of the Minister of Labour & Social Security and Laws 4483/2017 and 4484/2017, that concern issues such as personal protective equipment for the health and safety of the employees, allowance for dangerous and unhealthy work and benefits to ensure the health and safety of working conditions. Also, provisions related to the OHS exist for more specific categories of employees of the public sector, such as Presidential Decree 45/2008 for hygiene and safety measures of the uniformed personnel of the Hellenic Police, Presidential Decree 289/1986 for the health and safety of the employees in areas supervised by the Ministry of National Defence, Law 1284/1982 for the allowance of civil and military servants with quadriplegia and paraplegia and Presidential Decree 305/1996 regarding the safety and health specifications at the construction sites (that also concern public works).

It is noted that all relevant European directives and recommendations on OHS have been incorporated into the national legal framework. However, shortages of qualified scientific staff and the understaffing of control mechanisms lead to an improper implementation and sometimes to the annulment of the formal legislative framework in practice. It has also been argued that the institutional framework is actually non-existent, fragmented and inadequate with understaffed structures (Minister of Labour, Social Security and Social Solidarity, 2017).

## **OHS as a key content of labour relations**

### *The importance of OHS*

The protection of OHS undoubtedly contributes to the achievement of a healthy and safe working environment and to economic growth and employment, as it ensures productivity and quality at work. However, a wider social and economic prosperity and a prosperous state can be achieved, as unpleasant events are prevented, such as the deaths of employees from accidents at work and the occupational diseases. Also, the financial cost is significantly reduced, if we take into account that according to the ILO the total cost of accidents at work and occupational diseases amounts to about 4% of GDP, while according to EU-OSHA, the cost to the EU economy from occupational diseases and accidents at work is estimated at 490 billion euros per year. These costs hinder economic growth and negatively affect the productivity and competitiveness of businesses, while at the same time the social security and health care systems are burdened, resulting in a burden of the state budget and the citizens. For this reason, ensuring satisfactory working conditions contributes to the quality of life of employees, to the competitiveness and productivity of businesses and to the reduction of costs for the economy. That is, it benefits citizens, employees, businesses and society (ibid).

### *The effects of OHS on key variables of work behaviour*

Ensuring satisfactory health and safety conditions is beneficial for the employees, the employers, the public sector, the society and the economy. In the case of employers in particular, the prevention and protection of employees from the risks arising from the working environment is a matter of high priority. Indeed, many injuries occur in the workplace, while a significant number of employees suffer from work-related illnesses, with the majority of them coming from work-related stress and musculoskeletal disorders. For this reason, the public sector and the employers are trying to settle the safety and health issues that exist in their facilities through the provision of training, the reduction of work stress levels and the improvement of health and safety standards and control mechanisms (Health and Safety Executive, n.d). Many employers view health and safety issues as an additional cost and not a profitable investment and in several countries there have been a reduction in public spending on OHS inspections. However, a further analysis of the importance of occupational health and safety conditions shows that their effects can be positive, both for the employers and the employees. More specifically, EU-OSHA focuses on the consequences of work stress resulting from the lack of the necessary safety and health conditions. At the employer level, the consequences include absenteeism, errors in the employee performance, deviation from the work schedule, discipline problems, harassment, reduced performance in tasks, accidents, mistakes and increased costs due to the payment of expenses or medical care. At the employee level, work stress can result in emotional reactions (such as irritability, sleep problems, depression, alienation, exhaustion, family problems), cognitive reactions (difficulty in concentrating, memory, learning new things and making decisions), behavioural reactions (drug abuse, alcohol, smoking), physical reactions (back pain, weakened immune system, peptic ulcer, heart problems, hypertension) and psychosocial risks (such as job insecurity) associated with symptoms such as high alcohol consumption, obesity, lack of exercise, increased smoking and sleep disorders (European Confederation of Independent Trade Unions, 2017).

The ILO's view on synergies between security and productivity is moving in the same direction. More specifically, taking measures to prevent illnesses and accidents at work leads to improved productivity, reduced staff absenteeism, reduced compensation and insurance costs and better facility maintenance, better mental health of employees (resulting in higher morale and better concentration at work), reduction to a large extent of problems related to the suspension of work, as well as better image and reputation of the employer through the improvement of the relations with traders. At the same time, accidents at work and occupational diseases have adverse consequences for employers, such as: absences of employees, reduced productivity, malfunction in services provided, costs of compensation, rehabilitation and care of employees, increase of insurance premiums, legal proceedings and investigations by the authorities, recruitment of new staff to replace absent staff and their retraining, as well as drop in staff morale and tendency to leave work (International Labour Office, 2006).

In addition, according to the Secretariat of health and safety of the Greek Civil Servants' Confederation, it is proved after ergonomic studies that there is a direct relationship between working conditions and performance of the employees, as well as certain health problems (mainly musculoskeletal). Working conditions include the configuration of the seat and the desk, the lighting, the temperature, the ventilation and air quality, the spatial planning and the fire risk forecasting (Soumeli, 1998). In this regard, the most favourable employment conditions for employees of the public sector, resulting mainly from better health and safety conditions (such as adequate cleanliness) and the ability to focus on the core of their activities, leads to increased productivity and efficiency of public sector bodies ("Explanatory Memorandum on Law on Social and solidarity economy and development of its institutions and other provisions", 2016; Hellenic Parliament, 2016).

### **The adoption of "multi-speed" labour relations in the public sector in relation to the OHS**

Flexible forms of employment have prevailed internationally in the labour market. They are those forms where a factor deviates from those applicable to the standard dependent work (or salaried dependent work), such as the duration of the contract, the working hours or the workplace. Especially in the public sector, flexible forms of employment are those in which the employment relationship differs from the relationship under public law (at the core of which is the tenure) by which civil servants are governed. The main forms of flexible employment in the public sector are private law employment contracts of indefinite and fixed duration, part-time employment, project leases, occasional staff, outsourcing, independent service contracts and remunerated mandate. Flexible forms of employment have been institutionalized in the public sector for several years, but in recent years they have been used more and more in a range of activities. The reasons for the increase are due to the rapid changes in the economic, social and technological environment, the directions and guidelines of European employment policies, the promotion of social policy and the immediate needs of the public sector, while the consequences of their implementation concern the economy, the society, the labour market, the operation of public services and civil servants and, in particular, the labour relations in the public sector. According to the data of the Register of Human Resources of the Greek

State, the non-permanent employees in the public sector constitute a large percentage of the total number of employees and are classified in many categories, resulting in many categories of employment in the public sector. As a result, the legal framework has been adapted to include rules of law governing labour relations for these groups of employees as well (Nasios, 2020a; Nasios, 2020b).

Therefore, the possibility of legal and regulatory coverage of these forms of employment remains relevant, where the concepts of employer, employee and workplace are not "clear" in the range of the content of labour relations and of the OHS (Minister of Labour, Social Security and Social Solidarity, 2017). It has also been reported that employees with flexible forms have increased stress and feel job insecurity, due to their uncertainty about their future at work as well as reduced job opportunities and reduced financial stability, with negative consequences for their mental well-being and health. In addition, many employees with flexible forms perform hazardous work with poor working conditions and minimal training in the OHS and have a high risk of injury and work longer hours than scheduled, with a negative impact on the balance between personal and professional life (European Confederation of Independent Trade Unions, 2017). It is also worth noting that significant violations of insurance and labour laws and abuses of working conditions have been reported, especially in the case of outsourcing (through the public procurement process) on issues such as social security, working hours, payroll, trade union freedom, OHS, abusive working conditions, as well as inferior labour content, adverse changes in working conditions, blackmail, "cloning" of employees and dismissals, as well as confrontations between the public sector employees and the contractors (Hellenic Parliament, 2011; INE-GSEE/ADEDY Labour Institute, 2009; Ministry of Health, 2016; Ministry of Labour, Social Security and Welfare, 2014; The Greek Ombudsman, 2012).

Of course, it applies in general that all employees in the public sector have the right to ensure OHS conditions. For example, the public bodies where the employees of the special employment programs for the unemployed, the public benefit programs and internship are employed, are obliged to ensure the level of protection provided to all the employees according to the provisions of Law 3850/2010 as well as more specific provisions and provide the necessary guidance on the risks associated with OHS (Greek Manpower Employment Organization, 2018. See also article 1 of Law 4368/2016). Indicative regulations that can be mentioned is the article 22 of Law 4368/2016 and the οικ.2/16519/0022/24-02-2012 Joint Ministerial Decision concerning the granting of allowance for dangerous and unhealthy work for permanent employees and employees of indefinite and fixed term under private law of the bodies engaged in the storage and treatment of solid waste, the Presidential Decree 398/1994 concerning the minimum safety and health requirements when working with visual displays and the 55932/1016/02-12-2016 Joint Ministerial Decision concerning the granting of allowance for dangerous and unhealthy work in case of employment in specific host institutions, such as the National Organization for Medicines (Greek Manpower Employment Organization, 2018. You can also see articles 97 and 98 of Law 4483/2017 regarding personal protective equipment related to the health and safety of employees and payment of allowance for dangerous and unhealthy work for employees with fixed-term employment contracts and project lease). It is worth noting that the European Labour Authority and the European Commission draw attention to the need to promote fair and safe working conditions, especially for seasonal employees (European Commission, 2021). However, there are cases where the allowances

are not paid, such as for those employed under a contract of employment, although the payment of the unhealthy work allowance is provided for the civil servants for the same job, while in some cases of flexible forms of employment the Article 662 of the Civil Code on the safety and hygiene of the workplace applies (Ministry of Health, 2016).

Finally, it is worth mentioning that the employment of people with flexible forms in the public sector also contributes to the provision of health and safety conditions (e.g. cleaning, security). This results in more favorable employment conditions for all employees and better health and safety conditions, with the end result of the increased productivity and efficiency of employees due to the focus on the core of their activities and the immediate filling of gaps arising from understaffing and the restriction on the recruitment of employees, due to restrictive budgetary conditions (Hellenic Parliament, 2016).

### **The OHS framework in the public sector: Substantial differences from the private sector**

It is explicitly stated in the approval of the National Strategy for OHS for the years 2016-2020 by the Ministry of Labour, Social Security and Social Solidarity that in the Greek public sector the legislation for occupational health and safety is ignored (except for the Municipalities and the Public Enterprises and Organizations). However, as mentioned above, there is a relevant institutional framework, so such a finding leads us to the conclusion that obviously the rules of law do not apply in practice. More specifically, the National Strategy states that both the Ministry of Labour and almost all the Ministries do not have any infrastructure for their employees about the provision of OHS services. On the contrary, the situation in the private sector seems to have improved, where the provision of health and safety services to employees is described even as formal and substandard (especially in very small and small enterprises). The main reason is the fulfillment of the legal obligations deriving from the provisions that have established Committees for OHS at the company level, the existence of protection and prevention services (external / internal), the classification of companies in different risk categories, the adequate supervision and training of employees, the recruitment of safety technicians and occupational physicians, Council for OHS at the national level, Prefectural and Special Committees for OHS (e.g. in shipyards), the general building requirements, the protection of employees from physical, chemical and biological agents and fire protection and from the employers' obligations on issues such as risk assessment, consultation and social dialogue. Although the implementation of the legislative framework for OHS in the private sector is characterized as incomplete, its existence cannot be ignored, in relation to those in force in the public sector (Minister of Labour, Social Security and Social Solidarity, 2017).

From the institutional framework that is applicable in the private sector about the OHS and its implementation to date, there is a possibility of active participation of employees and consultation with employers, as well as an enumeration of the obligations of employers (Kapetanidou, 2015). At the same time, the content of general and specific collective labour agreements concerning the private sector that set minimum working conditions, wages and salaries and contain mandatory institutional (non-wage) regulations, includes issues related to health and safety ("General Collective Bargaining Agreement in



the State”, 2000) while in the case of dispute resolution the possibility of using mediation and arbitration services is provided (such as the Organization for Mediation and Arbitration). It should be noted that in the private sector, albeit to a lesser extent, the relevant labour legislation concerning the OHS is implemented, assisted by the adoption of preventive measures and individual and collective protection measures, the existence of an Employee Health and Safety Council, conducting seminars on health and safety issues, the consultation between employees and employers, the activation of control mechanisms (mainly of the Safety and Health Inspection Services of the Labour Inspectorate Body) and of the Social Control Council of Labor Inspection and the activity of External Protection and Prevention Services (Minister of Labour, Social Security and Social Solidarity, 2017), while in some cases special health and safety provisions are provided for certain specialties (e.g. Presidential Decree 70/1990 regarding the health and safety of shipbuilding workers) or in heavy and unhealthy jobs (see for example article 27 of Law 4618/2019).

On the other hand, in the public sector there is no single enforcement and sanction mechanism for workplace health and safety issues, although there is supervision by senior public authorities. Also, administrative sanctions and certification and collection of fines do not apply to the State and Legal Entities under Public Law. This "gap" seems to be filled by the trade unions, mainly through the promotion of safety and hygiene issues (Kapetanidou, 2015; Lampousaki, 2013; Supreme Administration of Civil Servants' Trade-Unions, 2018). It can therefore be argued that the public sector lags behind the private sector in terms of health and safety. This backlog of the public sector is not only a Greek phenomenon, as it is observed in other countries as well, such as in the United Kingdom, mainly in the areas of prioritization of health and safety, invested time and resources, training of employees, adoption of best practices and compliance with standards, as well as conducting health and safety inspections (Safety & Health Practitioner, 2018). Therefore, the establishment of a working group in the Ministry of Labour and Social Affairs for the implementation of the institutional framework on OHS in the public sector is in the right direction with the aim of drawing up a medium and long term plan to mitigate of the factors of dangerous and unhealthy work in the public sector and the establishment and consolidation of the necessary conditions for the prevention and protection of the employees (Ministry of Labour and Social Affairs, 2020).

### **Emerging risks and challenges in OHS in the public sector**

Globalization and the wider social, technological, economic and political changes have significantly affected the labour sector and the OHS. More specifically, the liberalization of world trade, changes in communication and transport technologies, demographic changes, population movements and the size, structure and life cycle of enterprises have resulted in the introduction of new practices and employment standards which in turn have created new types of risks with regard to OHS (Alli Benjamin, 2008). The public sector is traditionally considered a low-risk work environment, but many front-line services face challenges in managing OHS issues. Of course, the "traditional" dangers in the outdoor and indoor areas of the workplace still exist. The prevention of these risks requires the adoption of measures and practices, such as: adequacy of building facilities and technological infrastructure, facilitating access for ambulances and fire trucks in emergencies, emergency response information, emergency care, use and storage of

flammable and hazardous substances and management / destruction of toxic and hazardous waste in an appropriate way, training of personnel in the use of machinery in accordance with safety rules, compliance with the rules for prohibition of hazardous work and frequent inspection of workplaces for health and security (Kapetanidou, 2015).

In addition, risks related to working conditions arise from the widespread use of computers, mainly in office spaces (lighting, ergonomics), the non-systematic treatment of safety and hygiene problems of employees in workplaces of high risk (such as garbage collection, shipbuilding and repairs at the Ministry of National Defence), as well as the improper treatment of accidents at work and occupational diseases and the non-provision for special treatment of employees in case of relevant events, which are treated more as common diseases and are not recorded as accidents at work and illnesses (“Seven Challenges for the Future of Occupational Safety and Health”, 2010).

However, the rapid changes that are taking place in the world at the social and political environment do not leave unaffected the sector of the OHS, which faces challenges that are characterized as complex and difficult to solve (Soumeli, 1998). An important issue arises from the increasing use of flexible forms of employment and flexible forms of work organization in the public sector (such as self-employment, temporary employment, contracting, hiring) and more specifically from the legal and regulatory coverage of these forms of employment in OHS issues, where the concepts of employer, employee and workplace need updating. Furthermore, information and communication technologies are increasingly used in public services and have revolutionized every aspect of work. Examples that can be cited include the ability to improve employee productivity, the increased workload, longer working hours and fragmented leisure time, resulting in the difficulty of finding the right balance of family and working life (European Confederation of Independent Trade Unions, 2017; Minister of Labour, Social Security and Social Solidarity, 2017).

Also, the adoption of New Public Management in recent years in the public sector of European countries has changed the working conditions of the employees of the public sector in terms of increasing their pressure to improve efficiency. This is facilitated by the copying of practices from the private sector, such as results management models, decentralization of activities, introduction of financial control systems and the gradual "transformation" of the public sector as an entity that buys and sells services in a free market. Furthermore, the reduction of trade union density and employee representation seems to reinforce the reduction of resources available in the public sector and in the OHS (Schmidt et al., 2017).

In addition, the recent Covid-19 pandemic has exacerbated the dangers in the working environment and points out that the challenges of OHS remain and are difficult to forecast. Also, the green and digital transition and the large business investments have changed the nature of work, the work patterns and the workplaces. New occupations and jobs have emerged, work flexibility is enhanced, the place and time of work is becoming more and more irregular, the workforce is aging (especially in Europe), new opportunities are presented to employees of all ages due to advances in technology, new tools and machinery (with increasing use of digitization), robotics, artificial intelligence and teleworking are used (resulting in reduction of hazards in workplace) and the intensifying climate change has affected work in terms of rising ambient temperature, air pollution and extreme weather events. The use of equipment with visual and recording screens as well

as the remote work with the use of wireless, mobile and other advanced technologies and digital platforms are also becoming more frequent. These developments raise issues related to the safety and health of employees due to their exposure to electromagnetic fields, optical radiation and high power electronic devices (European Agency for Safety and Health at Work, n.d.; European Commission, 2021).

Further analysis is also needed for the psychosocial risks and mental health problems that emerged during the pandemic period and the increasing use of teleworking, with particularly negative effects on stress and self-esteem. Teleworking has blurred the boundaries of private and professional life, while the constant connectivity, the intensification of work, the discouragement of union membership and their activism related to problems at work, the unclear description of employers' obligations to provide the necessary equipment, the non-use of the right to disconnect in practice, the social alienation and the lack of social contacts lead to increased ergonomic and psychosocial risks. Furthermore, in recent years there have been phenomena of labour exploitation, as well as violence, harassment and discrimination in the workplace based on gender, racial or ethnic origin, religious beliefs and sexual orientation. At the same time, employment during the pandemic poses risks of its spread and for this reason measures have been adopted and tools and equipment (personal protective equipment) have been used to reduce risks, especially the risk of transmitting infectious diseases (European Commission, 2021; Godderis & Luyten, 2020). In the Greek public sector, the Ministry of Interior issues weekly circulars from the beginning of the pandemic that apply to all facilities and concern OHS measures, such as keeping distances, avoiding congestion, providing protection materials in all areas, ensuring regular disinfection and ventilation of the premises, restrictions on the use of the elevators, record keeping of Covid-19 patients, mandatory use of personal protective equipment, serving citizens with technological or telecommunication means, electronic conferences, special permits for the staff, special care for vulnerable groups, diagnostic tests, compliance with vaccination obligation and suspension of duties (See analytically Ministry of Interior, n.d).

However, it is obvious from a systematic review of the literature on the OHS that challenges also arise from the climate change and the sustainable development and responsibility, which will affect all sectors of activity. Also, other challenges arise in certain activities, such as heat stress, noise exposure, chemicals and radiation, fatigue, musculoskeletal disorders, increased psychosocial load, ergonomic issues and unexpected accidents and injuries. There is also a great deal of uncertainty as to what will emerge from the ongoing fourth industrial revolution that brings together the convergence of innovative technologies such as autonomous robots, nanotechnology, artificial intelligence and the Internet of Things. Also, increased computer work will increase musculoskeletal disorders and will change the content, management and organization of work in general and will create the need to accelerate the pace of work and the need for continuous learning, extensive know-how and continuous self-development, use of digital tools to monitor the employee performance as well as the need to take more responsibility and engage in complex human-machine interactions to prevent remote attacks (Lindholm et al., 2020).

## **Good practices in OHS from the European public sector**

It is worth mentioning the practices concerning the safeguarding of OHS applied in the public sector of other European countries, to encourage the study of their possible application in the Greek public sector. To illustrate some cases, we can cite the case of the United Kingdom, where the Government Health and Safety Executive (HSE) has a key role to play in reducing work-related stress and work-related deaths and injuries. The HSE collaborates with all stakeholders to improve OHS with the strategic goal of providing guidance and direction to health and social care providers on managing incidents of violence and aggression in the workplace, building and maintaining a collaborative network to improve understanding of the role of HSE, applying stress management standards (through pilot exercises) to certain facilities (e.g. education, prisons, defence, health) and small public sector entities that lack resources and know-how, developing personalized solutions, identifying and managing risks, establishing control measures of health and safety performance, conducting inspections and supporting the development of the management capacity of the entities (Health and Safety Executive, n.d.). In addition, several public bodies in Sweden with insufficient capacity to manage health and safety issues use external support services from OHS service providers (Schmidt et al., 2017). The Spanish public sector has also adopted a management system for the prevention of occupational hazards, through a limited risk assessment methodology, which contains a checklist of risk factors, the Belgian public sector has developed a policy aimed at preventing customs officials from taking risks during container inspections, which clearly outlines the technical standards and requirements for carrying out their work and German public sector has developed a tool for assessing the risks arising from mental stress, with a combination of questionnaires and discussions aimed at continuous improvement (European Confederation of Independent Trade Unions, 2017).

In each case, every country has different sociological, institutional and economic structures, which affect the productive activity and the management of the OHS. Particularly in the public sector, which has significant political and institutional differences from country to country, there is a different organization of services and a different way of working, resulting in different types of occupational risks (ibid). In any case, the study of the basic principles of the OHS by the ILO can be extremely interesting. The Organization has studied in depth the issues of OHS and has issued Recommendations and Codes of Practice that incorporate the necessary principles, provisions and technical instructions for the creation, implementation and management of OHS systems, which can be useful to those who design the relevant policy (e.g. governments, employers' and employees' organizations) and those practically involved in implementing measures to promote and protect the safety and health of employees, such as managers, supervisors, employees' representatives and labour inspectors (Alli Benjamin, 2008; International Labour Organization, 2015).

## **Conclusions and policy proposals**

It follows from the above that OHS is a key part of labour relations and has significant implications for fundamental variables of the labour behaviour. This is particularly important in the public sector, which plays an essential role in society and the

economy, and the increase of its efficiency and productivity has been a demand of all governments in recent years. OHS can increase the efficiency of the employees and the services and reduce the costs of poor compliance with health and safety rules. However, the existing institutional framework needs to be updated and improved in order to achieve the desired OHS conditions in an ever-changing economic, social and technological environment with emerging risks, challenges and opportunities and in a public sector that competes with the private sector in the provision of services and is distinguished by an increase in “working speeds”, in addition to the public law relationship governed by the civil servants. Many steps can be taken to align the institutional framework in the public sector with the modern requirements and to contribute to improving the lives of employees, providing better services to citizens and increasing its efficiency. International and supranational organizations, research institutes, good practices from other countries, research studies and strategy and policy proposals from institutional and non-institutional bodies can contribute to addressing the challenges ahead and improving the health and safety of the public sector employees. Also, in addition to the will that must exist in each government to improve the health and safety conditions, there is the obligation to harmonize national law with the requirements of the EU law on working conditions in the public sector.

The ILO has several tools that can be used in a national context, such as international labour standards, codes of practice, technical advice and dissemination of information, which in some cases are binding, as well as guidelines with scientific documentation. All of the above contribute to the broad involvement of the social partners, to the emphasis on prevention and protection, to the continuous improvement of rules, to the dissemination of information and training of employees on health and safety issues, to the compensation, rehabilitation and treatment services of employees in accidents and to the continuous monitoring and inspection of OHS systems. The European Commission has also set out to anticipate and manage change in the new world of work as it emerges from the green, digital and demographic transition and changes in industries, equipment and workplaces, to improve accident and disease prevention in the workplace and increase preparedness for possible health crises, which include psychosocial risks, through enhanced documentation, social dialogue, adequate funding, awareness raising and close cooperation with EU countries, regional and international organizations and international forums (European Commission, 2021). These organizations also point to the dangers posed by technological development and cybersecurity, increased chemical use, climate change and sustainability, and recommend focusing on employee well-being as psychosocial risks increase (Lindholm et al., 2020).

The Supreme Administration of Greek Civil Servants Trade Unions suggests that the configuration of workplaces take into account the proper specifications according to ergonomic studies (in matters such as lighting, temperature, seat configuration, ventilation, spatial planning, fire safety), that there should be adequate information and training for employees on eliminating and avoiding risks at work, to reconsider the granting of the allowance for dangerous and unhealthy work, the provision of financial incentives and more favourable insurance and pension arrangements and the reduction of working hours in places of increased risk, to clearly delineate the concept of accident at work and occupational disease in the Civil Service Code, to record accidents and illnesses in order to rank interventions and control the performance of risk reduction measures and the

existence of an occupational physician and security technician in public services. It should be mentioned that an empowered trade union movement functions as a key pillar of the legal protection of the employees (Soumeli, 1998). Also, according to the Ministry of Labour & Social Affairs, the legislation should be implemented, an Internal Protection and Prevention Service (or organized internal structure) should be set up in public services, the use of occupational physicians and safety technicians should be increased, health and safety committees should be activated and prevention in the workplace in general should be increased. It also proposes the creation of a National OHS System that will produce policies, legislation and operating rules, establish support structures and activate control mechanisms as well as the development of information systems for the export of reliable, up-to-date and comparable statistics, following a clearly defined process of identification, recording and reporting of accidents and diseases. It is also necessary to increase the coordination between the co-competent Ministries and bodies regarding the OHS in addressing new and emerging occupational risks and to review, simplify and codify the legal framework with emphasis on addressing challenges, upgrading and promoting health and safety conditions and re-evaluating sanctions, as well as increasing funding and introducing health and safety compliance mechanisms in line with the views of scientific and social actors, whose role needs to be strengthened. In any case, at the core of the management of OHS issues by the Ministry of Labour & Social Affairs is the application of general principles of prevention in line with the European approach, the assessment of occupational risks and the awareness and consultation in the workplace with enhanced importance of social dialogue (Minister of Labour, Social Security and Social Solidarity, 2017; Ministry of Labour and Social Affairs, n.d).

It is worth noting that the rapid changes taking place in all sectors - which are not easy to identify - need public sector vigilance regarding the possible cause of accidents at work and occupational diseases and quick reflexes in dealing with them. This may require constant updating of all actors and the enactment of new laws to protect the health and safety of the employees. An example of this is the Covid-19 pandemic, where for the public sector employees, specialized prevention measures were rapidly legislated (in the form of Acts of Legislative Content) and circular instructions are provided on a weekly basis, while at the same time the framework of teleworking in the public sector was institutionalized (Law 4807/2021), following the extraordinary institutional framework during the pandemic period, where the obligations of employers and employees are more clearly defined (Ministry of Interior, n.d.). Also, many countries that implement strategies to exit the pandemic are preparing to deal with the possible consequences of the threatening global economic downturn, the negative economic growth and its impact on employment, as well as with the consequent health problems of the employees and the allocation of resources for the health and safety of the employees. At the same time, they use the know-how they have acquired in maintaining security measures during the pandemic, in order to create more attractive and safer jobs (Godderis & Luyten, 2020). Finally, the social partners can make a valuable contribution to the creation of a safe and healthy working environment, such as the Hellenic Institute of Occupational Health and Safety, which undertakes actions and initiatives in research, information, consulting and education to create a safe and healthy working environment as well as the trade union civil service movement as a key pillar of ensuring the right to health and safety at work (Koinoniko Polykentro of ADEDY, 2012).

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## **DIGITALIZATION DRIVEN PUBLIC SERVICE AND SERVICE DELIVERY: THE NIGERIA'S EXPERIENCE**

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**Abstract:** *Digitalization is greatly impacting on governance as it has provided a more effective and robust avenue for driving governance processes to achieve optimum results. It is fundamental and strategic to public service in meeting the modern day expectations of the citizens towards quality service delivery. This paper is designed to examine the digital technologies and tools used by various Ministries, Departments and Agencies of Nigeria in delivering services to the citizens. The paper is qualitative because data used were sourced through secondary means such as government MDAs and published articles/works. The data were analyzed using analytical method and found very relevant to the study. The findings of the paper revealed that prior to the introduction of digital technologies in Nigeria public service, service delivery to the citizens was very poor, ineffective and inefficient. It was therefore conclusively stated that the digitalization driven processes in the public service should be sustained but there is need to bridge digital divide among the citizens through policies that would ensure the installation and expansion of content on wired and wireless public networks across the country; and adoption of public-private partnership model aimed at training the citizens, especially rural dwellers on the use of digital technologies.*

**Keywords:** *Digitalization, Public Service, Service Delivery and Nigeria*

### **Introduction**

Globally, the *raison d'être* for government is the provision of goods and services to the citizens satisfactorily. Egugbo (2020) observed that government across the world has been in constant search aimed at delivering services effectively and efficiently to the public. The result of this was introduction and implementation of so many reforms in the public service. The combination of technical, financial and structural challenges of public service have led to poor service delivery among other negative outcomes (Panayotou cited in Egugbo, 2020). This therefore warranted the need for the use of digital technologies and tools in service delivery. The adoption of digital mechanisms to strengthen service delivery system especially in Africa has taken a national dimension. Evans and Schmalensee cited in Steur and Seiter (2021) observed the growing interest and enthusiasm in digital technologies in research and practice across the world. Ministries, donors, and implementing agencies have intensified their efforts in finding ways to harness the power of digitalization (Agarwal et al cited in United States Agency International Development, 2020). According to Aker (2017), when it comes to public service delivery, digital technology has the potential to enhance citizens' access to public information, facilitate data collection to ensure proper allocation of public goods and increase access for financial services through mobile money. Digitalization has provided significant opportunity for public service across the globe to enhance service delivery and increase the level of

transparency as well as boost the citizens' confidence about the system (United Nations Conference on Trade and Development, 2021).

### **Conceptual clarification**

#### *Digitalization*

Most of the debate on digitalization and development has centered on the degree to which countries across the world have affordable access to various digital tools and their usage (UNCTD, 2020). Digitalization is a complex socio-technical phenomena and procedures of adopting and utilizing digital technologies and innovations by individuals, organizations, and the society at large. Through digitalization, creation of turbulent and competitive environments through rapid headways has been made possible thereby making digital business models to be at advantage (Agbeko, Effah and Boateng, 2021). The expansion of digital data and platforms can create many new development opportunities. Digital data can be used for development purposes and in solving societal problems, including those related to achieving the Sustainable Development Goals. It can thereby help to improve economic and social outcomes and be a force for innovation and productivity growth. The infrastructure provided by platforms can enable more effective connections, transactions, exchanges of information and networking (UNCTD, 2020:5)

#### *Public Service*

Public service is the machinery of government used to formulate and implement public policies and programs for the citizens. It is a conveyor belt through which government presence is felt by the citizens as it translates government policies into tangible services. Fundamentally, public service exists to serve the purpose of service delivery and such services should meet the needs of the citizens (Shittu, 2020). In Nigeria, public service includes Ministries, Departments and Agencies (MDAs) among others which are mainly responsible for converting government policies into tangible services. Since the term "public" according to Jones cited in Shittu (2020) refers to the citizens of a particular geography at a particular time, public service evokes the thought of government involvement in service delivery that is devoid of profit motives. Obikeze cited in Egugbo (2020) submitted that public service is put in place to carry certain functions to the citizens. Nwizu and Nwapi cited in Egugbo (2020) identified the role of public service to include prevention of exploitation, ensuring constant supply of service, prevention of private monopoly and ensuring economic development.

#### *Service Delivery*

Service delivery is the fundamental reason for the existence of public service as its primary role is to provide services which the private sector may not have the capacity to offer or offer them at very high prices to the citizens (Olowu cited in Egugbo, 2020). Public service delivery is sacrosanct as it is a representation of basic structure of nation-building. It is a nexus as well as bond between government and citizens and promotes the values of nations among the citizens (Walle and Scott cited in Shittu, 2020). To Ogunna cited in Shittu (2020), the desire to satisfy the public through the implementation of public policies, enforcement of laws, and realization of public welfare culminates the effective public service delivery.

Service delivery has been an old concept which draws attention of organizations to their responsibility to render service to their customers, in the most satisfactory manner. The terminology varies depending on the time, place or context. The concept presupposes that, in public service, there is contractual relationship between the customer (the public) and the service provider (government agency) which obliges the latter to render service to the former in most satisfactory way, be it in terms of utility, quality, convenience, timelines, cost, courtesy, communication or otherwise. Another presupposition is that just as in business, the customer is regarded as 'king'. Accordingly, in public service delivery, the public is regarded as 'master', and the ultimate judge of performance (Ahmed cited in Egugbo 2020: 75).

### **Critical examination of digitalization in Nigeria public service**

Prior to the introduction of digital innovations in the Nigeria public service, there was abysmal service delivery characterized by ineffectiveness, corruption and excessive human interface. According to Magbadelo (2020), there is service failure in Nigeria public service which is an indication of bureaucratic delays in processing requisite approval. Public service in Nigeria is akin to inefficiency, corruption and poor service delivery. The first point of call in our public hospitals in Nigeria is the record unit, where patients' files are kept. Right from this point down to the pharmacy where drugs are administered to patients, are characterized by an ineptitude service offering and delay processes. The ineptitude nature and delay have its root in bureaucratic management dimensions of the hospitals. On the account of the bureaucratic tendency, majority of the health-care workers have a poor attitude to work and this has an overbearing adverse effect on quality service to patients and their health systems (Kuye and Akinwale, 2020: 1). Omisore cited in Ajibade and Ibieta (2016) observed that the introduction of reforms in the public service by the administrations of Olusegun Obasanjo (1999-2007) and Yardua/Goodluck Jonathan failed to achieve the objective of quality service delivery. In the words of Ajibade and Ibieta (2016:10-11)

The efficiency of the Nigeria public service has been put to test and it has experienced series of economic, political and structural transformations by various regimes and administrations in the country at one time or the other. The Nigerian public has faced numerous challenges with service delivery since her independence in 1960. Nigeria like any other developing nation of the world has reviewed its service delivery procedures and processes with a view to having better performance and productivity in the public service. The Nigerian government introduced several reforms and strategies to mitigate ineffective service delivery in the public bureaucracy. The history of the public service reforms in Nigeria is dated back to the colonial era, and there have been several reforms targeted at improving the quality of service delivery in the public sector. But the most worrisome part is the fact that many of these reforms did not achieve their purpose and intentions as the country still battles with very high rates of poverty, poor power supply, unemployment, bad rail system, poor road connections and insecurity to mention but a few.

One of the major expectations of Nigerians is to see a public service whose services are almost of cutting-edge standard rendered with a very minimal human interface that will make the presence of the citizens in public offices almost unnecessary. Service delivery basically assumes that there is contractual relationship between the citizens and public

service which obliges the latter to deliver services to the citizens in most satisfactory manner in terms of utility, quality, convenience, timeliness and communication (Ahmed in Egugbo, 2020). Similarly, Al-Ghazali cited in Shittu (2020) maintained that one of the ways of measuring effective service delivery is the timely and efficient provision of goods and services.

This above therefore brings into focus the need to investigate the various digital innovations in Nigeria public service aimed at delivering quality services. The Federal Ministry of Communications on 16th April, 2013, developed a Government Service Portal whose major objectives were to ensure faster, cheaper, and more personalized and efficient service delivery that citizens and business men and women can access 24 hours a day and seven days a week. The Portal can be accessed in English, French and Spanish and has the capacity to improve efficiency in the delivery of government services to citizens and stakeholders. Many government ministries, departments and agencies have keyed into the trend of digitalization aimed at improving services to the citizens. The government activities are now enabled through digital tools and technologies. Transactions with government agencies and institutions such as Federal Revenue Inland Service, Federal Road Safety Corps, Universities, Polytechnics and Colleges of Education are electronically done with the use of remitta platform. Precisely, Joint Admission and Matriculation Board (JAMB) saddled with the responsibility of organizing and conducting examination into tertiary institutions of the country now carries this all important function digitally (Computer-Based Test) and has also provided “Central Online Support System” which enables the citizens to create a ticket of complaint when the need arises. Schelenz and Schopp (2018) observed that Nigeria, Kenya, and South Africa are the leading countries in African digital evolution and have shown commitment, resilience and are catching up in the global effort to building a digital planet.

Nigeria Customs Service is one of the government agencies whose services are currently mostly driven by digital technologies. Trouble Ticket System has been developed by the Service on its website to enable end-users submit their technical challenges online. Central Help-Desk was also developed among others to enhance the efficiency and effectiveness of Trouble Ticket System. A central team under Central Help-Desk manages trouble tickets by answering end-users phone calls and keeping the end-users informed through SMS and email. Equally, there is E-Transaction monitoring that provides real-time information on electronic trade transactions processing (<https://trade.gov.ng/>). Increasingly, Nigeria Immigration Service is delivering its services in that direction as there is an Enhanced E-passport which facilitates the electronic application and processing of passport in the country. The reform has made a lot of progress by way of enhancing prompt decision-making, elimination of human interference, effective communication with applicants and efficient payment mechanism. Nigeria Railway Corporation currently has E-Tickets whereby people digitally pick a date for travel after selecting source station, destination state and choosing date. According to Adeyemo (2011), Nigeria is practically moving in the digital direction in its services to the citizens. All the leading financial institutions, education institutions, examination agencies and key government agencies such as Nigeria Customs Service, Nigeria Immigration Service and Nigeria Law School have made reasonable commitment to digitalization through their operations online. Apart from an online platform created by Corporate Affairs Commission which has provided opportunity for registration of companies and businesses without human interface, the

Commission has provided online Support Centre which is currently available on its CRP. The support ticketing system is designed in a manner that accepts request/complaint and assigns a unique number to it so as to enable the members of the public track the progress and response to their requests/complaints (<https://www.cac.gov.ng/>).

The Federal Ministry of Communications and Digital Economy developed four (4) key goals to drive the adoption of e-government across all Ministries, Departments and Agencies which in turn enhance service delivery, transparency, accountability and good governance. Consequently, the E-Government Department began the implementation of the following initiatives:

- National E-Government Master Plan: This is a roadmap for the adoption of e-Government best practices, by all Federal Government Ministries, Departments and Agencies (MDAs) developed in collaboration with the Government of Korea to further promote the fundamentality of e-governance to the nation which is in consonance with the government's direction of leveraging technology for public service delivery.
- Government Service Portal (GSP): This is a platform ([services.gov.ng](https://services.gov.ng)) developed for the provision of easy access to government services. This has enabled the citizens, businesses and foreigners to easily access public services through a one-stop government portal. Also, it has led to a significant improvement in the government processes and effective and efficient service delivery.
- Government Contact Centre (GCC): The Centre provides access for citizens notwithstanding their location, level of literacy or language to get government services/information through calls. The aim is on citizen orientation and simplicity to enable them communicate with the government in a convenient, simple, electronic and barrier-free manner. This has resulted to employment of good number of citizens as well as enhanced the participation of the citizens in public service.
- Open Data Portal: This is an online platform ([data.gov.ng](https://data.gov.ng)) where government MDAs data/information that is not sensitive is made available for public consumption. This enhances transparency and guarantees inclusiveness in service delivery.
- Electronic Document Management System (EDMS): This is one of the ways in which the government has demonstrated its commitment to digitalization. Electronic Document Management System was developed with a view to moving all government documents online. In other words, it was an effort to deepen the application of ICT in all public endeavours. Consequently, there is increased information security, cost reduction and improved access to information among others.
- The E-Government Capacity Building Program: This is an initiative which primarily aimed at establishing the bedrock for the sustainable development and applications of E-governance in all sectors. To this end, more than 2000 public servants have been trained with main focus on institutional transformation and human resources development.
- The National E-Health Strategic Framework: This was developed in collaboration with the Federal Ministry of Health. The framework has enhanced the quality of health care delivery, reduced cost and facilitated access to health related information.

## Digital divide is a challenge

Ensuring affordable and reliable connectivity for public service delivery in Nigeria has remained a serious challenge to the digital innovations by the government. There is discrepancy in the utilization of digital technologies and tools among the citizens due majorly to income, location and education gap. According International Telecommunications Union (2008), Nigeria like most countries in Africa has witnessed a massive digital divide. For instance, in 2004, the country had a very insignificant number of PCs in that seven PCs were meant for 1, 000 inhabitants. The level of internet connectivity is also low when compared with the population. Gross Domestic Product of 1400 per person is clearly incapable of purchasing PC at a street price and therefore beyond the reach of so many Nigerians (Arikpo, Osofisan and Usoro, 2009). An International Telecommunications Union (ITU) Report, released on May 11, 2008, revealed that there were 10,000,000 Internet users in Nigeria as of March, 2008 which stood at about 7.2% of a total population of 138,283,240 people (Arikpo, Osofisan and Usoro, 2009).

Nigeria is made up of 36 states and 774 local government areas with about 150 million people have ICT facilities that are limited to urban areas at exorbitant rates, affordable by the middle and upper classes of society, thus making many of the rural and suburban areas unable to fully participate in the emerging information economy. Nigeria falls within the countries with low digital opportunity index scores. The digital opportunity index scores released by International Telecommunication Union revealed that Nigeria was ranked 31 in the African continent with very low score of 0.41, 0.03 and 0.01 for opportunity, infrastructure and utilization respectively. In terms of ownership and access to personal computers (PCs), the National Bureau of Statistics reported that only 4.5% of the Nigerian population has access to personal computers. Access implies those who either own a pc or can derive benefits from it. According to the report, only 0.9% of the population can claim ownership of a pc (Ifijeh, Iwu-James and Adebayo, 2016:53).

**Table 1 Nigeria's Monthly Subscriber Technology Data from January-April, 2021**

Active Lines	Operator	Jan-21	Feb-21	Mar-21	Apr-21
	Mobile (GSM)	199,863,827	195,734,667	192,081,282	188,375,282
	Mobile (DCMA)	-	-	-	-
	Fixed Wired/ Wireless	105,002	105,386	105,480	105,861
	Volp	245, 165	238,441	226,851	224,591
	<b>Total</b>	<b>200,213,994</b>	<b>196,078,494</b>	<b>192,413,613</b>	<b>188,705,734</b>
Connected Lines	Mobile (GSM)	299,252,182	298,872,860	297,536,702	295,765,970
	Mobile (DCMA)	-	-	-	-
	Fixed Wired/ Wireless	216,814	216,828	217,485	216,843
	Volp	1,068,730	1,069,925	1,069,008	1,069,261
	<b>Total</b>	<b>300,537,726</b>	<b>300,159,613</b>	<b>298,823,195</b>	<b>297,052,074</b>

Teledensity		104.89	102.72	100.80	98.86
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Source: Nigerian Communications Commission Reports (2021) compiled by the Author

## Materials and methodology

The paper adopts a qualitative research method and data were sourced from secondary means including relevant journals and internet resources with a view to finding out the degree of quality service delivery in the Nigeria public service using digital technologies and tools.

## Conclusion

The above discussion has clearly shown various digital innovations in Ministries, Departments and Agencies in Nigeria. The application of digital technologies and tools in the Nigeria public service has significantly improved service delivery by drastically minimizing the level of human interface, making the system more open, reducing cost and strengthening feedback mechanisms between the government and citizens. Notwithstanding, the gains recorded due to introduction of digital innovations and mechanisms, digital divide is acknowledged as a major challenge in delivering services to the public. There are widespread gaps in telephone subscription and internet penetration among the citizens in the country.

Therefore, the government should come up with policies that would ensure the installation and expansion of content on wired and wireless public networks across the country. Equally, there is need for public-private partnership model which would enable the training of citizens, especially rural dwellers on the use of digital technologies and tools. All these will increase the benefits associated with digitalization.

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## **IN-SERVICE TRAINING IN THE NIGERIAN PUBLIC SERVICE: IT'S IMPLICATION FOR NATIONAL DEVELOPMENT**

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**Abstract:** *Administrative activity is a universal phenomenon and its process is a function which is performed in every sector. Today, administrative activities are no longer simple. They have become so complex and specialized that mere commonsense is not enough to carry them out. Besides, the nature of administrative activities is constantly changing. Hence, there arises the necessity of both in-service and post-entry training. However, training had not been given due importance till recently. Even now it is still generally considered one of the lesser developed areas of public personnel administration one in which much remains to be done. The thrust of this study is to examine human resources training development and utilization in the Delta State public service and its implication on national development. The theoretical framework for this study is system approach to training. The study utilizes the methods of descriptive analysis and synthesis of scientific literature to explain the in-service training of staff in Delta State public service. In the context of the in-service training therefore, this study finally proposes recommendations for improving in-service training in Delta State public service.*

**Keywords:** *In-service Training, National Development, Public service, Delta State, Nigeria*

### **Introduction**

The public service is the power-house of national development all over the world. The developed countries of the world like United States of America, Britain, Germany and France owe their development to the initiative, commitment and expertise of their public servants. Nigeria cannot be an exception; however, if public servants in Nigeria are to fulfill this mission, there must be conducive political, economic and social environments that predispose them to success. Administrative activities are no longer simple. They have become so complex and specialized that mere commonsense is not enough to carry them out. Besides, the nature of administrative activities is constantly changing. Hence, there arises the necessity of both in-service and post-entry training. However, training had not been given due importance till recently. In the words of Bhagwan and Bhushan (2012), 'Even now it is still generally considered one of the lesser developed areas of public personnel administration, one in which much remains to be done'. The country abundant material resources must be harnessed and utilized for the benefits of her people. This calls for sound professional training and inculcation of correct values in the public service. Manpower training and development is therefore a sine-qua-non after workers have been selected and placed in the public service. The objective of the study therefore, was to examine human resources training, development and utilization in the Delta State public service and its implication on national development.

## **Research Objectives**

The specific objectives of this study are to investigate the nature of staff training and development policies programmes, status, facilities for implementation and their relationship with pre-stated objectives of the public service. The study intends to relate training and development to staff morale in the public service. In the light of the above, the study intends to construct a staff training and development programme aimed at reducing the administrative, social, psychological and economic problems of the public service. Further, the study would expose the inadequacies or otherwise of staff training and development programmes in the public service in Delta State, Nigeria. This study also highlights the advantages of training and development and their implication for national development in Delta State, Nigeria and enables us to know the staff cadre that enjoyed more training to the disadvantages of others and the reasons why some staff stagnated on a particular post for long period of time.

## *Materials and Methods*

The study utilizes the methods of descriptive analysis and synthesis of scientific literature to explain the in-service training of staff in the Delta State public service.

## *Training*

Training is defines as “the process of developing skills, habit, knowledge and attitudes in employees for the purpose of increasing the effectiveness of employees in their present government positions as well as preparing employees for future government position” (Bhagwan & Bhushan, 2012). Its dictionary meaning is practical education in any profession, art or handicraft. In public administration, it means a conscious effort made to improve or increase an employee’s skills, powers or intelligence and to develop his attitudes and schemes of values in a desired direction. Training can also be defined as an organized and coordinated development of knowledge, skills, and attitude needed by an individual to master a given situation or perform a given task within an organizational setting (Orobor, Ogieva & Abah, 2006).

Training is to be distinguished from education because it has comparatively a narrower scope. Education can be explained as the complete upbringing of the individual from the childhood, the formation of character and of habits, and manners and of mental and physical aptitude. No doubt both are closely related to each other and even overlap each other. Koontz (2002) has clearly distinguished between the two. He remarks, ‘education is intended to enable an aspirant to pass an examination or otherwise to show fitness for appointment or more broadly to develop the knowledge and qualities of mind which will make for subsequent success ... By contrast in-service training is directed towards individuals who are actually at work. Such training is a recognizable investment in long-term service’. The specific objective in view is performance (Bhagwan & Bhushan, 2012). Education makes a people easy to lead, but difficult to drive, easy to govern but impossible to enslave (Baugham, 1987). But training is essential not only for effecting efficiency of administration but also for broadening the vision of the employees. It teaches him precision, makes him self-reliant and independent and develops in him capacity to take decisions and arrive at judgments.

### *Development*

Development is the “process of providing employees with opportunity to grow on the job. This entails the acquisition of wide experience and increasing confidence as a result of exposures to varied and tested responsibilities in order to make the employee reach the peak of his profession of employment” (Williams & Huber, 1966). This supports the assertion of Bateman and Snell (2011) who posit that “development is a process of helping managers and professional employees learn the broad skills needed for their present and future jobs”.

### *Public Service*

The public service is seen as an organized body of men and women elected into office or employed on fulltime basis by government on behalf of the state and drawing a regular salary or wage from public funds for the purpose of formulating and executing public policies, programmes and projects. According to Mukoro (2020:39), public service is “a very wide concept that covers everybody that works for and is remunerated by the government. It does not matter whether they are elected, appointed or recruited as bureaucrats. So long as their duties, responsibilities and actions resolve around the business and dynamics of government; they are public servants”.

### *In-service training*

In-service training, as its name indicates, is “a sort of training which is imparted to the candidates after their selection to the public service. The objectives of in-service training were very well explained by the Assheton Committee (UK) in its report submitted in May, 1944. Briefly speaking, this type of training stimulates the employees to make best efforts and to improve their performance. It boosts their morale and makes them attuned to the new tasks of onerous nature. In-service training is a type of training programme in which employees are allowed to undergo formal training in educational institutions or training establishments in order to increase the skills on their job” (Orobor, Ogieva & Abah, 2006). In-service training may be granted with or without pay to senior and junior members of academic, administrative and technical staff of an institution, who are on regular appointment. It is, therefore, desirable that a comprehensive system of in-service training may be adopted. In the words of Bhagwan and Bhushan (2012) ‘no matter how well-grounded an employee may be in the general subject to which his work relates, there is much for him to learn in respect to the particular duties of his position’. In addition, Administrative Reforms Commission in its recent report on the importance of training stated that training should prepare the individuals civil servants not only for performing their present job well but also for shouldering higher responsibilities and meeting new and complex challenges in future.

### **Importance of In-Service Training**

Training plays a vital part in public administration. It is essential not only for effecting efficiency of administration but also for broadening the vision of the employee. It teaches him precision, makes him self-reliant and independent and develops in him capacity to take decision and arrive at judgments. Training has, therefore, been described as a continuous process. It enables an employee to adjust himself to the new situation and

comprehend the goals and values of the organization in which he is to work. Assheton Committee on the Training of the Civil Servants in U.K (1944) has very well explained the main importance of in-service training. 'In any large-scale organization, efficiency depends on two elements, the technical efficiency of the individual to do the particular work allotted to him and the less tangible efficiency of the organization as a corporate body derived from the collective spirit and outlook of the individuals of which the body is composed. Training must have regard to both elements'. The main aims of training as explained by the committee are as follows:

1. It endeavors to produce a civil servant whose precision and clarity in the transaction of business can't be taken for granted.
2. It helps attuning the civil servant to the task he is called upon to perform in a changing world. It in other words, helps him to adjust his outlook and methods to the changing needs of now times.
3. It saves the civil servant from becoming a robot-like mechanically perfect civil servant. He is made aware of his work and the service that he is required to render to his community.
4. It not only enables an individual to perform his current work more efficiently but also fits him for other duties. It develops in him capacity for higher work and greater responsibilities.
5. It pays substantial regard to staff morale as the latter have to perform tasks of a routine character throughout their lives.
6. Besides these importance explained by Assheton Committee, a few others can also be enumerated:
7. For the performance of certain peculiar activities pertaining to the government, training plays a significant part. For instance, government must make a provision for training police personnel, firemen and food inspectors, etc.
8. Training helps the employees to become people-oriented and inculcates in them respect and regard for the public. Even Assheton Committee had observed thus, nothing could be more disastrous than that of the civil service and the public should think of themselves as in two separate camps. The inculcation of the right attitude towards the public and towards business should therefore be one of the principal aims of civil service training.
9. It also broadens the vision and widens the outlook of the employees by explaining to them national objectives and exhorting them to make substantial contribution towards their realization. The function of training is to help employees grow, not only from standpoint of mechanical efficiency but also in terms of the broad outlook and perspective which public servant need.
10. It improves the tone and adds to the quality of organizations. Since it enhances the efficiency of the employees and develops their capacities, the efficiency and prestige of the department goes up.
11. It fosters homogeneity of outlook and esprit de corps in the employees.
12. Effective administration requires effective training towards organizational goals because of the harm may be expected when people are left to train themselves without effective guidance or support.

#### Methods of In-Service Training

Broadly speaking, there are three methods of in-service Training:

a. The service may on their own accord undertake training, making use of their own staff. In U.K each department carries on its training programme. There are three variations of this method:

b. The government may start a training school of its own. For instance, the Union Ministry of Personnel in India is running its own National Academy of Administration called the Lal-Bahadur Shastri since 1972 at Mussoorie. The Academy has been functioning since September 1, 1959 for imparting training to the fresh personnel. The Academy offers three types of courses:

i. A one-year course for the fresh personnel officers to cover the syllabus prescribed under the All India services Probationers Final Examination.

ii. A six-week refresher course for senior officer of 10 to 15 years standing.

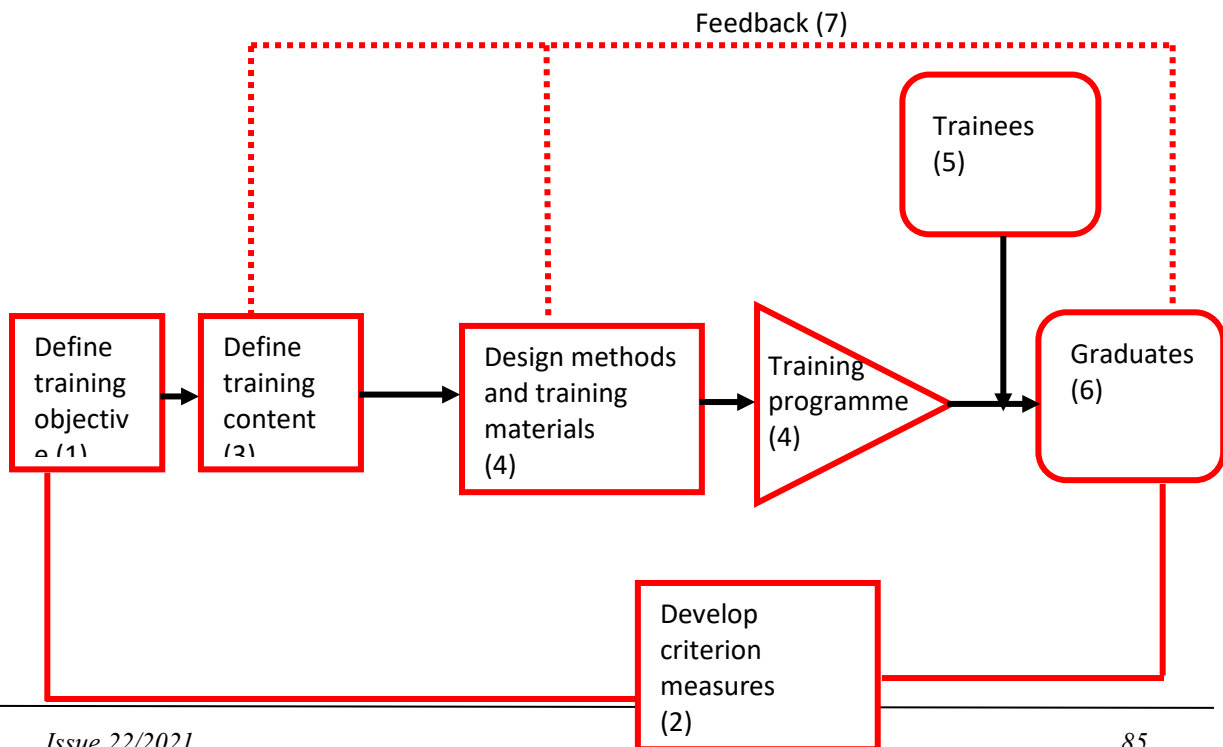
iii. A continued course of five months for all the India services and the central services class 1 for imparting training of foundational subjects.

iv. These courses aim at widening the outlook of the trainees. Such a general courses imparts general education in liberal arts to the personnel recruited for posts of specialized nature.

The Government may request an outside training institute to impart requisite instructions. This is called internship System. In U.S.A, the National Institute of Public Affairs undertakes internship training to the new entrants in federal services. In India, Institute of Public Administration at central level and state levels are doing the similar job.

### Theoretical Framework

For the purpose of this work, this study adopted the system approach to training. In this approach, the development of a training programme is linked to the development of a weapon system. Here, the system engineer begins with an operational requirement, a precise statement of the objectives to be achieved, by the system. The system engineer then works backward from these objectives to produce an arrangement of sub-system which, when operated according to some operational plan, will fulfill the requirement.



Source: G.A. Eckstrand, *current status of the Technology of training AMRL document*, technical report step 3, 1964, 64-86.

The design of a training system can proceed in the same manner. The behaviour which men must exhibit on the job becomes the objective which must be achieved by the training system. The job of the training designer, then, is to select the sequences of a series of learning experiences which will produce the desired behaviour. A testing (evaluation) phase is required to assure that the training programme designed succeeds in producing men capable of performing as specified. The application of the system approach to training can best be understood by examining the diagram taken from Eckstrand (1964). It involves seven major steps:

- Step 1: Define training objectives;
- Step 2: Develop criterion measure for evaluation of training;
- Step 3: Derive training content;
- Step 4: Design methods and training materials;
- Step 5: Integrate training programme and trainees;
- Step 6: Compare graduates to criteria standards set in step 2; and
- Step 7: Modify step 3 and 4 based on the results.

The advantage of the system approach is that it helps the trainer in making his decision. He is able to understand and keep in mind the total training process as he tries to accomplish his objectives. The system approach to the study of the organizations focuses on the system as a whole, the environment of the system, the interdependent relationship between parts of the system and the dependency for the system to strive for survival by negotiating with its environment. As observed by Koontz et al. (2002), “the advantage of approaching any area of inquiry or any problem as a system is that it enables us see the critical variables and constraints and their interactions with one another. It forces scholars and practitioners in the field of management to be constantly aware that one single element, phenomenon or problem should not be treated without regard to its interacting consequences with other elements”.

The system approach was first developed in the biological and engineering sciences before it was adopted by social scientists in explaining social and organizational phenomena. David Easton utilized the approach in his system analysis of political life in 1965; Katz Daniel and Khan Robert also used the open system approach in studying the social psychology of organizations in 1966 and G.O. Nwankwo also adopted the system approach in his book *education and training for public management in Nigeria* (Orobor, Ogieva & Abah, 2006).

The major components involved in the system theory can be summarized as follows:

1. A system can be perceived as whole with its parts and their interdependent relationships.
2. As system has its boundary and can be viewed in terms of its relationships with other systems.
3. Systems have sub-systems and are also part of a supra system.
4. A system can be regarded as either open or closed. According to Koontz (2002), a system is regarded as open if it exchanges information, energy, or materials with its

environment as it happens in biological or social system, while it is regarded as closed if it does not have such interaction with the environment.

5. A system interacts with its environment in terms of process that involves input, conversion and output of energy, information and materials. A system tends to re-energize or modify itself through the process of information feedback from the environment.

6. In order to survive, an open system moves to arrest the entropic process by importing more energy from its environment than expended and by storing energy it can acquire negative entropy. As Katz and Kahn (1966) further explain the entropy process as a universal law of nature in which all forms of organizations move toward disorganization or death.

#### *In-service Training in the Delta State Public Service*

In public service organizations, workers are employed after careful examination and selection process. The examination could take the form of written tests, oral test, physical and mental test, trial on the job and in addition the checking of certificates and character reference from former schools or places of employment. The goal is to obtain the right person for the right job. In spite of the above initial step, it is often observed that after the workers have been selected and placed on the job, there is need for further training if they must achieve full productivity for effective service delivery. Manpower training and development provision likely to promote workers productivity as it is geared toward addressing at least two problems:

1. Failure of our educational system to adequately meet the training needs of our public service and
2. Failure of some public service workers to adjust to work in the organization.

The training programme should thus, provide the public service organization with its specific training needs as well as the general needs of the society. In doing this, there should be a conducive environment which provides the resources as well as the supervision. Thus, the ministry provides the necessary resources such as finance and materials while the superior provides the encouragement, opportunity and feedback through the performance skills and attitude to work. The training process should be based on the needs of the service and the workers should be made to identify with these needs.

#### *Problems of In-Service training in Nigeria Public Service*

The problems of training and development of human resources are enormous and call for concern. French (1978) highlighted a number of problems facing the training and development process in organizations. Quoted in Onah (2003), some of these identified problems include the following:

- i. How can training needs be determined and how can training need be distinguished from an organizational need that can be satisfied in some other ways?
- ii. How can people be motivated to increase their capabilities?
- iii. What are the relative utilities of various training methods and devices?; and
- iv. To what extent can the achievement of objectives of the training programme be determined?

An untrained human resource is a liability to a dynamic public service organization as he not only applies the wrong knowledge to others coming after him and those he happens to be supervising. As observed by Akpan (1979) “an untrained man in the modern

world may be a menace to the society. He is a quack; he knows only the laws of things, he has no ideas of (their) why. Hence if there is any trouble anywhere break in machine or a mistake in a ledger all he can do is to fumble and punch up trouble anyhow, leading to a more serious breakdown or greater confusion. Really there is no place for the untrained workers, or even the intelligent amateur, in these days of specialized work. Also, the traditional personnel management functions of recruitment, placement, wages administration, employee welfare, discipline and industrial relations, staff training and development tend to receive far less attention than others herein mentioned". It is for this reasons that Ubeku observed that there are many organizations in this country that regard training and development as expensive ventures and avoid them like the plague. What such organizations are interested in are the immediate returns. But in a changing world of which Nigeria is a part, this attitude cans no longer hold good (Ubeku, 1975 as cited in Onah, 1992).

Even in organizations where the need for employee training is recognized and a lot of time and money is committee to staff training and development, the exercise is often inappropriate, haphazard or premised on faulty diagnoses of organizational training needs. In other situations, where training happens to occur, deployment of staff so trained may be without regard to the skills the staff acquired, leading to frustration of personnel so trained and also general inefficiency in the public service organization. Today, the public service in Nigeria is fond of this practice. The workforce is generally understaffed, under tapped, underutilized, and therefore falls short of its anticipated contribution to the realization of organizational goals. Therefore, this study at this point investigate the nature of staff training and development and the reason for low interest in them in the public service organization in Delta State and Nigeria at large. Also, the section intends to know how these problems affect the morale of all categories of staff in the public service. The following are the specific questions (problem) of this study: Why have the governments in Delta State and Nigeria at large been seemingly paying inadequate attention to staff training and development?

- a) If the public service is now forced to reduce their workforce, will the highly reduced number cope with the work which is ever increasing?
- b) If stagnation and its attendant frustration exist, are they traceable to inadequate training and developments?
- c) Are the training and development programmes available based on the needs of the public services?
- d) Is staff turnover and wrong placement related to the nature of staff training and development programmes of the public services?

## **Research Findings**

First among the findings of this study agree with the general opinion that the Nigeria public service's biggest problem is shortage of specialized manpower and that the solution is quantitative, that is to greatly expand the education system at all levels in order to bridge the manpower gap. Today, the result is proliferation of training institutions like universities, polytechnic, colleges of education and other similar institutions. There are at present 153 universities in the country, federal, state, and private. There are 112 polytechnics in the country and several colleges of Education. With these numbers of



training institutions, is a manpower shortage really the public services greatest problem? Is massive expansion of formal education really the solution? We believe that the problem is qualitative rather than quantitative.

For manpower or human resources' training and development to become meaningful and impact positively on people, the qualities of training received by many of our public servants have colonial orientation. Western education rather than fostering clear ties between the recipients and their less privileged rural majority, whom they are supposed to serve, has become a tool for social alienation. The specialist public servant by virtue of his training automatically graduates to a distinct social class and enjoy enormous privileges, wealth and prestige. The public servant is remote from the masses as a whole and therefore unable to identify with the basic problems of poverty whose eradication is the essence of training and development. The desire for job security has made service to the nation a matter for secondary consideration by many of our specialists. The survival instinct in man makes him to plan for the rainy day.

Where his employer fails to guarantee him basic safety requirements, the tendency is for him to seek for the satisfaction of these needs through other means. Thus, the issues of job security become important. The best trained officer will certainly not perform well if his interest is at variance with that of the organization. Primordial loyalty and the fear of retiring into penury after a meritorious career in the public service often work against good governance and national development. This fear is largely responsible for corruption in the public service and brain drain. In the United States alone there were between 150,000 - 200,000 Nigerians by 2015, many of whom are highly trained in various fields. Within the same period, there were no less than 500 Nigerian medical doctors in Europe and America and the reasons given for the drift to other countries range from poor remuneration to lack of necessary working tools. A nation that has invested so much to develop its human resources is obliged to create avenues for the full utilization of those resources. Unfortunately the governments of Delta State and Nigeria at large have failed in this direction and the result is a demoralized and frustrated public service where personal interest overrides patriotism.

The desire to seek livelihood from the westernized public service bequeathed to us by Europeans is responsible for the craze for paper certification. The qualification for job in the public service is possession of paper certification even for less skilled positions. The result is that the majority of intelligent rural Nigerians are neglected in the public service. These neglected rural folks are the backbone of the country's manpower. There is a distinction between literacy and education. Nyerere explained that the fact that pre-colonial Africa did not have schools did not mean that children were not educated. They learned by doing. In the house and in the farm, they were taught the skills of the society and the behaviour expected of its members. Nigeria's rural majority have an acquired intelligence which is ignored or belittled by government as if it were not relevant to national development. The universal basic education is seen as an alternative to national education instead of improvement on it.

The craze for paper qualification has made nonsense of training system. The certificate is seen as meal ticket and many Nigerians are prepared to go to nay extent to acquire it, fair or foul. It is therefore not surprising to find a diploma graduate in secretarial studies who cannot transcribe a public speech or a higher national Diploma in Human

Resource Management or Public Administration who cannot write a memo. This spells doom for our public service and the nation in general.

If we accept Nyerere's view that the masses of Nigerians are educated, then the neglect of the vast pool of untapped manpower can be explained by the fact that the elites are bent on preventing outsiders from encroaching on their privileged position. How can we rationalize the demand for at least a first school leaving certificate for labourers or security guards in the public services? In the meritocratic American and British societies, Universal education has fairly graded the society into levels of intelligence but Nigeria has not undergone that process. The Chinese realized this early in their history that many people who do not do well in formal education can make useful contributions to society and this is why their public service is doing well, this is why our progress is slow.

The close career system in operation in Nigeria is another serious challenge to the performance of our public services and good governance. The system does not allow for infusion of specialized manpower from the private to the public sector at the very high level. The implication is that when there is need for specialized hands in the public service at the very high level such a hand is not really available; government operation suffers considering the high cost of training those already well trained and failure to allowed specialized hands to switch over to the public service from the private service at any level. This is one area which the American public service has excelled and Nigeria can learn from their experience.

The developed countries are where they are today because of their breakthrough in science and technology. Unfortunately, the government does not place high premium on research in Nigeria. In the year 2000 research boosted the economy of the United States of America and neighboring states by \$7.4 billion. The educational curriculum in Nigeria is richer and more diverse than before but, indifferent teaching, lack of infrastructure and poor funding combined to lower the standard of training. In the 1950's Sahya Onabamiro, a Nigerian micro-biologist discovered a type of bacteria known worldwide and named after him. Onabamiro's discovery was a solo effort. In the 1970's students at Obafemi Awolowo University discovered a device for making pounded yam but because there was no patronage for it, the patent right was sold aboard to be developed by people who don't eat pounded yam. This is quite unlike the United States of American where the most spectacular advance in science and technology have been researched and developed by their universities in collaboration with government and its institutions and the private sector. It is not surprising that 70% of Nobel prize winners and a third of learned articles in science and engineering worldwide are form the United States of American. For training to contribute to national development in Delta State and Nigeria at large, the governments must be overtly committed to investing much in research work.

### **Recommendations for Improving In-service Training in Nigeria Particularly Delta State Public Service**

Nigeria and indeed Delta State is blessed with abundant resources which if harnessed will make the country one of the leading nations of the world. The following suggestions if implemented will help in transforming the country:

- i. There should be conscious effort made by the relevant authorities to improve on the quality of training given in our different institutions. Citizenship and leadership

education should be made compulsory in all our training institutions. As Machel noted, there is the need to establish new relations between teachers and pupils based on the principle that to teach is to learn and that one learns in order to produce in a collective effort. In this way the distorted social role of training, discrimination and corruption which has become a common feature of our public service will be minimized.

ii. The best officers should be given training functions in order to multiply talents in the public service. This requires a change of attitude by our national leaders to manpower training. The practice of entrusting training functions to public officers who are not the best will continue to frustrate even the best policy on manpower training and development in Nigeria.

1. The problem of job security for office holders must be addressed. The end-of-tenure reward for public officers should be generous enough to motivate them to better job performance. When this is done, the fear of retiring into penury will be analyzed and this will encourage our specialist to put in their best effort.

2. Undue emphasis should not be placed on certification for employment in all departments in the public service. Certification per se is not bad but there should be more emphasis on practical ability to perform a needed task. If this is done, most of the untapped pool of skills available in our traditional society will be gainfully employed in the public service to contribute to the process of national development. We should borrow a leaf from the Chinese revolution.

3. Opportunity should be created for easy movement of specialized skill from the private to the public service. This can be achieved through the operation of an open career system and generous welfare packages in the public service.

4. The government and moneybags should show greater commitment to research work by providing adequate fund and fully implementing research report submitted by the training institution and specialist.

5. Managers in public service organization should adopt the systems approach to training and the developments of staff and to personnel administration in general. Eckstrand systems approach, which we adopted, provides for a systematic approach to training and ensures training for all who need it in the public service. Staff training and development programmes in the public service are not systematic; they lack the machinery for evaluation and integration of the trainees into the system by way of proper placement and utilization of staff. Therefore we recommend that a returnee member of staff from study leave should be posted to a relevant department and given acting appointment pending the availability of a vacancy for him. That way, he will not forget the knowledge he acquired as a result of disuses.

## **Conclusion**

Today's competitive environment requires managers or top administrators to continually upgrade the skills and performance of employees and their own. Such constant improvement increases both personal and organizational effectiveness. It makes organization members more useful in their current job and prepares them to take on new responsibilities. And it helps organization as a whole to handle new challenges and take advantage of new methods and technologies that emerge. Developing the workforce in this way involves training and development activities. The public service in Nigeria is the ideal

agent for national development. For the public officer to carry out his role effectively there is need for proper training, retraining and utilization (placement). This can be achieved only if the government and public spirited wealthy individuals show commitment to the training needs of the public service organization by creating conducive, economic, social and political environment. Training in Nigeria suffers from the twin ills of low priority and adhocism. There is no well thought out perspective plan for training in public service. Frequently, there is no integration between training and performance or career development. Worse still training needs of the staff are seldom identified in public service in Delta State.

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## **WOMEN, BUREAUCRACY AND DEVELOPMENT IN NIGERIAN: A CONCEPTUAL PERSPECTIVE**

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**Abstract:** *The introduction of diversity management programme in the Nigerian public service would constitute an effort to celebrate diversity by increasing supportive, not just neutral work environment for women but minority ethnic groups in the country. Against this backdrop, this study addresses the concerns of women not hired in senior public management positions. This paper adopted the analytical method and relies on secondary data and utilizes the content analysis for interpretation of data collected. This paper argues that in offering women the opportunity to access economic resources as well as to disentangle their identities from those of their families, diversity management programs will provide the space for women in Nigeria to clearly define their role as equal partners in the sustainable development process of the nation. The paper therefore concludes that the success of the government will increase if it is determined by its managers' ability to naturally tap the full potentials of a diverse workforce that comprise of men, women and young adults.*

**Keywords:** *Women, bureaucracy, development, diversity management, public service*

### **Introduction**

The history of women in Nigeria's public bureaucracy presents an account of tremendous diversity in the civil service. There can be no mistaking in the widespread and presence of women in the civil service of Nigeria today. Yet female senior public administrators are relatively rare. In Nigeria today, equality for women in the civil service is improving, but upward mobility is still very slow. After almost five decades since Nigeria became independence nation-state and some experience with quota system and federal character, there can be absolutely no doubt about major gain in the opportunity that become available to women and minority groups in the civil service. However, prejudice continues to exist, as does the glass ceiling that limits women from enjoying truly equal opportunities in the Nigerian public service. Why is this ease? Although sufficient time may not have passed to more women to work their way into the senior positions of the Nigerian civil service, there appear to be more formidable barriers. Most notably, it is clear that powerful gender role stereotypes persist, narrow- minded beliefs about the kinds of tasks for which women are most appropriately suited. These beliefs originated from religious and in some cultural practices (Adeniyi, 1993). Women in Nigeria have virtually no formal power in the national and state civil service. Although the national government created Ministry of women affairs almost three decade ago, there is no doubt that the government shapes and limits women's role in the civil service. Gender is still central to understand the processes through which appointments are made to senior public management positions. Even though the government sometimes promote and patronize

women's organizations, Nigerian women are still struggling to find ways to break the glass ceiling impose on them in the civil service. Well educated women in the civil service in Nigerian continues to face numerous contradiction between what they need to survive and what is possible under current administrative laws, religious, and traditional social structures in the country (Mukoro, 2020). Some studies that mentioned gender helplessness in African civil service argued that gender does shape the opportunities and constraints women and men face in securing positions in government (Thomas-Sayter & Rocheleau 1995; Adepoju 1994; Kalu 1993). Moreover, as Adepoju pointed out, the systematically inferior position of women inside and outside the civil service and household in Nigeria points to the necessity of treating gender as a force of its own in sustainable development issues in the nation. Although the relative deprivation of women when compared with men varies around Africa, this fact does not diminish the importance of giving women more senior public management positions in Nigeria. If policy is to reach the citizens equitably and the grassroots with effective prescriptions and action for sustainable management of Nigeria's public resources, it will have to address the concerns of women not hired in senior public management positions (Adepoju 1994).

This paper therefore examines the predicament of prejudice on women in the public service in Nigeria and the struggle to integration women into political leadership and economic development in Nigeria. The paper argues that the Nigeria's public sector need to introduce diversity management programmes as a policy that should be adopted by the national, state and local governments. It further argues that in offering women the opportunity to access economic resources as well as to disentangle their identities from those of their families, women will contribute immensely in the sustainable development process in the nation. Furthermore, diversity management programmess will provide the space for women in Nigeria to clearly define their role as equal partners in the sustainable development process of the nation. This paper also presents some theoretical perspectives of women's roles in the development process of a nation. The concluding section of this paper calls for an equal opportunity' government policy that will effectively reduce discrimination against women in the civil service and integrate women's interests, social expectations and creation of opportunities for broad economic, social and political participation for all Nigerian women.

### **Women and Equal Opportunity**

The study of feminism and equal opportunity in Nigeria is still in its infancy. Recently, attention to the impact of gender and ethnicity on public institutions has focused largely on perceptions of discrimination, the notion of representative bureaucracy and equal opportunities policies. Most African scholars have argued that the use of the word family is too restrictive and should be replaced with the term intimate. Since current research include studies of couples that cohabit but are not necessarily married (Abdullah, 1995; Adepoju, 1994; Bank, 1994; Dennis, 1987; Konjo, 1991; Ofei-Aboagye, 1994; Wallace, 1999) the word family might not be appropriate. However, most scholars now accept the idea that a family unit may exist without any form of sanction such as marriage ceremony. In this paper, the definition of family includes the situation in which individuals are living together regardless of whether they are legally married or not.

There is widespread acceptance of the critical role played by women and public institutions in the development process (Turner & Hulme (1997; World Bank (1997). Women act as major actors in the transformation process, whether in terms of their direct involvement in the economy or their more tempered role as catalyst, facilitator and regulator of economic activity. At the same time a growing concern with the representatives of women and the management of diversity within Nigeria's public sector has been a concern. The concern of unequal representation of women in the public sector has affected reform efforts that put stress, human resources management issues such as capacity-building, participatory management styles, constant innovation, entrepreneurial initiative, teamwork, strategic thinking and planning as crucial. World Bank (1997) report pointed out that when women are not offered equal opportunity in the civil service there is the danger that some skills in a nation will be wasted. The idea that recruitment and promotion are based on merit rather than on some particularistic criteria can contribute significantly to higher levels of morale and performance. As Esman (1997) has pointed out, ethnic politics largely ignores public administration or socioeconomic development, in much the same way that the literature on economic development overlooks ethnic cleavages. Yet in many societies, particularly in Nigeria ethnicity and gender play such a fundamental, all- pervasive role in the development process. Ethnicity and gender politics is described as an important dimension in public affairs, pervading the environment in which public administration functions in Nigeria (Ayeni, 2014).

Appointments in the bureaucracy should be allocated among men, women and other different segments of the population in direct proportion to their members. This way, the administrative apparatus of Nigeria will become a microcosm of the wider society. However, this approach is clearly impractical in Nigeria for three main reasons. In the first place, it fails to recognize that social groups may not be equally predisposed to seeking careers in the public service. To the extent that this is true, the public service of Nigeria will never be fully representative on the basis of proportionality. This had always been the main defense (or rationalization) offered to explain the notable absence of women in senior management positions in the public service. It was argued that they did not apply as they preferred to seek employment in agriculture or commerce (Kalu, 1993; Bade, 2009; Malemi, 2013)). Second, not all groups are qualified to enter based on merit. As Otobo (1999) and Oluwo (1999) pointed out, representative bureaucracy in Nigeria depends on an even distribution of formal education. That is, women in the Nigerian society may be underrepresented in the public sector due to historical, religious and cultural patterns of educational development.

The level at which the bureaucracy ought to be representative is a third problem. Kolawole (1998) and Malemi (2013) argued that socialization experiences among women within the public service tend to diminish the influence of pre-employment experiences, and that upwardly mobile public servants are likely to hold different values and opinions from others with the same social origins. Greenberg (1999) and Bateman and Snell( 2011) contend that when one think of a mentor, the image that comes to mind is an older male senior executive helping a younger male junior executive work his way up the public service ladder by introducing him to the "old boy network." By definition, any old boy network is sexist. Indeed, women in Nigeria's public service often seem to have less access to suitable mentor than do men. Kolawole (1998) presented three reasons why men have more access to mentor than women did. First, there are simply fewer female executives

available to serve as mentor for young female employees. Second, women are less willing to enter into mentoring relationships because they anticipate greater risk than men in doing so. Recent survey in Nigeria found that women expressed more concern than men did about the potential for negative exposure that might come from the increased visibility they assume because of their protégés (Mukoro, 2019). This is specifically very important because Nigeria do not have sexual harassment laws. Third, barriers to mentoring exist not only between men and women, but also between members of different religious and ethnic groups. Insofar as mentors and protégés often get together because they have similar backgrounds and share similar attitudes, it is not surprising to find that people from different ethnic and religious groups face difficulties in their mentor- protégé relationships – if they form one at all.

Adamolekun (1999) pointed out the current wave of public sector reform efforts that tacitly approves of an expanded role for technocratic advisors from outside the public sector. The reform policies certainly reduced the role of senior public servants as the sole source of policy advice and almost banishing them to implementation and administration issues. This role also makes it difficult for them to introduce programs that would eliminate discrimination against women. Far from being loyal to their nation, these senior public administrators are more likely to be loyal to their ethnic group and the political hand that feeds them. Thus prejudice against women continues to exist in the civil service of Nigeria, as does the glass ceiling that limits all women from enjoying truly equal opportunities in the nation (Mukoro, 2020).

In the Nigerian public service, the marginalization of women in the nation has two contrasting gender ideologies, which ironically produce the same outcome. The first is related to the aforementioned state- promoted gender identity. “The state rhetoric and action imply that women in Nigeria do not need to engage in income-generating activities and that those who do engage in such activities do so for reasons other than economic necessity. The second gender ideology under girding the marginalization of women micro-entrepreneurs is related to gender bias embedded in development practice that perceive women as vulnerable and isolated groups and their activities as a collection of inconsequential endeavors. Gender specific ideologies; such as these, which underpin the marginalization of women within the public sector of Nigeria, are often nuance by cultural, ethnic and religious undertone” ( Gberebie, 2017: 17).

In Nigeria, the rigid and hegemonic nature of prevailing notions of work not only denigrates the work of women but dis-empowers women producers themselves. Interview conducted in Nigeria in summer of 2020 reveals that, although women consider themselves to be producers of goods and providers of services for a large segment of the society, like the society women have a low estimate of the value of their own labor. Hence, it would seem that the particular constructions of gender to which Nigeria working women are subject and which inform their notions of self, not only deny them the value of their daily activities but also undermine the potential of their ministry or public agencies and discourage them from developing enabling notion of self worth. Finally, the large scale exclusion of women from mainstream senior public management positions and political position at the national, state and local governments despite the fact that they are in majority in the nation serves to reinforce this situation (Mukoro, 2020).



## **Policies towards Equality of Opportunity for Women**

While the passive approach emphasizes the sociological or demographic representatives of the Nigerian public service, the active approach places the accent on the cultural, religious and political determination of discrimination against women. From this perspective arise policies such as equal opportunity and other ethnic-conscious instruments designed to benefit the marginalized groups. "Equality of opportunity is predicated on the idea of fair competition on the basis of merit, and the role of public policy is to ensure that all qualified individuals (men and women) may enter the competition and be judged according to the same criteria. Therefore, the state must act to (1) ensure that the competition is equal, and (2) equalize starting points where necessary" (Lovenduski 1989: 8). There has been much debate and political controversy surrounding equal opportunity policies and quota system in Nigeria. At the heart of the debate is the question of whether preferential treatment is justified and, if so, on what grounds. While accepting that there may be reason to challenge the arbitrary criteria on which preferences are to be allocated, there is no alternative but to support Edward's (1995) and Armstrong's (2012) position that, in principle at least, they (i.e. preferences to one or other group) are acceptable once they are designed to remove inequality and do not create greater injustices than those they seek to overcome.

Diversity ought to be an end in itself and not a means to achieving some less noble, politically motivated objective. Second, if that equal opportunity is intended to serve as compensation for past injustices, then it is flawed as a form of redress since there is seldom anything that links past victims and present beneficiaries. What it does, in effect, is to seriously devalue (or certainly undervalue) the worn-; qualifications of those whose forebears stand accused of discriminating against previous generations of the new "in-group." This is surely Niger tantamount to replacing one system of injustice with another. Government not only must understand the dynamics of family abuse, but also be prepared to offer support and guidance to victims as they move through the difficult period in their life. Repairing the body and spirit is only half the battle; society must be able to make the victims of family abuse completely whole. This has to include financial reimbursement from the offender (Mukoro, 2020). The people of Nigeria are beginning to association except the fact that victims of crimes in general and victims of family abuse in particular, have rights and need to be active participants in the criminal justice system. This includes giving their input during sentencing of offenders. The use of victim impact statements is a giant step forward for victims of family violence.

The various policy instruments for ensuring women development are not exclusive to the government's official policies. "Legal aid and legal marked literacy are the most popular components of government's effort to reduce family abuse. To rectify this situation in Nigeria, the Family Law Center is a legal services advisory center offering free legal advice on all family women legal problems to low income people. The center's founders were careful not to restrict its service to women because of fear that it would be stigmatized as another 'women's liberation project'. Such a legal might have jeopardized the centers existence for number of reasons. There are some non-official women organizations or associations that are committed to women's development. These non-governmental associations include Association of Working House Wives, Association of Media Women, Army Officers Wives Association, and National Council of Women Society of Nigeria and

so on. The interests of these groups are basically confined to the welfare of their members. The activities of the National Council of Women for example, include the operation of child welfare services scheme, and market nurseries to cater for the children of market traders. The council runs adult education programs aimed at increasing political awareness and participation of women in development with particular references to women franchise - the right to vote and be voted for. It also runs a number of hostel accommodations for women in various towns and cities in Nigeria in order to alleviate accommodation problem for women in urban centers” (Nwaagbara, 2016: 13).

The formal instrument for women development in the Nigerian administration is the Federal Ministry of Social Development, Youth and Sports. Broad policies and guidelines on women development emanate from this ministry. Prominent among such development programs is the Community Home Economics that include day care center management. This is designed to enlighten women in rural areas on modern methods of home keeping and childcare. Another women development program is the Community Development Training Center. The center undertakes the training of rural women, teachers, and front line women leaders to enable them to motivate the citizens towards undertaking self help projects and to handle the various Day Care Centers (Buchanan, 1993; Udegbe 1999). The Adult Education program of the Federal Ministry of Education though not an exclusive women policy affair has also presented policy instrument for enhancing women development. Women are largely illiterates in comparison with their male folks and would therefore benefit more from adult education programs of the federal and various state governments. It is pertinent to note that a National Education Agency has been set up by the federal government and, subsequently all the state governments have been directed to set aside five percent of their capital budget on education for the agency (Ibe, 1994).

The Nigerian government has started operating a scholarship scheme for interested female candidates that do exceptionally well in science; technology, mathematics and other sciences related subjects. Two technical colleges have been devoted to the enhancement of women development in the country (Buchanan, 1993; Getachew, 2014). Also indicative of government policy, is the use of mass media to propagate women education. In this vein, both the federal education ministry and state governments seek to encourage parents to send their female children to school. In most Northern states, the official position is to prosecute parents who either withdraw their daughters from school for marriage, encourage their daughters to trade on the streets or farm. The government has also established the Commission for Women’s Affairs to enhance the status of women socially and economically. In addition, the government has issued decrees abolishing abuses against women, improving their health status discouraging such practices as early marriage and female circumcision. The President of Nigeria, Olusegun Obasanjo announced the establishment of a new Ministry for Women Affairs in his 2000 budget speech; this is a continuation of General Sani Abacha’s legacy of 1995. The rationale for women’s ministry is that it will encourage them to enter the labor force and supply a wide range of talents and services demanded by the general public. This in turn will improve productivity and economic growth of the country. In the management of business and industry, however, women are conspicuously absent. It is not the technical, but the sociological aspects of industrial and business management that militates against success for women in the occupation ( Gbervbie, 2017).

Further political pressure on multinational corporations, governments, lenders and international donors by men and women dedicated to sexual equality will be vital to ensure that women's interests are not neglected. "These groups range from rural cooperatives to occupational associations, to urban business enterprises, to social welfare, church, and entertainment groups. Although they may not have originated as such, many of these groups have developed an expressly political focus. Through the use of these non-governmental organizations (NGOs), women's protest has assumed widely divergent forms; some organizations are seeking to politicize the private domain in certain contexts. Nonsexist education and training for women and men as well as equal access to jobs, property, and leadership positions must be provided. Nigeria will not achieve its development goals if women's full humanity and citizenship is not acknowledge and vigorously protected. Even if legal reforms make the economic situation of wives more secured, Nigerian men must be educated on other ways to boost their ego, redirect their anger and curb their chauvinism. Beating ones' wife is surely not an option. The media should be used to educate the people of Nigeria, that cultural values that encourage family abuse are no longer valid in the twenty-first century. Finally, Nigerian women should realize that the degree of success that they will experience in curtailing any opposition from men and in averting gender stereotype in the nation is dependent on their ability to enlist men as allies. The extent to which this would be possible in Nigeria hinges on women's ability to convince men that their new social space and new gender identities are non-threatening, mutually benefiting, and greater than a zero-sum game. In the twenty-first century Nigeria should change the notion of women as specialized homemakers and men as providers. There should be a mutual understanding that both women and men have the obligation to participate in the labor market regardless of gender and domestic responsibilities" (Nwaagbara, 2016: 125).

### **Gender Factor in Development**

Women being agents of development is a historical fact and it is a disservice for any country (including Nigeria) to ignore its women population in its development efforts. Therefore, the need for effective participation of women in development should be compelling. Equal opportunities should be provided to them and their male counterparts, both of whom should be seen as partners in, progress (Ebosele, 1993; Adepoju, 1994). This partnership role of women in development is slowly being accepted in Nigeria. In Nigeria feminism obscures the essential struggle and lumps together into interests that might even be practically opposed. The various professional bodies of women and those which are versions of all the political parties in the country today operate to further consolidate a system which opposes the interests of workers and peasants (men and women) alike. They also work principally to advance their own corporate interests and not that of women in general and in abstraction. The "glass ceiling" and the "glass wall" are phrases that were coined to illustrate the obstacles that hinder upward mobility or lateral movement of women in the work place. Many articles offer explanations for the disproportionately low number of women in leadership positions, all of which focus on barriers that keep women from rising in corporations (Malemi, 2013).

It is only when women are freed from the current property relations that they could be regarded as fully liberated. For other injustices which are largely psychological and

social, such a humiliation, over lordship, family abuse, etc., are formed on this basis. The World Bank (1989) summarizes the economic plight of women: “Modernization has shifted the balance of advantage against women. The legal framework and the modern social sector and producer services developed by the independent African nation (and also most externally sponsored development project) have not serviced women well. Legal systems have discriminated in land titling ... It is often more difficult for women to gain access to information and technology, resources, and credit. Agricultural extension and formal financial institutions are biased towards a male clientele ... There is a wider gender gap in education. As a result, women are less equipped than men to take advantage of the better earning opportunities” (World Bank, 1989: 86-87). The process of development and urbanization has fortunately liberated a small minority of educated Nigerian women. Many of these professional women play prominent roles in international forums for equal rights, status redress and the emancipation of African women. At the Fourth Regional Conference on Women in Lagos, 1989, Nigerian’s formal military leader, General Babangida noted that ... “There are compelling reasons why African women must be integrated in the development process. First is their numerical strength ... They are industrious and enterprising ... They are good managers ... No national development program will be meaningful and thorough if women are not fully involved” (Buchanan, 1993; Udegbe 1999). Nigerian women want to be integrated on an equal footing in the ongoing development process for greater efficiency.

The constraining factors in the advancement of women to the same status as men in Nigeria are daunting in many respects. Therefore in eliciting women participation in development, their inhibiting factors need to be identified and removed in order to equalize access to opportunities. In the past, women’s role in most countries of the world was confined solely to the kitchen and other domestic activities. This view of women’s role is still largely held in most African countries, including Nigeria. Women in West Africa are consciously, deliberately and perpetually considered as subordinate to their male counterparts as a matter of tradition and culture that must be unchangeable. In this vein, the relationship between women and their counterpart is that of unequal partners (Malemi, 2013). This discriminatory practice against women’s positive contributions to development has not been obliterated as logically expected from there under development, and unequal access to development opportunities. The importance of this assertion becomes clear when we take a historical excursion into Nigeria’s past and even contemporary experiences. For example, Nigeria’s political developments in the pre-colonial era cannot be correctly written or understood without the mention of effective leadership of women like Queen Amina of Zaria, who was renowned for her series of conquests and political domination of parts of the old northern states, and Queen Idia of Benin who provided an effective military bastion for her son, Oba Esigie of Benin (Mba, 1982). On this basis, Udegbe (1999) and Awe (1994) pointed out that during pre-colonial times women were not left out in the political arrangement. Women’s political power varied from one place to another and in some societies they shared equal power with men.

## **Conclusion**

This paper examines the issue of managing diversity in the civil service of Nigeria. It argues that the public sector of Nigeria need to introduce diversity management programs

as a policy that should be adopted by the national, state and local governments. The paper also argues that in offering women the opportunity to access economic resources as well as to disentangle their identities from those of their families, diversity management programs will provide the space for women in Nigeria to clearly define their role as equal partners in the sustainable development process of the nation. The proposed diversity management programs should serve as a key instrument in the recruitment and promotions, and suggests ways in which subjective perceptions of discrimination can be minimized. Transparency is critical. Public disclosure of entrance requirements and examination results, and even of the rationale for confidentiality where this is felt unavoidable, can ensure that injustice and unfairness are met with public censure. The composition of interview panels must be sensitive to issues of ethnicity as well as gender. Promotions must be subjected to similar pressures. It has been argued that a proper functioning performance appraisal system is indispensable if any element of subjectivity and bias is to be removed from the promotion process. Furthermore, to make a performance appraisal system function effectively, reporting officers should be exposed to training in personnel and diversity management as a matter of course, if only to help develop an appreciation for public personnel management and the importance of performance appraisals within it. It cannot be assumed that those charged with this responsibility are endowed with the knowledge and understanding to treat staff appraisal as a continuous process that begins with the development of a classification system and adequate job descriptions, and is reinforced when public officers agree with their supervisors on specific, measurable, achievable, realistic targets/outputs to be delivered over a given period of time (e.g. quarterly).

Underlying all of this, however, must be the establishment of procedures for conflict resolution at the workplace and a clear-cut and inexpensive grievance procedure that permits public officers who feel they have been discriminated against on ethnic (or any other) grounds to lodge complaints with a competent authority. Subjective perceptions of discrimination are every bit as serious - perhaps even more serious - than discrimination that can be proved to exist on objective criteria. Indeed, the grave danger is in assuming that if allegations of discrimination cannot be substantiated, then it does not exist. As long as it continues to exist in people's minds, the problem will remain a festering sore. In the twenty-first century, the Nigerian government's civil service needs a new paradigm in the work place that links ability with skill, rather than ability with gender. The precise nature of the jobs assigned to men and women is not important in itself. What is important is that jobs should be given to the people with the right qualifications or skills. Gender typing will not help the country attain its industrialization goals. Given Nigeria's critical economic and political problems, it appears increasingly obvious that suppressing the talents and skills of women in order to protect men's privileges is an enormous waste of human resources that the country can no longer afford. The present situation does not meet the criterion of "the best person for the job." It therefore implies a kind of prodigality that those concerned with public interest can hardly be viewed with equanimity. Limited gains toward gender equality suggest a reality at odds with seemingly fairer policy formulation. Although some bureaucratic structures are in place to provide for equal wages and equality of opportunity for women's economic position in relative to men's have eroded. With concrete resolution of the constraints militating against women's participation in development, Nigeria will move faster in its sustainable development and industrialization process. In conclusion

therefore, the success of the government will increase if it is determined by its managers' ability to naturally tap the full potentials of a diverse workforce that comprise of men, women and young adults

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## AN ASSESSMENT OF AUTONOMY AND FREEDOM IN NIGERIAN UNIVERSITIES

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**Abstract:** *This is an assessment of Autonomy and Freedom in managing Nigerian Universities. The study was based on organization theory, which emphasizes that every organization has some level of autonomy and freedom to handle its affairs. The primary data collected through the use of the questionnaire method and standard interview method were analyzed using frequencies and chi-square. The research found that proponents of autonomy are of the view that the call for the government to relinquish autonomy to universities recognize that the right to autonomy is not absolute, but rather conditional on the government's obligation for greater university funding in particular and for determining the goals and broad outlines of higher education in Nigeria in general. The study also discovered that university autonomy craves the indulgence of government to reposition its university agencies to better fulfil their responsibilities by way of assisting to provide adequate funding, well-articulated policies, plans and machinery that would ensure the attainment of university goals and objectives with minimal interference. However, the government must revisit the same law to fully capture financial autonomy, allowing universities to generate funds through a reasonable cost-sharing approach while the government maintains its legitimate role of adequately funding universities to train and retain quality manpower for the country's overall economic and social development.*

**Keywords:** *Funding, Management, University Autonomy*

### Introduction

Education is viewed as a “par excellence” tool for achieving national development in Nigeria. It has seen active participation by non-governmental agencies, communities, and individuals, as well as government intervention to some level. However, with Nigeria's population growing to over 200 million people, according to the 2019 estimated figure, the need for all levels of education has increased, as has the necessity to train individuals to gain excellent education for national development. In its broad aims, Nigeria's national policy document on education highlights the importance of Nigerians living in unity and harmony as one indivisible, indissoluble, democratic, and sovereign nation founded on the ideals of freedom, equality, and justice. As a result, the country's educational philosophy emphasizes the need to: develop the individual into a sound and effective citizen; integrate the individual into the community; and provide equal access to educational opportunities for all citizens of the country, both inside and outside the formal school system. Based on the aforementioned idea, Nigerian universities as citadels of learning strive to develop the Nigerian man into a full being capable of adjusting to his surroundings in order to promote and enhance development. To achieve capacity building, succeeding Nigerian administrations must ensure that university education specifically trains and retains manpower capable of advancing science and technology, which is the bedrock of a productive economic system that underpins so much of what is achievable in Nigeria. University education is essential for bringing about desired change in any country; in this



light, the necessity for university education increased when Nigeria gained independence in 1960. As a result, universities were founded to serve the three regions (the Northern, Southern, and Eastern Regions); these first-generation universities were charged with training the necessary manpower to fill the void left by the departure of colonial expatriate staff. Each of the established universities had well-defined operational boundaries and autonomy (Ojo, 1990).

The system has indeed witnessed phenomenal growth both in the number of universities and student enrolment. Total student enrolment on the other hand rose from 627,609 in 2002 to 1,711,134 in 2017 (Varrella, 2020). Available statistics from The Joint Admissions and Matriculation Board (JAMB), and the National Universities Commission (NUC) indicate that over millions of candidates apply for admissions into Nigerian universities every year, and out of these about 30% get admitted. The majority of candidates are denied admission because existing universities lack the necessary facilities to accommodate them. This suggests that something is fundamentally wrong, because a total of 170 universities (43 federally controlled, 48 state-owned, and 79 privately owned) can only accommodate less than two million students, indicating that much work needs to be done to expand their carrying capacity. This becomes a problem for university autonomy and university funding in Nigeria. Universities were established with autonomy. However, in recent times, though the Laws establishing these universities are still intact with some reviewed, universities are no longer allowed the flexibility of the powers that be to manage their affairs in consonance with the Laws establishing them, hence the erosion of their autonomy. The concept of university autonomy is very essential in the management of universities all around the world. Several academics have characterized it in various ways. It is defined by Ojo (1990) as "the legal freedom afforded to each university to conduct its own affairs and policies without undue interference from outside bodies, persons, or, most importantly, from the government that chooses to support it in most parts of Africa." University autonomy, according to Ibidapo-Obe (2005), is "a system in which individual universities handle their own affairs without undue interference from other entities, particularly the government and private proprietors." This clarifies the subject by stating that the effective management of the university system is dependent on the provisions of the law governing the establishment of each university.

The autonomy principle guided the running of these universities, which provided them the power to select their academic curricula with some measure of regulatory oversight (Ojo, 1990). The lack of a university in Nigeria until the Colonial Administration created the University College of Ibadan in 1948 was partly responsible for the near monopoly of university administration and top civil service positions in Nigeria by expatriate officers before independence. However, in recent years, university autonomy has been eroded. The University Senate's autonomy would be severely eroded as a result of this. The Academic Staff Union of Universities (ASUU) has recently pushed for university autonomy, claiming that Nigerian universities require autonomy to strengthen and control their internal management mechanisms, particularly when it comes to the appointment of Vice-Chancellors and other senior officers. ASUU (2002), in reiterating its autonomy argument, stated that the only way for Nigeria to compete in the growing global community is to provide high-quality education to its population, an education capable of changing a large number of people. ASUU stressed that no country on the planet has ever been able to 'beg' its way to development. For example, Japan, one of the world's wealthiest

countries, does not have any mineral deposits but has grown as a result of its attention to education, particularly technical education.

One strategy to encourage university-level education is to implement a deliberate policy that promotes autonomy. Such autonomous reforms should aim to restore sanity, raise academic standards, and put the entire university system into right perspective, allowing it to compete favourably with international university norms. For our universities, the reform should also attempt to strengthen and increase institutional autonomy, more system differentiation, governance, and quality assurance systems (Saint, Hartnett & Strassner, 2003). The restoration of autonomy to university management should seek to ensure that higher education as a whole reinforces its role as a powerful force that promotes the nation's growth and development, as well as create a more conducive atmosphere for university internal administration and management. The autonomy reform pushed by this research work is that which scholars like Sorkaa (2001), Sambo (2002), Salim (2003), and Obaji (2005), believe can create a more flexible and responsive system of university teaching and research that, over time, will contribute increasingly to national innovation capacities, productivity gains and economic growth (Sainta, et al., 2003). Even though government on the contrary intends that financial autonomy (generation of funds) should be a cardinal focus of its reform, an issue ASUU disagrees on; it is clear that university autonomy is fundamental to the restructuring of or reformation of the universities, which both government and all the unions agree is fundamental and necessary now.

The continuous, persistent and stringent erosion of University autonomy and the infraction of laws governing the operation of government-owned universities by its stakeholders is an age-long problem bedevilling the effective management of government-owned universities in Africa in general and Nigeria in particular. History has it that universities in Africa were established with strong bureaucratic structures and firm controls to ensure loyalty and adherence to the norms of the colonial authorities (Altbach, 2002). To date, government-owned universities in Nigeria suffer a lot of setback in terms of falling standards, deteriorating infrastructure, and poor human resource development, which emanates from years of poor funding and direct interference into its day to day administration by government agencies and some regulatory bodies responsible for standards, quality, and admissions. Poor funding has been blamed for being responsible for the falling standards and poor human resource development. As a result, it is quite challenging for Nigerian universities to recruit, sustain, and retain some of their talents. As such, quality human resource is lost to the organized private sector or to some foreign universities that provide better options than what is obtained in Nigeria.

In spite of the foregoing, the erosion of university autonomy is still on the increase as Government still interferes in appointment of key managers of the system such as Chancellors, Pro-Chancellors and external members of the governing councils to run the affairs of universities without recourse to the system. Such appointments are made most times to reward political patronage indeed, it has become common place to have on some university councils members whose knowledge of University affairs is ill equipped. This research will carefully examine the issue of autonomy and see how best it can help in improving the management of the university system in Nigeria and the extent to which it can better the lot of the Nigerian educational system.

The rest of this paper is organized as follows: section two presents a review of related literature while section three presents Methodology. Section four covers empirical results and discussion while section five offers conclusion and policy recommendations.

## **Review of related literature**

### **Conceptual Clarification**

*University Autonomy:* University autonomy implies: the freedom of universities to select their students and staff by criteria chosen by the universities themselves; autonomy to shape their curriculum and syllabus; and the freedom to decide how to allocate among their various activities, such funds as are made available to them. This clarification demonstrates that the university as an institution does not claim autonomy in all fields, but just in certain. Legislative authority or executive suasion tied to financial power are common examples of government influence. Executive influences can be exerted by government through appointment of vice-chancellors, members of the governing councils and on matters of salaries and conditions of service/funding. However, university autonomy can only be meaningful in terms of a university carrying out its functions of research and teaching where it is allowed to govern itself, secure from the day to interference of the state and the interplay of politics.

*University Management:* University management is an art of management which in its widest application include the whole art of carrying into effect any policy, plan or undertaking. The term as used in this study is confined to that class of officers that engage in the day-to-day administrative management of the affairs of the university. These include the Vice-Chancellor, his deputy, the Provost and his deputy, the Registrar, the Bursar, the University Librarian, the administrative staff, the Deans of faculties and students, the various heads of department, sub-deans and all those engaged in one form of administration or the other in the university.

### **Balancing Government Control with University Autonomy**

Section 6(3) of the 1991 ACT establishing the Benue State University Makurdi, for example has specified the functions of Senate which reflect institutional autonomy. Under these functions the senate of the university has:

- the freedom to select its students and staff by criteria chosen by the university;
- the freedom to shape its curriculum and syllabus;
- the freedom to decide how to allocate among its various activities, funds that are made available to it on approval by council;
- the freedom to establish colleges and faculties from time to time on the approval of the council, among others.

Autonomy as outlined in the Benue State University ACT shows that universities do not claim autonomy in every sense, but only in certain sensitive areas where university ideals are essential and have to be maintained. Any erosion of such ideals by political considerations or extraneous forces might lead to the lowering of standards (Ojo, 1990). University autonomy is therefore not the right of the individual professional but the right of the institution to govern itself.

Nevertheless, the principle of complete non – interference in university affairs cannot be sustained since such freedom does not exist without some limitations anywhere in the world. This implies that government or proprietors of universities do exert reasonable level of control over universities to account for the resources allocated to it, ‘for he who pays the piper needs to dictate the tune’. Autonomy, therefore, could be described as a double-edged sword that requires the government’s proper funding of universities, while government, on the other hand, expects universities to maintain quality in what they do. The role of government regulatory agencies therefore cannot be completely seen as unnecessary interference in the affairs of universities but should be seen as a legitimate duty on the side of government. On the contrary, universities should have the opportunity to oppose any attempt by government to erode their internal administration or impinge on their traditional autonomy as reflected in the laws establishing them.

It has been emphasised in this work that even in Europe, university education has not enjoyed complete autonomy in state-supported institutions. However, universities that started as faith-based and privately owned in Europe and America such as Oxford and Harvard, over time overcame their proprietor’s control through endowments, tuition fees and private sector counterpart funding they enjoyed and are now fully autonomous. These universities, however, have continued to intensify research in areas that have brought about the rapid development of their respective economies.

In Nigeria however, private sector support for university funding is still very poor. This largely is responsible for the over-dependence on government subvention by universities, hence the escape route becomes impossible.

### **An Assessment of Autonomy in Nigeria Universities**

As noted earlier, education is described as a powerful force in the growth, development or change of a nation. Development enhances economic growth, political stability and the distribution of investment capital. Thus, the wealth of a nation to a large extent covers the distribution of other necessities of life such as leisure, pleasure, information, decision-making, rights, responsibilities and education (National Association of University Women, 1998). The role of education in development is, therefore, that of imparting skills and knowledge to people as an instrument of development in all facets of life. The attainment of good education for development by any government requires good governance. Studies have it that before the 1999 decision of the Federal government to grant autonomy to universities for the enhancement of good education, there have been numerous moves, seminars and conferences, over the years on the subject of autonomy. However, the major indices deliberated upon included funding, admission of students, composition of governing councils and the appointment of Vice-Chancellors and other principal officers (Obasanjo, 2000).

Outside the university system, it is often believed that Nigerian universities have been granted more than their fair share of autonomy. In fact, it is also believed that the same autonomy has become a monster that has of recent been trying to destroy the system it was created to strengthen (Sambo, 2002). Sambo further reiterates that, people who hold this negative view cite as a case of autonomy gone haywire, the profusion of graduates in certain areas “irrelevant” to our circumstances as a third world nation and thereby creating unemployment problems to the economy. It should be noted, however, that no discipline

is useless; government should use the available resources and expand its economic base and capacity so that adequate employment can be provided for graduates of all fields.

The proponents of autonomy, on the other hand, have always insisted that Nigerian universities do not have any reasonable autonomy. They argue that the universities are tied to the financial apron strings of their provider of finances – that is government. So they continue, the universities are forced to dance to the tunes composed and rendered outside their portals. Indeed, it can be said that university autonomy is an unwritten covenant between society and the academic community which concedes to the latter a free will to determine its guiding principles and self-regulate itself. The perception of universities as ivory towers in which egg-heads were separated from the rest of society for the serious application of their minds to the pursuit of the truth, found expression in the concept of university autonomy is also no longer tenable. This age-old tradition has grown to be universally accepted and the best examples of university autonomy can be found in the United States of America and Europe. The decision of the Federal Government to grant autonomy to universities in line with the above-mentioned advantages is a move in the right direction. It is the duty of all involved in the management of universities to join hands with the government to ensure the smooth take-off and implementation of the autonomy.

### **Governance Structure of Government and Private owned Universities**

The governance structure is well set out in the University Laws. At the apex of the governance structure, in public universities, is the Visitor (Mr. President) in case of Federal Universities and the governors in the case of state universities. The Visitor appoints the Chancellor, Chairman, Governing Council as well as the external members of the Governing Council. Other bodies provided for in the law are; the Senate with the Vice-Chancellor as Chairman; congregation; and Convocation. Memberships of these bodies are outlined in the law. Their functions and powers are also clearly stated. The Council enacts statutes and the Senate makes regulations. Private Universities have a slightly different structure. At the apex of the governance structure is the proprietor; usually a foundation specifically put in place for the purpose of establishing the university. The promoter of the university, who may not be a member of the registered trustees, may be the chief financier. For faith-based universities, the religious leader may serve in this capacity. One significant difference in the structure is the introduction of a buffer body, (the board of trustees) which is appointed by the proprietor. The board of trustees has the responsibility of appointing the Chairman and external members of the Governing Council.

### **Legal Perspective of University Autonomy**

The functions of the university are usually clearly stated in its laws, which confer on the university such powers, as in its opinion are necessary to effectively advance the objects of the university. These functions usually include the following:

- (i) to provide courses of instruction and learning in the identified disciplines;
- (ii) to make provisions for research and for the advancement of knowledge in the branches of learning in the identified disciplines for such persons and in such manner as it shall determine;

- (iii) to institute the various cadres in the career profile for academic and non-academic staff;
- (iv) to award degrees, in the identified disciplines, including honorary degrees, diplomas, certificates and other academic distinctions such as fellowships bursaries, prizes, titles etc;
- (v) to acquire by purchase or gift movable or immovable property and to sell, lease, mortgage or otherwise alienate or dispose of any such property;
- (vi) to establish campuses, facilities, schools, extra-moral departments and other teaching and research units within the university from time to time;
- (vii) to provide the necessary physical and infrastructural facilities including libraries, sporting facilities, lecture halls and others necessary for discharging the responsibilities implicit in its objects;
- (viii) subject to the provisions of the law, to invest any monies appearing to the university and such other monies that may not be immediately required for recurrent expenditure;
- (ix) to borrow money;
- (x) to demand and receive from students such fees as the University may determine subject to the directives of the Minister for Education in case of Federal owned Universities and the appropriate offices in the case of State owned and Private Universities;
- (xi) to provide for the welfare and discipline of the students and other members of the

*University Community.*

Consequently, the law gives enough leverage to the system for effective institutional management. The problem, therefore, is not the lack of provisions, with implications for institutional autonomy, but rather government decrees (in the case of military government), laws, acts and circular letters and any relevant prescriptions in the constitution (Okojie, 2005). The Decree No.1 of 1974 and Decree No. 49 of 1988 now both Acts, amending Decree (Act) No. 16 of 1985, Decree (Act) No. 9 of 1993, Decree (Act) No. 11 of 1993, Decree (Act) No. 25 of 1996, and many government decrees (acts), circulars and statutes of councils of universities need to be reviewed as a result of the existing conflicts and confusion. They all undermine the degree of university autonomy. Too much government interference does not guarantee the level of autonomy and academic freedom required in the Ivory Tower. University autonomy may be classified as follows: academic autonomy; administrative autonomy; financial autonomy; and institutional autonomy.

*Academic Autonomy/Academic Freedom:* The responsibility of Council is to oversee the financial and administrative management of the system. The Senate handles all academic issues including students' discipline. However, no specific and explicit legal provisions have been made to ensure academic freedom. It is yet to be seen if the university autonomy bill speculated will be made available to cater adequately for academic freedom. For now there is no evidence of sanctions or repressive actions from government in respect of extreme criticism or pronouncements. The Senate, to a large extent, through its committees is responsible for whom it admits, decides when to teach, whom to teach and how to teach the prescribed courses. It has sole responsibilities for assessing students for the award of degrees. The university, laws also indicate that Senate can create new programmes, make recommendations for the establishment of new faculties, departments and academic units.

Consequently, the system exercises its academic autonomy through its senates and its committees.

*Administration Autonomy:* The management of a university's system becomes more complex as it grows. The first of the problems it faces is institutional governance. The Nigerian public universities, and to a large extent private universities, have adopted the European model. The council, a collegial body elected by the visitor, congregation, senate and convocation, is the highest authority within the university. In the private universities, the proprietor appoints the external members of councils. However, the general administration is under the control of the Vice-Chancellor. The process for the appointment of the Vice-Chancellor is prescribed by Act (No.11) of 1993. It is an internal mechanism for the first stage with little interference from outside. This internal mechanism involves some democratic process and interviews by a joint senate-council committee. However, the requirement is for a list of three (3) short listed candidates to be sent to the visitor in the case of public universities. This does not make for administrative autonomy. It is hoped that university autonomy will confer the absolute responsibility on the university governing council (Adamolekun, 2000). The central administration in the university determines the established positions with inputs from the faculties/departments and units. Authority in the university is diffused and unlike in a corporate setting, each segment has its defined responsibilities. True administrative autonomy will feature in the university system when the community has the responsibility of selecting the external members of the council (Okojie, 2005). At the faculty, department and units levels, the system also enjoys some level of administrative responsibilities and autonomy. The university system depends reliably on the committee system. Although the management sometimes usurps the powers of committees, it is only through the committees that some sensitive matters on appointments; promotion and discipline; and admissions are better addressed. Decisions in the system require consensus building, consultations and fair hearing. The hierarchical structure of administration ensures a fair measure of accountability and due process.

*Financial Autonomy:* The economic crises and the resulting financial squeeze of the 1980's led to reduced public funding support to education. The introduction of structural adjustment programmes justified further reduction in public subsidies to higher education in many countries (Varghese, 2001). This explains the observed progressive decline in tertiary education funding in Nigeria. The consequences are reflected in the environment of the system; poor infrastructural and physical facilities, large class sizes, poor quality teaching and research, social vices and poor quality graduates. In the public universities, lack of financial and administrative autonomy, coupled with government pressure for stricter budget control and high debt profile have been mainly responsible for the near intolerable situation in the system. However, the reforms/innovations instituted through the NUC is addressing the situation. But the system has to find other solutions to problems precipitated by inadequate funds. But what is the institutional capacity to initiate and sustain income-generating activities in the long run? The government has responded to the relatively reduced resource availability by changing resource allocation policies, reorganizing and merging, reducing overhead expenditure and shifting the burden to direct beneficiaries. Each of these measures further hurts the system. The challenge to the system is financial autonomy. Of the institutional reforms, cost sharing measures and income generating activities are more promising (Osuntokun, 2007).

### *University Autonomy in a Liberalized System*

The evolution of the University System in Nigeria followed the same course of history as in most developing countries. The first tertiary education systems were imposed by the colonial masters. But immediately after independence, Nigeria, like most of the newly independent nations, realized that the absence of human capital hindered the productive deployment of physical capital and consequently, development (Okojie, 2005). This explains the absolute monopoly enjoyed by the public universities in Nigeria until the mid-1990s. To demonstrate the national concern, and the level of urgency needed to address the issue of human capital, the Federal Government of Nigeria acquired the then regional universities at Nsukka, Zaria, Ile-Ife and Benin. Although, provisions were made in the 1979 constitution for the establishment of private universities, they were withdrawn by a military decree in 1984, because of the gross abuse. However, the Federal Government Act No. 9 of 1993 has restored the provisions for the establishment of private tertiary institutions. To a large extent, this has liberalized the provision of tertiary education delivery in Nigeria (Okojie, 2005).

### *Public Universities and Autonomy*

Public Universities (Federal and State) still have a larger share in the liberalized system. Perhaps, it is still too soon to expect the private universities to make a significant impact. But the Federal Government policy of no expansion and no new Federal Universities points to an exciting prospect for private providers of tertiary education delivery. To demonstrate its resolve, the former and present democratic governments have not established a new public Federal university since 1999. Although, recurrent grant, for all Federal Universities and inter-university centres, increased while the total capital grant decreased. However, the ETF has continued to provide the capital grants over years. This is an indication of the seriousness in the no-expansion policy. The carrying capacity exercises undertaken by the NUC recently has demonstrated the further resolve of government to stem expansion, in the absence of adequate facilities, in the system. The establishment of the Open University in 2002 demonstrates the direction of the Federal Government with respect to tertiary education delivery. Distance-learning concept is being encouraged, (Okojie, 2005; NUC, 2009). In response to the financial crunch, public universities have resorted to improving internally generated revenue, through cost-sharing and resource mobilization efforts. This has perhaps encouraged the proliferation of sub-degree, pre-degree programmes and the weak affiliations and linkages. It also bastardized the Master of Business Administration (MBA) and other professional higher degree programmes. While, institutional and academic autonomies have improved, government still has control of councils through the chairman and its external members. The appointments of the Chancellor and the Vice-Chancellor are still the responsibilities of government. Academic autonomy is still weak because of the uniform prescriptions imposed by the Benchmark minimum academic standards for programmes in Nigerian universities by the NUC. The issue of admission through JAMB still needs to be examined to give universities a greater role for enhanced academic autonomy.

### *Private Universities and Autonomy*

According to Okojie (2005), "Private Universities in Nigeria do not yet have significant impact on the system". Recent enrolment figures indicate that none of the 79



operating private universities had up to ten thousand students. For the time being, university autonomy is the least of private universities' concerns; yet, the ownership pattern will determine the level of autonomy that these institutions will have when they attain maturity. Private university regulations, on the other hand, are written in the same broad words as public university laws. Despite the background of private universities, they are still subjected to the autonomy issue being discussed. Notwithstanding the fact that their major source of funding is through internally generated revenue that come mostly from tuition fees, government still has firm control over these universities in terms of determination of curricula, admissions and operational laws. Their minimum academic standards and admission policies are subjected to scrutiny by the NUC and JAMB accordingly. Private universities, therefore, are not excluded from the autonomy reform being clamoured for by Nigerian universities. Indeed, they most need autonomy to reduce government's control over the rules and regulations guiding their operations.

### **Implications of University Autonomy on the Operations of the System**

Having said all these, the questions to ask again are: what are the objectives of university autonomy and what are the advantages and disadvantages of implementing the change in higher education? The implications are twofold. First, the idea of changing to autonomous university system means the government is no longer a 100 percent fund provider. Second, the universities have to rack their brains in order to gain part of the income for their proper operations and all the university staff will be changed from government officers to autonomous university employees. In the case of students, they would have no choice but to pay a much higher tuition. One advantage is that the autonomous universities will have the freedom to define what they teach and how they teach it; they will serve people more effectively because they are less burdened by government's bureaucratic regulations and red-tape. There is little doubt that the concept of autonomy today has not become widely accepted. The general argument is that the so-called "university autonomy" is a no more than an excuse from government's inefficiency and reduces the burden from its budget. One difficult issue concerning university autonomy particularly as it is conceived in Nigeria has remained how successful it will fare in the system if government goes ahead to implement it contrary to the wishes of the big unions namely Academic Staff Union of Universities (ASUU), Senior Staff Association of Nigerian Universities (SSANU), Non-Academic Staff Union of Educational and Associated Institutions (NASU) and National Association of Nigerian Students (NANS). For the majority believe the concept of university autonomy in Nigeria to mean government's total surrender of its legitimate right to provide education to its citizens.

### **Theoretical Framework**

Organisational theory as a social concept has several dimensions that cut across a multiplicity of disciplines, that is science, sociology, psychology, anthropology (Nwachukwu, 1988; Hatch, 1997). Its sources of inspiration revolve around four key perspectives namely; classical scholars i.e. Adam Smith (1776), Karl Marx (1867), Henri Fayol (1919) etc. All wrote and contributed to what is now studied as organisational theory. The second inspiration has to do with modernist thinkers of the 1950s and these include; Herbert Simon, Talcott Parsons, Alfred Gouldner etc. The third inspiration comes

from the symbolic interpretations of the 1980s and notable scholars here include, Alfred Schutz, Thomas Luckman, and Kenneth Burke, among others. The fourth and last inspiration comes from the post-modern scholars of the 1990s. Notable amongst them are Michael Foucault, Charles Jencks, Richard Rorty etc. (Hatch, 1997). These scholars have in one way or the other given their inspirational contributions on what the concept of organisation is all about. Every organization, be it formal or informal, requires some level of autonomy and freedom to run its affairs. Every organization has two common features: it comprises people and has a distinct purpose or goal to achieve. Organisations have definite structural arrangement that control the functions and behaviour of its members (Henry et al., 1981). Organizational process on the other hand refers to the comprehensive arrangement of the parts that constitutes the organization. In this vein, work and people are systematically organized to achieve results (Nwachukwu, 1988). Every organization having acquired all these elements requires some level of power and authority to operate. Authority according to Weber (1947) refers to ‘the probability that certain specific commands from a given source will be obeyed by a given group of persons’. There are many forms of authority spanned across traditional authority, charismatic authority, legal authority and formal authority. Formal authority is considered by Weber (1947) and Simon (1958) as institutionalized authority, or more precisely, the institutionalized right to impose positive or negative consequences on others' behaviour. Formal authority therefore, is legally established authority that determines how a formal organization established under given rules and regulations can be run. The concept of autonomy is situated within the framework of institutional authority for the purposes of this research. It is delegated autonomy, in which the state delegated power to its subsidiary organizations to manage their affairs within the bounds of the law. For example, it is frequently stated that authority is derived from property ownership. Thus, despite its rigidity in the application of rules and regulations, the researcher has fully adapted the organizational theory to this research issue as a theoretical framework because organizations have various institutions and groups that require some level of freedom to operate.

## **Methodology**

This study relied particularly on primary and secondary data, and appropriate tools designed to facilitate the collection of the sort of data needed for this work. For this study, the tools selected include questionnaires and oral interviews (to generate primary data), and documentary evidence (to generate secondary data), particularly for the purpose of writing the chapter on literature review. Data analysis relied largely on statistical evaluation; the Chi-Square was used for data interpretation and analysis. These tools were selected to suit the varied spectrum of respondents, and each is designed to generate data from a particular category of respondents, and to give a clear picture of the magnitude of the problem being researched. Data was actually collected from primary sources through questionnaires (close-ended and open-ended questionnaires), oral interviews and documentary evidence mainly from the National Universities Commission (NUC), Federal Ministry of Education, Joint Admissions and Matriculation Board (JAMB) and other relevant regulatory bodies like the Nigerian Council of Legal Education, Institute of Chartered Accountants of Nigeria (ICAN), Dental and Medical Council of Nigeria, the House Committee on Education of the Federal House of Representatives, and nine Nigerian

universities. Specifically, universities selected from the first and second generation universities, specialized and state/private universities were covered in the following order: Ahmadu Bello University, Zaria and Ibadan – as first generation universities.

University of Jos and Ilorin – as second generation universities.

Federal University of Agriculture, Makurdi and Ladoko Akintola University of Technology, Ogbomosho – as specialized Universities.

Benue State University, Makurdi and Enugu State University of Science and Technology – as state owned universities; and

The Igbinedion University, Okada – as one of the private oldest established university.

The reason for the choice of JAMB, NUC, ICAN, NCLE, among others, as sample population for this research is based on the fact that apart from being regulatory bodies, these are major stakeholders in university education in Nigeria, besides they play very key roles in university policy implementation and administration. A total number of 450 questionnaires were distributed among the nine Nigerian universities selected; out of these, a total number of 337 were retrieved, while 113 were lost. Out of the total of 450 questionnaires, 270 were administered on academic staff, while a total number of 180 were administered on administrative staff. Out of these, a total number of 194 questionnaires were retrieved from academic staff, while 143 were retrieved from administrative staff, bringing the total number of retrieved questionnaires to 337. From their experience, those with 30 years and above were particularly academic staff with the status of professor emeritus; while some have retired but have been re-engaged on contract basis. Most of the respondents were those with university degrees; those with Masters level degrees topping the list of the respondents.

For the oral interviews, letters seeking appointment for interviews were sent out to key public office holders of the institutions and regulatory bodies. Appointments for interviews were set and suitable times agreed with most of the interviewees, while with some it was special intervention from very influential figures and politicians that it was possible to hold an interview with. Having fixed dates and times for the interviews, the researcher then drew up an interview schedule detailing the itinerary. Most of the persons interviewed are outside the researcher's domicile, and for the interviews, the researcher did not employ research assistants. This is to avoid cost, but most importantly to avail the researcher the opportunity to meet with these administrators and policy makers to ask first hand questions and probe further areas that the researcher feels would generate very useful data.

## **Empirical results and discussion**

One of the commonest crises in Universities nowadays is the struggle as to who becomes a principal officer, especially the Vice-chancellor. Every University Professor desires to be a Vice-chancellor anytime there is a vacancy. Even the appointment of other key University officers such as the Registrar, Bursar and Librarian seems highly politicized these days. For effective University Management to be sustained, respondents were of the view that the selection of key University officers should be democratized, so that University staff can be a part of the selection of who should be their leader.

Proposition 1: Poor funding of universities by way of poor grants and subventions coupled with inconsistent remittance of grants to universities over the years have remained

the major problems affecting the effective management of government-owned universities in Nigeria

**Table 1: How well is your University Funded?**

	FREQUENCY	%
Well	136	40.4
Poor	193	57.3

$\chi^2$  (1df) = 9.88

Source: Field survey

In Table 1, 193 respondents representing 57.3 percent said that Nigerian universities are poorly funded while 136 representing 40.4 percent were of the opinion that the universities are well funded. Testing the responses at an alpha level of 0.05  $\chi^2$  (1df) = 9.88, respondents significantly affirmed that our universities are poorly funded. Information from interviews reaffirmed that not only does the poor funding place the management of universities at a miserable state; the system has been at receiving end of our national socio-economic and political instability. As a result, some of its problems are beyond solution through the system's internal mechanisms. Interview results also revealed that poor funding and its associated problems of inadequate facilities such as hostels, lecture theatres, laboratories, and ill equipped libraries are common problems facing our universities, be they federal, state, or privately owned. Poor funding according to respondents have pushed many of our universities into serious financial traps to the extent that some cannot maintain even the already existing structures. Respondents further decried that poor funding has restricted the capacity of the system to procure and maintain equipment as well as train academic staff. A cross-examination of the responses revealed that 136 respondents representing 40.4% held a contrary view. According to them, Federal universities are well funded because they draw their grants from the Federal Government, while private universities especially those managed by either the Mission or philanthropic bourgeois Nigerians also enjoy better funding through exorbitant cost sharing approach.

**Table 2: Sources of Funding**

	FREQUENCY	%
Government subvention	183	54.3
Tuition fees	67	19.9
Grants from the private sector and non-governmental organisations	22	6.5
Loans and Foreign aid	06	1.8
All of the above sources of funding	54	16.0

$\chi^2$  (4df) = 297.1

Source: Field survey

Table 2, above shows some of the sources of funding available to Nigerian universities. From the responses, government subvention appears to be the most popular source of funding, followed by tuition fees. The Chi-square test conducted at an alpha level of 0.05  $\chi^2$  (4df) = 297.1 also significantly proved that government subvention and tuition fees have remained the commonest sources of funding in Nigerian universities. Very few respondents were of the view that the private sector and non-governmental organisations, and foreign aid constitute the other sources of funding the universities. Further information from interviews revealed that in some countries of the west such as New Zealand where universities are well funded, there is usually a collaborative effort

between the government and the private sector in funding universities. Moreover, universities are given the autonomy to invest in property, borrow money from the business sector and generate revenue from tuition fees. Respondents further revealed that in Nigeria, apart from the limited sources of funding available to our universities, competing needs on government subvention are too numerous to the extent that sometimes subvention to universities are not released for several quotas or delayed. The level of poverty and the nature of under-development tend to place very high demands on government at the expense of university education.

In Nigeria, private sector participation in the funding of universities is generally not encouraging unlike the case of New Zealand, Malaysia among others. Respondents also revealed that it is expensive for universities to borrow money from financial houses in Nigeria because of the high interest rates. In private universities, respondents revealed that the major source of funding is tuition fees. Government for political reasons has over the years been restricting the charging of tuition fees to ensure that every child of adult age who qualifies gets university education. This gesture however is counterproductive as universities are poorly funded and can hardly maintain and acquire facilities. Respondents pointed out other sources of funding available to Nigerian universities to include; endowments, compulsory local government counterpart funding by way of an act of parliament especially for state universities, research grants and so on. The summary of the foregoing is that university autonomy has remained a problematic for government since it requires adequate funding for efficient management.

*Proposition 2: Government inability to determine areas of intervention and collaboration with its universities on matters of management have remained a major source of erosion of autonomy and academic freedom in the ivory towers.*

Table 3: Under what circumstances should Government intervene in the Internal Affairs of Universities?

	FREQUENCY	%
Funding only	280	83.1
Condition of service and staff discipline	27	8.0
Appointment of Principal Officers	13	3.9
Determination of Academic Curricula and admissions	11	3.3

$\chi^2$  (3df) = 628.74 Source: Field survey 2005

Table 3 demonstrates that at an alpha level 0.05  $\chi^2$  (3df) = 628.74, the respondents significantly pointed out circumstances under which government should intervene in the internal affairs of universities. Majority (83.1%) suggested that the intervention should come mostly in the area of funding. Other views though insignificant were that government may also from time to time; intervene on matters involving staff conditions of service, appointments and academic matters such as admissions and determination of curricula. Information from oral interview reveals that autonomy does not mean the total exclusion of government in the affairs of Universities particularly regarding funding. Ideally, autonomy even craves for better funding of Universities by Government for the enhancement of quality research, academic programmes and facilities. Further information also revealed that autonomy does not preclude Government intervention in areas of appointment, discipline of staff, provision of welfare and admissions in Universities. It is evident from interview responses that while funding of Universities is a social

responsibility of Government for the training of its citizens, it is essential to note that “he who pays the piper needs to dictate the tune”. This implies that there has to be a balance between control and university autonomy. This then means that the role of Government in the internal administration of Universities can only be reviewed and repositioned to make way for a harmonious autonomous working relationship between universities and the government and its agencies but to the extent that the Ivory Tower as a community with its unique tradition is not dragged into obeying civil service rules.

*Proposition 3: The relevance of the university to its immediate environment depends largely on the level of funding and autonomy granted it by its proprietor.*

**Table 4: Concept and benefits of university autonomy**

FREQUENCY						
YES	%	No	%	$\chi^2$	Df	S
303	89.9	28	8.3	228.46	1	S

$\chi^2$  (1df) = 228.46 Source: Field survey 2005

Table 4 significantly shows that 303 respondents or 89.9 percent as against 28 or 8.3 percent appreciated and understood the gains and benefits of university autonomy in promoting the efficient and effective management of universities. These benefits respondents noted can only materialise if only government and proprietors of universities (public and private) are willing to allow universities the opportunity of running their respective administration in accordance with the laws, edicts, and ordinances establishing such universities. Information from interviews reveals that excessive government control and erosion of autonomy creates a negative situation where universities are no longer able to attract and retain their best graduates into careers in academics. This issue if not addressed by way of improving the system might result to succession crises when the older lecturers and even seasoned university administrators retire from active service. More worrisome is that the lack of adequate incentives has crept into the system forcing even committed lecturers to spend less time engaging students in the rigours of academic work which universities were known for in the seventies and eighties. The laws establishing universities are, therefore clear that where autonomy is allowed to take its proper course as enshrined in the laws, the benefits must definitely emerge to better the management of university system.

**Table 5: Benefits of University autonomy continued (ranked responses)**

FREQUENCY							
	YES	%	No	%	$\chi^2$	df	Sig.
Promotes Academic Excellence	279	82.6	41	12.2	177.02	1	H.S
Enhances Quality and Competition	272	80.7	48	14.2	156.80	1	S
Make Universities self-sustaining	269	79.3	50	14.8	150.34	1	S
Improves University funding and management	263	78.0	58	17.2	130.92	1	S
Encourages participation through the Committee System	252	74.8	68	20.2	105.80	1	S

Source: Field survey 2005.

Table 5 shows some of the benefits that are a derivative from University autonomy. At an alpha level of 0.05  $\chi^2$  (1df) = 177.02, 156.80, 150.34, 130.92, 105.80 respectively there was a statistical significant relationship between autonomy and the benefits it can

have on the entire university system in Nigeria. These benefits are evidenced in the promotion of academic excellence, enhancement of quality and competition in universities, make universities self-sustaining, improves funding and management, and encourages participation through the Committee system. Further investigation through oral interviews also reaffirmed that the benefits of University autonomy on the effective management of Universities are vested in: promotion of academic excellence; enhancement of quality and competition; self-sustenance of universities; improving university management and funding; and encouraging participation through the committee system. From the foregoing responses of respondents, the benefits of University autonomy in promoting stability and effective University management are tantamount to the democratization process of University administration for the attainment of quality and excellence in the ivory tower.

### **Conclusion and policy recommendations**

This study has highlighted university autonomy as a necessary value that underpins a university system. It is the firm position of this work that the liberal application of values of university autonomy can take Nigerian universities especially government owned to greater heights meant to attain academic excellence. The study concludes that the nature and character of governance inherent in our universities could to a large extent determine the nature of autonomy that would over time bring changes to our universities that are desirable in restoring the culture of academic excellence for effective training and retaining of capacity that is comparable with world standards. Therefore, the study makes the following recommendations:

First, grant more autonomy to Universities to manage their affairs with limited interference from government by repositioning powers of regulatory agencies such as the National Universities Commission (NUC), Joint Admissions Matriculation Board (JAMB), Council of Legal Education, as well as government ministries and parastatals, to conform to the autonomy of universities as contained in the laws establishing universities in Nigeria. Second, improve funding by encouraging private sector participation in addition to government grant, as well as allow universities to charge reasonable and affordable tuition fees. The federal and state governments should increase budgetary allocation to the education sub-sector.

Third, as much as possible, the internal administration of Universities should be left in the hands of the Governing Councils and Board of Trustees as it is the case with private Universities.

More so, the appointment of Governing Councils and Principal Officers should be largely carried out with reasonable consent of Universities. Government should desist from compelling Universities to rely on public service circulars for their day to day administration since the Universities even run a calendar distinct from that of the civil service. Furthermore, government should expedite the process of restoring autonomy to Universities, so that the university administration can motivate educators, teachers, staff and students by way of increasing their level of psychological satisfaction to enable them to perform well because poor working conditions as they presently exist in Universities are dissuading talented individuals from taking up University appointments, especially in the area of teaching while learning is no longer competitive amongst students.

Again, to improve the quality of graduates, admissions should conform to approved requirements and set criteria by respective Senates while self-reliant courses be mounted by Universities to meet challenges of the 21st century while Universities should be granted autonomy and allowed unfettered hands to source funds through private sector partnership. Last, appointment of members of Governing Councils, and Board of Directors in the case of private universities should be based on merit and cognate experience so that members would be largely people who are well informed on matters of university administration. As much as possible, political affiliations should be de-emphasised in appointing members of university councils.

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***FINANCE***



## INTEGRATION AND TRADE IN WEST AFRICAN SUB REGION: A STUDY OF THE POST COLONIAL PERIOD

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**Abstract:** *Integration and Trade are special competitive phenomenon that must exist to each other valid. Prior to the colonial days trade as always existed between the West African States and their colonial giants. However, it is no longer news that during this era trade was not of mutual benefits essence due to the experiences of cheap export from colonies and cost import from colonial masters. It is within this vein that foreign nations of the western states gain much financial prowess above the African states, thus trade in west in African could be liken to clientele approach were west African countries are not free to be equal partners in business. This and many other glaring effects of colonialism led to a home front fight against the shackles of colonialism that within the region. With so many decades of decolonization in Africa there is supposed to be a better life, good governance, peace and equal as well as competitive development and advancement with other western societies. Moreover, this can only be achieved through effective trade and collective integration within the sub region as no nation, people or continent can thrive better without integrative togetherness. This resonate a drive to thoroughly investigate the extent of integration and trade in the west African sub region even after independence has been achieved as a people and as a continent. The study synthesizes its discovery from primary and secondary sources of data, with this it was established that even after independence has been achieved west African states still struggles with real achievement as far as trade and integration are concern. Some of the reasons behind the setback are: debt relief, membership of other foreign organizations, crisis and political instability, lack of modern technology among others. The paper recommends that: Africa should continue to be as the center piece of her foreign policy, trade barriers should be eradicated and a common currency among others.*

### Introduction

Integration is a phenomenon that has been gaining ground in the world. It can be seen in the American's in the forms of custom union like Mercosur (South America) or a free trade area like NAFTA (North America) and a Common Market in Europe with the European Union and Regional cooperation in Asia known as ASEAN. It therefore, comes as no surprise that Africa would be on the verge of the development of an African Union (AU) with gross aims to be a common market similar to that of the European Union. The major building blocks for this union are the regional integration groups that have been established throughout the continent. This portend to show the various needs why countries of the world exist to form a coalition of various blows to pull resources together for the purpose of national and regional bonding to enhance effective development and help among them. Trade as a phenomenon is ubiquitous among people, as there must be exchange of goods and services, producers and consumer relationships, investment and the investor for the overwhelming development of the people of a place as well as world politics. Hence, the need for integrative ambitions and activities even at sub regional level. However, trade is crucial for economic growth in the West African Sub region which has

a huge potentials for trade both in global and intra-regional terms as a result of its natural resource endowment which include agricultural potentials.

However, the benefits of regional trade and economic integration cannot be over-emphasized. These include the opportunities to reap trade efficiency, gains, exploit economies of scale and reduce the thickness of borders (De melo and Isikate, 2014). The term regional trade integration is an agreement among countries in a geographical region to reduce tariffs and non-tariffs barriers to free flow of goods, services and factors of production among economic and geographical heterogeneous nature of the countries in the region with disparities varying from countries with low to medium island countries. It also offers opportunities to leverage and extend economics comparative advantage at regional level in ways not accessible through national programmes (Mbekeani, 2013). These activities are achieved through a regional economic community (REC) saddled with the responsibility of implementation of regional trade agreement policies such as free trade agreement (FTA), customs union (CU) Common Market (CM), Economic Union (EU) and political unions. Thus, the first primary policy of every REC is the implementation of free Trade Agreement an arrangement that remove all barriers to trade in goods and services among member countries in order to promote regional trade. It is apt to mentioned that the Economic Community of West African States was one of the birth for trade integration in the West African Sub-Region. It was established by the ECOWAS treaty of Lagos, 1975. It is of no vile to mention that the body is an outcome of continuous quest to better the people of the region through enhancement of trade among them as nations are meant to pull resources together for a better regional development. with the creation of ECOWAS as a body nation state are now oblige to keep to standard protocols of operation as there must an existing code of conduct for every member in order to ensure orderliness and effective control.

### **Statement of the Problem**

The history of trade and monetary integration in the West African Sub region can be described as the agitator for the creation of the ECOWAS as a body with the aim of serving as a turning point to reg-organize the region social-political and economic ties which had been hitherto distorted by colonialism consequently, the primary goals was to attempt to redefine the former realities and paradigms placed upon countries within the sub-region in the light of current realities prevalent in the practices of member states. The West African sub region see ECOWAS as a goal to correct the problems created by colonial in-exactitudes which divided the region into different exclusive markets. These in-exactitudes limited mode of transaction and means of exchange or payment problem, ill-defined borders, restrictions to movement, trade barriers and many more. Therefore, the organization became the imperative to transcend the structural limitations and the divisible colonial legacies (Obi, 1998). Consequently, at its formation the ECOWAS showed considerable promises as a regional organization that could promote and overtime lay the foundation for monetary and trade integration among member states especially the adoption of ECOWAS monetary programme (ECMP) in 1987 was to integrate the economy of all states and promote trade in the region, leading to the attainment of an economy union through the adoption of a common currency (Article 4, ECOWAS protocol 1975). This is large due to the low level of intra-regional trade among member states both

import and export trade has remained lower than 12% in recent years and intra-regional exports of ECOWAS member have oscillated between 10.1% in 1980 and in 2014 (UNCIAD Statistics, 2015).

This with the establishment of ECOWAS and the introduction of ECMP the region has not achieved lofty height among member states due to the post-colonial cleavages in the region which include the continuation of colonial practice among the age long trade linkage with formal colonial metropolis. The extent to which this politics has affected the pattern of trade in favour of the developed countries of the West is indeed worrisome. It is therefore safe to mention that trade integration is not novel to Africa. This paper therefore serve as an investigative study on integration and trade in the West African Sub-region.

### **Objectives of the Study**

This paper seeks to

- i. Examine the History of Integration in West Africa
- ii. Theories of Regional Integration in West Africa Sub-Region
- iii. Integration and trade in West African: The Post-Colonial Period

### **Aim of the study**

This study seeks to examine integration and trade in the west Africa Sub- region for countries such as Nigeria, Burkinafaso, Cote d'ivoire, Guinea Niger, Senegal, Mali, and Benin.

### **Significance of the study**

This Study is significance in various ways as most literature has been created on the body of ECOWAS as the regional outfit created as a mechanism or tool that will foster the promotion of trade within the region. However, it is the aim of the paper to fill the gap of existing literature by usefully providing insight and tool that enhanced integration and economic trade in the west Africa sub region. The emphasis of this work is to continuously jingle the bell of togetherness to fight the spirit of backwardness that that has laced every fabric of regional development that pervade the region. The work will be of help to policy makers, administrators, minister, and president of sovereign nations to further bring a collaborative effort that will emanate from the various state or people. It would also contribute significantly to the body of existing knowledge in literature. Thereby providing academic researchers in this field of study on relevant materials needed for more research analysis implementation of basic recommending will move the Africa sub region and it people inorder to share equal pride among nations in the world.

### **Strength and limitation of the study**

This study is one of the foremost Socratic thought that ponders much on the advancement of the West Africa sub region. As a region it has several receding factors which impede its place of equality among neighboring state. This birth a driving force to center the study on the trade and integration because it is unarguable to mention that trade and integration are the only factor that can move a region forward. However, the study has a few draw back such as the inability to obtain a complete record or information and the divergent obstacle as regards reaching out to government personalities one on one due to bureaucratic gate keeping that exist in government organization. Another possible

limitation could be the inability to take into cognizance the place of crisis ridden situation that pervades some west African states which can serve as an obvious distraction.

### **Suggestion for further studies**

Base on the limitation and finding of this study, the following suggestion for further research are hereby outline. The study was focus on trade and integration with attendant factors that inhibit it in the region. The cumbersomeness of a systems as well as bureaucratic practice by the divergent government practice by member states may have cause impediment to the flow of trade within the region. The study also did not take into cognizance the possible nature of the political clime which has to do with stability as well as systemic policies. Moreover much of historical emergence was also not touched. Therefore, future research should be much centered on these areas of study.

### **Implication of the study for practice or policy**

- i This paper hope to provide a useful insight on the need for individual nation state or nation to consider or look inward internally instead of over reliance on foreign bodies.
- ii The need for countries to boost their trade and economic endowment by diversifying their products.
- iii The basis for a common hegemony among nations within the sub region
- iv The study contribute significantly to the body of existing knowledge on trade and integration.

### **Review of Related Literature**

#### *Integration in West African Sub-Region: Historical Epoch Pre-colonial History:*

In the historical context, integration is not something that is new in West Africa. It has been noted by some historians that pre-colonial history shows political and economic integration through limited trade and free movement of factors of production throughout various kingdoms in this region (Paker, 2002). The notion of precise geographic boundaries is profoundly new or alien to Africa's historical and cultural traditions, this perhaps informed the reason why West Africans later push so strongly for integration in the Twenty first century.

#### *Colonial History*

Pre-colonial history is not the only link that West Africans have had leading towards integration. The colonization of the African States during the 19th century can be regarded as the background to the current historic and economic integration efforts in Africa (Schaffer, 2002) in fact dating all the way of the 19th century, West Africans have felt a much European presence in the 17th century, the French had set-up trading posts at the month of the Senegal river. However, West Africans felt the largest colonial impact by the French. Between 1854 and 1865, the French had captured interior Senegal, southern Mauritania and the present day Mali. Throughout the 1860s France was busy setting up trade and military post on the coasts of Benin, Guinea and Cote D'Ivoire (Glickman, 1988). By the late 1890's France formally established French West Africa states comprised of Cote d'ivoire, Guinea, Niger, Burkna Faso, Senegal, Mali and Benin (then Dahomey in



1905) Mauritania had become French protectorate but by 1920 it joined French West Africa as a colony (Glickman, 1988). These nations known as a collective French West Africa states became what is known today as the *commuante Financiere Africaine* meaning African Financial Community (CFA).

#### *The Introduction of the CFA France*

This was to ease the transaction cost of traders within the region, which led to the establishment of the French CFA currency in 1939 and was fully convertible into the French francs at a fixed exchange rate (Kouyate, 2005). However, following the decolonization in 1958, France offered the former colonies an opportunity to join the French community. Guinea as a country opted out but the rest joined this community whose aim was to provide cooperation among other common issues such as foreign affairs, defense and higher education. This led to the creation of two banks in 1962 which dealt with countries within this alliance. The CFA countries experienced positive GDP growth in 1996 and 1997. The Bank of Africa present in Benin, Burkina Faso, Cote d'ivoire, Mali and Niger and Ecobank present in Benin, Burkina Faso, Cote D' Ivoire, Mali, Nigeria, Ghana, Togo, Guinea and Senegal have benefitted from the common CFA currency and reporting to a single central bank (Morg, 2003). It also makes it easier for CFA countries to have access to European financial markets. The CFA currency enabled a common trade among former colonies of French west African countries.

### **Theories of Regional Integration**

#### *Functional Theory*

David Mitrany the father of Functional Theory put a strong case in support of functional cooperation. His main argument was that functional cooperation could eventually enmesh national government as a dense network of interlocking cooperative venture which would lead to greater understanding and peaceful co-existence. According to him, within this framework, function, form and role can be determined by their organizational framework and when economic goals are realized, citizens will loose their loyalties to their respective primordial sovereign countries as emphasis now shift from political issues which divide to those social issues that birth collective interest. Military observed that violence, wars and various forms of insecurity and political instability that characterized the Second World War period had their deep roots in the social and economic needs of the people in the word of mitrany. The task that is facing us is how to build up the reality of a common interest in peace not a peace that would tear the nation quietly apart, but a peace that would bring them actively together not the old static and strategic view of it but a working peace. According to mitrany's postulations once the ground work has been established within the frame work of functional integration, forces will be set in motion which will overlay forces of divisions with a spreading web of international activities and agencies through which the interest and life of all nations would gradually be integrated. Thus, as government cooperate in the social and economic sectors and secede more and more of their task to these worldwide international organization trade and economic unification would not only promote a working peace but would build the foundation for broader political agreement as well. The concept of ramification is central to Mitrany's thesis that collaboration in one sector will lead to collaboration in another. That is

functional cooperation in one sector, resulting from a felt need generates the need for functional collaboration in another sector. It seems that while functionalism and federalism are two different strategies, there exists a common ground. Their ultimate objective is to supersede the sovereign nation state by peaceful means with an international organization better developed to assure peace and prosperity for the people. (Gerhand, 1973).

*The NEO Functionalist Approach.*

In the 1950's Ernst Hass developed modified incursion of mitrany's functionalist thesis after a study of operation of a European coal and steel corporation. The modification by Hass was adduced to be Neo-functionalist and it has been widely accepted and adopted to explain the integration process. The neo-functionalist analyzed the process of European integration by comparing the behavior of an actor in a regional setting to the modern pluralist nation state motivated by self-interest and argued that there is a continuous between economic and political union that the two are fused by an automatic politicization (spillovers) where in actors are involve in their incremental process of decision making beginning with economic and social matters (welfare maximization) and gradually moving to the political sphere. Scholars like Hass, Deutsh, Nye and Schitter have identified several necessary condition for integrative ventures. Deutsh grouped these conditions into three which are pluralistic security communities, those that are essential for amalgamated but helpful for a pluralistic community and those considered to be helpful for security communities (Karl Dentch, 1959). Nye (1971) also classified these conditions under structural conditions and perceptual condition. However, Hass and Schmitter (1966) identified four background conditions which include size of units, rate of transactions among units, extent of pluralism and degree complementary of elite values. The Neo-functionalist school take the existence of a supernatural institution as a condition for effective problem-solving, the establishment of a supranational authority that undermines the independence of the nation states is likely to result in political actors shifting their loyalties, expectations and political activities towards new centre, were institutional possess a demand jurisdiction over a pre-existing national states (Enrst, 1958).

*Customs Unit Theory*

Although the Neo-functionalist approach predominantly influences integration initiatives of the less developed societies, the approach itself derives its strength from the traditional custom union theory. According to Viner (1950) the primary purpose of a custom union is to shift sources of supply. This shift may be to lower cost or raise them high. According to him, economic integration is favourable and beneficial only if a balancetrade creation effects outweigh the trade diversion in effects. Trade creation occurs when members of an economic union turn to low cost producers in other countries to buy the goods they themselves previously produced at high cost. Trade diversion take place when members of economic union reduce their imports from low cost supplies outside the union in order to purchase the same products at a higher cost which is concealed by the common external tariff from within the union (Lipsay, 1950). The vinerian approach argues that trade creation can be achieved if member countries are initially competitive but potentially complimentary in trade, if an intra-regional trade in proportion to total trade is relatively high and the ratio of foreign to domestic commerce is low it shows a custom

union is of a wide advantage particularly where their economy are of a competitive and complementary advantage.

### *Dependency Theory and Economic Integration*

This work adopts the dependency theory to properly analyze this subject of discourse. The dependency school has argued for a re-conceptualization of the purpose of integration schemes in third world. According to this school, economic integration should aim at creating economic stimulus among member states as an alternative development strategy that will enhance rapid trade and economic development to eliminate underdevelopment. Scholars such as Andrew Axline, Lynn Mytelka, Timothy Shaw, Asante S.K, Ralph Onwuka, Stephen Wright and Amadu Sesay (1988) now consider serious the conditioning impact of enormous factors on the process of integration among third world formations. Their view centers on the hegemonic input and dominant influence of the western countries on west African Countries which have conditioned and determined the outcome of integration arrangement (Onwuka, 1991). The failure of integration schemes in Africa is thus evident from the fact that all African countries, individually and collectively remain that they are among themselves. It is of no news that the traditional validity of the dependency school has emphasized the dangers in over-capitalization of integration scheme and the result of the imposition of transplanted market conditions into the African continent to see foreign interest forces such as the IMF and factors like the debt crisis and the activities of the TNCs have been identified by dependency theorists as imperialist agents for the reproduction of conditions of dependence in Africa (Onwuka, 1991). As liberative efforts, indices such as network of power, knowledge and information which are not equally distributed for all integrating countries serve as an impediments towards equilibrating conditions. In the work of Vaitos (1992) integration is built around key issues areas such as the local folio economic and political interest, influence of foreign government and private interest, the relationship between structural characteristics and choice of integration scheme and key issues relating to process and duration of integration stages, the peculiar nature of trade and the requirements of inter-counting distributional considerations.

### **Trade and Monetary Integration in West African States During Colonialism**

It is of grand premium in this work to emphasized the place of monetary integration as it affect trade in West African which shall be digested in this work. Scholars such as Ocheni and Nwankwo (2012) provide a penetrating exposure on the economic impact of monetary integration and their consequences for trade in West Africa especially, the use of monetary relations to institute how the colonial powers demands trade and their control over the emerging economics through their role in France zone, for them monetary system was another effective instrument or strategy by the colonialists to take direct control and political administration of the West African territories. Consequently, it was therefore easy for the Europeans to regulate the use and value of the currency as a means of maintaining effective control of the West African economy. In addition to the central, the colonial masters made the currency difficult by making the prices of raw materials and agricultural produced in Africa to be cheap. Moreover, the prices of goods manufactured by the colonialist were allowed to be costly. Consequently Africans were forced to import the

foreign goods at highly expensive prices. The implication of this was that while Africans kept on becoming poorer, the colonial powers kept on increasing since the currency used in the African territories was controlled by the colonialist as they determined the nature of the development of West African economy (Oniolara, 2018). In a similar vein, Dan Chukwu (2010) analyses the *raison-d'être* for the introduction of British Currency in West Africa under economic and political factors. On the political front, the British currency was introduced to provide a stable, portable means of payment to a retinue of staff and British political agents as they engaged in the process of colonial conquest and administration in West Africa towards the end of the nineteenth century.

These agents according to him include troops and police officers engaging in the pacification of the region. Chukwu further posits that British currency was introduced to meet the challenges posed by an expansion in the economic activities between Nigeria and Great Britain in the second half of the Nineteenth Century and opening years of the twentieth century. However, Chukwu and Onyekpe (2014) are of the view that European colonial rule, especially in West Africa where the British and the French dominated the greater part of the Colonial period created a clientele of loyalists. This can be confirmed by their action in 1994 when Euro-centric decisions aimed at retaining France domination in the region led to the creation of the CFA monetary zone for Francophone countries. This implication was a subtle return to what the situation was in the 1930s when France created a separate monetary board for its West African colonies leading to the incorporation of the local economy of the West African states (Encyclopedia, 2002).

#### *Establishment of Monetary System in the 18th and 19th Centuries*

According to Uche (2001) the establishment of monetary system in the 18th and 19th centuries was a way of establishing currency supremacy in the West African Sub-region. He argues further that the ecological propinquity of the colonies shaped opportunities for economies of scales in monetary transactions in the region, with this the colonial masters were more interested in developing these colonies for the production of raw materials for their factories and possible markets for their finished products. For the purpose of controlling the region, the colonial government established the currency board system not essentially for the benefit of West African and closer cooperation among the colonies in the sub-region, but presumably because there were immense opportunities for them in terms of economic scale benefit from such a system. Consequently the colonial government did very little to promote the development of inter-colony infrastructures in the region. According to Chibuike (2020) it is thus unsurprising that inter-colony trade at that time remained insignificant while Europe remained the major trading partners of all the West African Colonies.

#### *Integration and Trade in West Africa: The Post-Colonial Era*

Admittedly, the monetary unions are not usually established for the fun of it on the argument that is a common practice across regions as a fashionable practice. However, available statistics indicate that the continent's actual level of trade is below the level of development and endowment at the disposal of the region. According to Angelo (2015) the total cost volume of trade in West Africa is around 12 to 15 percent, this notify that the share of intra-regional trade among ECOWAS countries compares favourably to several regional economic communities in Africa. According to UNCTAD (2013) a cross

comparison shows that ECOWAS figure stands at 10.7% while West African Economic and Development Monetary Union (WAEMU) stands at 12.8%, the East African Community (SADC) is 16.2% for Southern Common Market while it is 9.6% for Caribbean Community Markets. The story only changes when compared to the European Union Statistics. Thus the dynamics of post-colonial cleavages on monetary integration and trade in ECOWAS cannot be overemphasized. In the words of Mussa (2000) he notes that one of the most important factors responsible for the poor implementation of trade in West Africa is relating to colonial legacies as it indeed appears that political decolonization and formal granting of independence to states in the sub-region have not meant the end to external forces shaping the sub-regions affairs. Undoubtedly, the former colonial block, France and Britain still maintain strong political and economic interests in the sub-region which has contributed to the difficulties facing the region in creating single currency and maintaining a common market. It could be recalled that eight of the fifteen ECOWAS members are French speaking countries which belongs to the West Africa. CFA France as the legal tender for francophone countries. The modest monetary integration success by the francophone West Africa countries have been no doubt aided by France, which has acted as the agency of restraint and external influences to the monetary arrangement. Therefore, the francophone countries may be reluctant to give up the CFA, which is stable and reliable (Uche, 2001). According to Kode (2006) the perpetual age old colonial division between francophone and Anglophone West Africa countries is undoubtedly a fundamental challenge confronting ECOWAS member states today. Consequently, several parts of the region have become client states depending on their force colonial ruler for trade, investment, aid and insecurity. Colonial cleavages operates at the level of colonial structure of governance, colonial model of monetary system, colonial notion of civilization, religion, colonial police and military, colonial marriage model, value system, colonial language as lingua-franca, trade and post-colonial intergovernmental organizations are clear example of post-colonial cleavages in the sub-region.

The impact of growing debt, the economic community weak legal and institutional regimes as well as poor infrastructure within and across the region are major independent to trade and monetary integration in the sub-region. It was also argued that the economic alliances with the Western Powers and the international financial Institutions especially the world bank and international monetary fund are problematic for smooth intra-regional trade and monetary integration in West Africa. Moreover, the World Bank and international monetary fund are instruments for perpetual control of the region by the developed countries. Ordinarily, this ought not to be so but countries of the sub-region lack well established economic and financial institution with clearly articulated templates to leverage or the global silence (Aryeetey and Tarp, 2002). For example the countries under the Economic Recovery Reform (ERP) such as the West Africa countries are required to operate under the directives of World Bank IMF for many years if they are to enjoy any facility of these institutions. A good example is the debt relief initiative with series of conditions which beneficiary countries are expected to comply with. These relieves have terms and conditions which compromise local and regional standards and consequently exposed debt burdened countries to external influence. (Omolara, 2018). No wonder Nugent (2004) argues that the fact that African countries including West Africa have developed a strong connections to the new global players of the developed countries of the world, has led to the failure of independent African countries to restructure their economies

and achieve good governance systems and sustainability in the post colonial era. In the light of the foregoing, it is not surprising that efforts at achieving trade and monetary integration in West African state have failed to yield the desired results. This argument also resonates in the work of Fred Riggs (1994) in his “history of prismatic society” Riggs observed that the infiltration of colonialism and post-colonial practices, the politics and administration of post-colonial west Africa have markedly altered the development pattern of societal growth in developing countries of the world.

#### *Challenges of West Africa Region*

According to Chambas (2007) some of the challenges of the West Africa region are as follows:

- Wide Proliferation of small arms and Light weapons
- The estimated 10 million arms that are easily and currently available throughout the community is one of the causes of extended conflict within the region
- Respect for Human Rights and Civil Liberties
- Human rights and civil liberties abuses stem from bad government.
- Elections credibility, transparency and fairness: This has pervade the region and produce a lot of crisis around member state.
- Migration: Most West African youth do not see any future within the region and therefore are risking their lives to reach western world.
- Drug Trafficking: West African countries are seen as soft spot for drug trafficking where organized group use the region as a transport point.
- Global Warming: The region is besiege with severe flooding.

#### *Appraisal of Literature*

From the foregoing on the available relevant literature relating to trade and integration in west Africa as reviewed by the researcher revealed that although some researches have been carried out on this subject in recent times but not so many have narrowed to the west Africa sub- region rather they are on the wider Africa continent. It is against this background and scarcity research of work, on this area of study that this work is set to investigate on trade and integration in the West African sub region of Africa.

### **Research Methodology**

#### *Research Design*

The research design adopted for this study is the expo facto design which allows for a detail and comprehensive information about the subject matter. Interview and research questions are aimed at answering the given research problem.

#### *Research Settings*

The focus of this research is on trade and integration in West Africa. The study covers state of the West Africa sub region.

#### *Population of the study*

The population of the study is the West Africa Nations within the sub region of Africa continent.

*Sampling and Sample Technique*

The sampling procedure for the study is the simple random sampling. The decision to employ this method is to create equal chance for all countries.

*Instrument of Data collection*

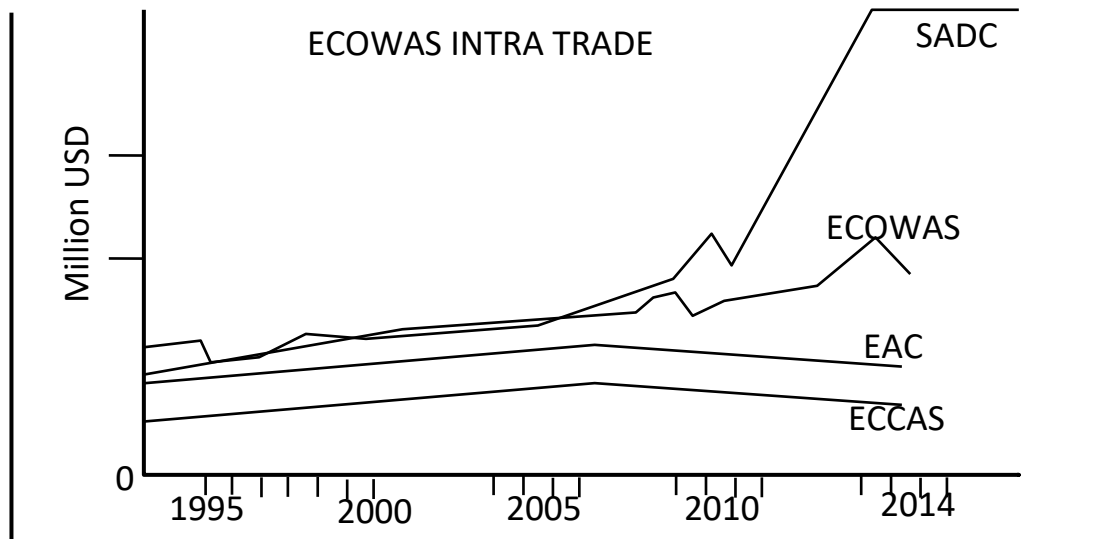
The instrument of data collection is the researchers self developed questionnaire, interview session and relevant statistical record as well as journal publications, text and unpublished thesis. The instrument is concerned with the activities of government and its officials in promoting the region. The focus of the research work is on integrating and trade in the west Africa sub region.

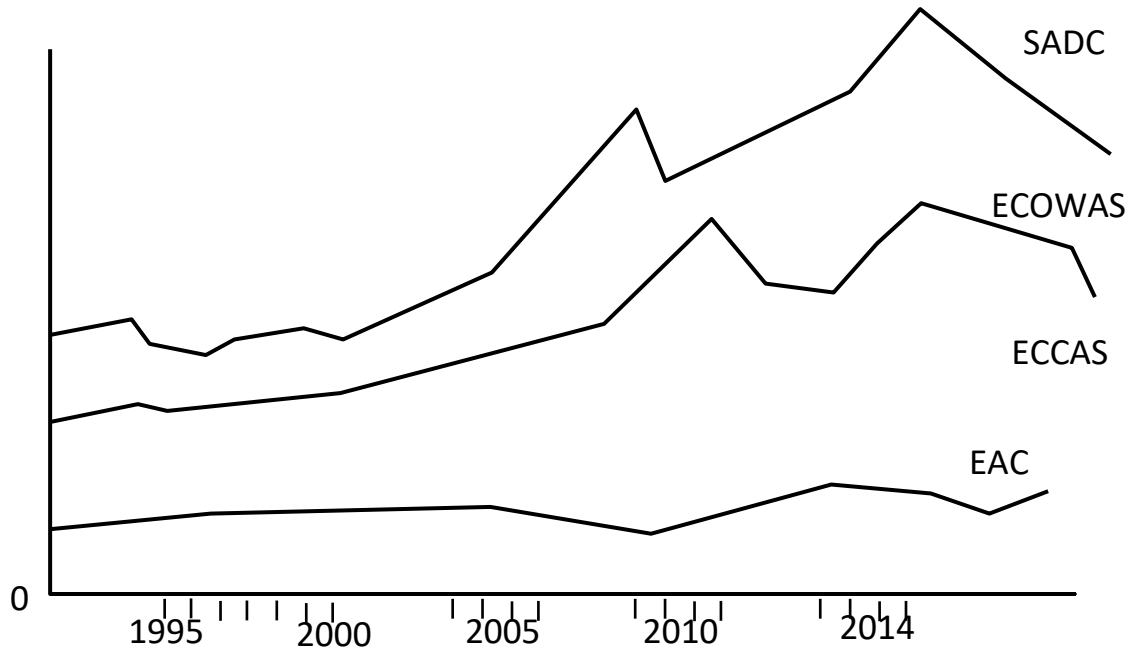
*Validity and Reliability of Research Instrument*

Validity is the measurement of how well a research Instrument examine what it is suppose to examine, it is the extent to which a concept, conclusion or measurement is well founded accurately reflecting the meaning of the concept under study (Babble 2010). In line with standard research practice, validation of the research instrument is to ensure that the DLQP is well founded and adequately measured including the various component of trade and integration among countries of the west Africa region.

*Method of Data Presentation and Analysis*

To carry out the data analysis information obtained from the research instruments were analyze using graph to ascertain trade and integration in the West African sub region.





Source: UNDCSTAT

#### *Result of finding*

from the direction of the west African sub regional trade with other regional countries in the sub sahara Africa it shows that ECOWAS sub regional trade increased since in early 2000s. However, its rate of increase has been very slow compared to the southern African community.

#### **Conclusion**

This study conclude that the idea of integration and trade in West Africa is a lofty goal. However, there remains a number of challenges to be surmounted by the region, which ranges from a common currency, unending, political, religious and ethnic dominance among others. For trade and integration to be enhanced in the west African sub region concerned countries should insist on internal value, growth and attendant development. A better alignment and reconstructed agreement can possibly be reached between the sub region and other international bodies such as IMF and others to pursue goals that won't in turn hinders the advancement of the region despite the cleavages with them. Africa as a continent need to strive among its regional counterpart in the world through efforts at reaching every figment of its people, language, governance and culture to clamour for the onward developmental epoch of the region in other to remove the renter clientele approach that the continent is known. This necessitate the imperative drive and hunger for the region to concentrate hugely on its economic and trade integration as wealth and power or politics are the foundational root for the survival of people and determinant of influence.



## **Recommendations**

The following recommendations are tenable in the study:

### *The Use of Modern Technology*

The availability of technology is one important factor that can influence the pattern and pace of trade and integration in West Africa states. The role of modern means of communication such as the internet should be emphasized in the region. The use of web based internet applications and information technology can help to deliver information and services that may prove pivotal to the growth of public and private business enterprises.

### *Dealing with Trade Barriers*

Despite the free trade agreement among the West African sub region, the practical experience of the problem of trade barriers is alarming. This problem has been contributing to low inter-regional trade among member countries which is invariably having adverse effect on the movement of the region in achieving inclusive development. One of the trade objectives of ECOWAS is to establish a common market through the liberalization of trade by the abolition of custom duties levied on import and export through a trade instrument known as ECOWAS Trade Liberalization scheme (ETLS). The overall designed of the policy was to benefit the private sector, generate employment among member states and increase intra-regional trade. However, the implementation of this policy remain poor, in dealing with this problem, it requires the political willingness on the part of the federal government of all west African states to instruct their respective custom agencies to ensure compliance.

### *Dealing with the problem of Product Concentration*

Most west African states export same primary commodities such as oil which has potential of limiting trade among them. Countries in the west African State should take economic diversification as a serious one or affair among them.

### *Provision of supportive Infrastructure*

The contribution of inadequate infrastructural development is bane to integration and trade in west Africa sub region. Infrastructural structures are needed to ensure self-manufacturing and production of goods and services in the west African sub region.

### *Political Instability*

Most west African states are crisis ridden and done due to several factors that are ethno-religious, leadership and a lot more. The pursuit for peaceful coexistence should be pursued by every west African countries. This will produce a win win situation that will yield an overall positive results or impact on the nations.

### *Policy Formulation and Implementation*

It is understandable that the African continent in general has a lot of cleavages to other western and former colonial allied organization which renders monetary assistance and other form. This alone has become an impediment as mentioned. However, the west African subregion can overcome this impediment if she takes the region as her epicenter in policy formulation and implementation despite the factors that clog her wheels of integration and development. Therefore, elected presidents, stake holders and people of governance and interest should hold an underlining sincere summit that will redirect and refocus policies that will further delineate western strength that bifurcate trade and integration in west African states.

### *Language Barrier*

It is no news that most west African countries are French speaking countries which create an obstacle to communication, behaviour and understanding. west African countries should promote a common medium of communication which could be a possibly English language. This alone will enable brotherhood, oneness and equal understanding of concept as well as way of life that may exist among them.

### *Enacted Policies*

Policies are government statement which reflect government pursued actions and decisions. They are the legal strength which permit government execution and effort without encumbrances or limitations from underlining legal perspective and compliance. Therefore, international trade policies formed by individual nations and presidents should reflect the need, nature, goods and people of sub region so as to give an unalloyed room for free trade, improved product and betterprofit for the region. This will enable the west African countries to reflect the center piece of trade policies.

### *Political Leadership*

Politics as the driving force of every sector cannot be left untouched. However, there have been a consistent and continuous cry for better leadership acumen in the Africa continent as time without it has always been averred that Africa as a continent is laden with huge resources but left in the hands of bad managers who are met to pilot the affairs, most leaders are always wanting to perpetuate themselves in power despite their woeful failures throughout their leadership span or administrative cycle. Better approach and standard to politics should be set; indices such as educational qualification, age, health status, previous experience as well as residual knowledge should be given properscrutiny as well as attention for anyone interested in public from the rank and file of governance. This will help to high control the entrance of bad eggs in political positions.

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## **INCENTIVE SCHEMES AND EMPLOYEES' PRODUCTIVITY IN PRIVATE ORGANISATIONS IN NIGERIA**

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**Abstract:** *The aim of the paper is to examine the effect of incentives schemes on employees' productivity in private organisations in Nigeria. The paper also researched on the useful information that would help private organisations apply and sustain various incentive schemes available. In achieving the objectives of this study, data were sourced from both primary and secondary sources. Primary sources consist of books and relevant journals while secondary data were gathered from cases from Dangote Cement Plc., Ibese. The findings were that a number of incentives (monetary, tangible and non tangible non-monetary) play prominent and significant roles in enhancing employees' productivity in private organisations in Nigeria. The paper recommends that management should come up with short term employee attraction and retention mechanisms. The company cannot go far with unmotivated employees.*

**Keywords:** *Employee Productivity, Dangote Cement, Incentive Schemes, Monetary, Non-monetary*

### **Introduction**

Employees occupy a strategic role and position in any organization. They are responsible for converting inputs to productive outputs. Since they are the key to the productive outputs, they ought to be effectively and adequately compensated for their labour. Taking cues first from the Biblical expression that a labourer deserves his wages; and secondly bearing in mind that the reward for labour, a factor of production is "wages", it becomes logical that employees be adequately and fairly compensated if they are to be motivated to increase productivity in any organization be it the organized private sector or public sector. Drucker (1980:230) believes that "the work of management is to make people productive" so as to achieve superior performance, and gain a competitive edge in the globalized arena through effective compensation packages. Drucker's belief is anchored on productivity, performance, motivation quality and service in managing people in every organization. This emphasis is often captured in organizational mission statements and goals. Two major components of compensation are open to management: the financial (material) and the non-financial (non-material) components. According to Milkovich and Newman (2008) incentive schemes (short-term and long-term) constitute part of the financial components of employee compensation. Incentive schemes tie pay increase to performance and have been used by organizations worldwide with remarkable success. For example, Niagara Frontier Transit Metro System, Inc, New York uses the safe Driver

Awards for bus operators who have experienced accident free driving during the previous year. Recipients are awarded incentives ranging from pins through watches to bonds, extra weeks' vacation, and certificates. The incentives are given at an annual luncheon held for recipients. The best of the best" incentive is given to employees based on an individual's performance evaluation and extraordinary service in line with the mission statement of Montgomery country division of Transportation Services, Rockville, Maryland, USA. In Thailand, the government offered public doctors incentives to work in rural and remote areas (Hongoro and Normand, 2002). The Human Development Report, (2001) showed that Korea and Taiwan used incentive schemes to encourage their diasporas to return than encouraging them to invest at home. They upgrade their research institutions as a way to attract returnees. The commissions responsible for this exercise provide better working conditions help with housing and children's schooling. In Colombia, government attempted to correct the distortional problems of donor-driven salary top ups and project implementation units and through its "Rectangular Strategy", increased civil service pay between 10 – 15% per annum in priority areas. All the incentive schemes as highlighted above motivate employees and fielded positive results on the organizations and the economy. It is believed that if Nigerian organizations too offer effective incentive schemes to their employees, they will be motivated hence increase in productivity.

Incentive provides a platform through which firms can motivate their employee's to improve their employee's productivity, scholars like Pouliakas, (2008); Pinar (2008); Arnolds and Venter, (2007) have all carried out research into monetary and non-monetary incentive and how they affect organizations. Incentive programs are put in place by organizations to reward and compensate exceptional employee's productivity (Schiller, 1996). These packages could come in financial or non-financial forms but its objective is to compel the employee to show more efforts in any given task. Incentives are forces that cause employee's to behave in a certain way on any given day usually as hard as possible. However it is noteworthy that incentives are designed to get maximum employee's productivity from the employee's and help retain the most productive and performing employee's (Arnold, 2013). Organizations must ensure they use the best incentives to get the required result from their employee's. Incentives are instrumental drive towards employee motivation and employee's productivity as it has great benefits and high potential to motivate workers to put in their best in any given task (Condly et al. 2003). Delvecchio and Wagner (2007) observed the effect of different incentives on salespeople and concluded that younger salespeople react more dramatically and positively with higher intrinsic motivation when paid on plans with higher incentive proportion. Ojokuku (2011) also identified the effect of financial incentives on information and communication technology professionals. Profit sharing plans, premium pay and cash bonus are the types of financial benefits enjoyed by these professionals which enhanced their motivation to work.

Studies abound in the area of incentive management strategies as highlighted above, but most of the works cited above were all done in the western world and considering the role of culture in determining what motivates an individual, as a result one could say there is gap in literature that addresses the issue of incentive management practices and employees performance with respect to our geographical location and also having in mind the peculiarity of the industry being investigated. It is as a result of this gap

that the researcher seeks to examine the effect of incentives schemes on worker's productivity in an organisation using Dangote Cement Plc. Ibese as a study

### **Hypotheses**

The following hypotheses stated to achieve the objectives of the study.

- i. There is a significant relationship between incentive schemes and workers' productivity at Dangote Cement Plc. Ibese.
- ii. There is no significant relationship between incentive schemes and workers' productivity at Dangote Cement Plc. Ibese.

### **Literature review**

#### *Concept of Incentives*

National Productivity Council (2014) defined incentive as a measure stimulating human effort, whereby employees are driven to put in their best. Matocchio (2006) in Tongo (2006) encapsulated the concept of incentives defining it as compensation, other than basic wages and salaries that fluctuates according to employees' attainment of some standard, such as pre-determined benchmark, individual or group goals or organizational earning. Generally, incentives are variable payments made to employees on the basis of the amount of output or results attained (Banjoko, 2006). According to Tongo (2006), the use of performance incentives dates back to the era of scientific management movement, championed by Frederick Taylor in the 20th century, and ever since then, the private sector has employed the use of incentives as a method to raise the productivity of their employees. Incentive provision is meant to drive employee to go extra mile to achieve better result. It is a tool that can be engaged by any employer of labour, whether public or private employer and regardless of the type of task involved. However, amongst the various forms of incentive, an employer is at liberty to engage anyone considered suitable and affordable. Being a vocation and profit driven, real estate management practitioners engage incentive provision to motivate workers and increase performance.

#### *Types of Incentives*

Different classifications of incentives have been recognized in literature. The National Productivity Council classified incentives into non-financial, financial and semi-financial. Non-financial incentive schemes are those for which no form of monetary benefit, direct or indirect is attached to it, for example, recognition, praise for achievement or hanging a picture on the wall of best employee of the month, a plaque for excellent service and the like. However this is sufficient enough only to supplement the financial incentives as non-financial incentives are not motivation enough as standalone incentives (NPC, 2015). Semi-financial incentives are those schemes that have some indirect monetary benefit but not directly linked with wages. Examples include promotions, company car and the likes. Financial incentives are the most popular form of incentives and have the benefit of option value; meaning that employees can do whatever they wish with it, which gives it an edge over other forms of incentives (Jeffrey and Schaffer, 2007). Moreover, Milgrom and Roberts (1992) state that incentives could be awarded to individuals as well as groups. Under the individual incentive plan, each employee is rewarded based on his individual performance. Individual incentive has been found to be substantially more effective than the group incentives (NPC, 2015). Group incentives compensate a number of workers that are part of a team for their combined effort in

achieving the desired outcome. Group incentives are a way of instilling a shared sense of collective responsibility with the end game of achieving superior and above average performance in an organization (Azasu, 2003). Short term incentives include annual bonuses and commission based on performance in the period immediately preceding its award while long term incentive refers to incentives that are not realized until some time period has elapsed (Azasu, 2003). Examples include, contribution to pension funds, non-vested options in which case the employee has to remain with the company for a set period of time in order to realize the options and if the employee leaves the company before the time period elapsed he loses the right to the options (Lazear, 1999). Overall, there is very little doubt that incentives have a positive impact on the productivity levels in an organization. Schraeder and Becton (1998) examine the impact of three incentive programs on employee productivity and found a positive correlation between incentives and employee productivity. The authors concluded that firms in the service industries that offer aggressive incentive structures create a hunger in the organization whereas those that provide comfortable base salaries foster complacency.

### *Concept of Incentive Scheme*

Incentive schemes as defined by Graffin and Ebert (1993), are special pay programs designed to motivate high performance. Incentive schemes attempt to link at least a portion of pay to job performance to encourage higher productivity. Incentives, as often called, should be aligned with the behaviors that help achieve organizational goals or performance. Hartman, Kurtzand and Moser (1994) state that incentives are one technique by which employees“ carry out their end of the employment contract, that is, compensating employees for their efforts. In general, an incentive scheme (payment or programme) is any compensation that has been designed to recognize some specific accomplishment on the part of an employee. It is expected that the prospect of the incentive payment will trigger the desired performance behaviour in the employee. Incentive schemes as defined by Graffin and Ebert (1993), are special pay programmes designed to motivate high performance. Incentive schemes attempt to link at least a portion of pay to job performance to encourage higher productivity. Incentives, as often called, should be aligned with the behaviours that help achieve organizational goals or performance. Incentives are either individual or group (organization wide). In this study, financial incentives are designed to motivate employees to improve their performance – to increase effort and output and by producing better results expressed in such terms as objectives for profit, productivity, sales turnover, cost reduction, quality customer service and on time delivery. This financial compensation provides extra money for achievement in terms of contribution or output. The emphasis in financial compensation is on equity, in the sense of paying people according to their just deserts. Incentive schemes relate compensation to productivity. A primary purpose of an incentive scheme is to encourage greater productivity from individuals and work groups. The assumption usually made by management is that money or cash alone may not motivate employees. In designing incentive schemes, output standards should be established. The standard is a measure of work that an average, well-trained employee, working at a normal pace, should be able to accomplish in a given period of time. In addition to motivating employees to increase their level of productivity, incentive schemes may reduce turnover among good performers or productive workers.

Incentive schemes are also cost effective because of savings that often resulted from productivity improvements.

#### *Purpose of Incentive Schemes*

According to Caruth, Middlebrook and Frank (1982), the general purpose of incentive schemes is to increase productivity in the organization. By relating compensation to output, an employer is attempting to induce workers to turn out a greater volume of work thereby lowering the cost of producing a single unit of output. Specifically, the purpose of incentives to both an employee and the organization is to:

- Improve motivation
- Tie pay to performance
- Recognize differences in employee performance
- Increase competition among employees
- Attract and retain productive employees
- Reduce absenteeism
- Reduce idle time
- Reduce or control costs
- Utilize equipment more effectively
- Relate increases in compensation to increases in productivity

#### *Concept of Employee's Productivity*

In economics, productivity is the ratio of what is produced to what is required to produce. It is the measure of production efficiency over a given period of time. To the engineer; productivity means new technology, machines and equipment, measurement and controls. To a business manager, productivity has various meanings including effectiveness and efficiency. This is because in management there are no measurable units of output, no productivity function and the non-existence of an effective data base. Agoro (1991) uses the word productivity to mean the output per unit of factor input over a given period of time. It is the ratio between the output of wealth produced and the input of resources consumed in the process of production. Adekoya (1991), agree emphasizing that productivity is a measure of how well labour resources/skills are brought together in a firm and utilized for accomplishing a set result. Efficiency in production is measured by the ratio of input to output. Efficiency in the utilization of labour in an organization involves obtaining the highest level of performance from the employees with the least expenditure in labour wages. The International Labour Organization (ILO) as cited in Prokopenko (1992) defined productivity to be the effective and efficient utilization of all resources; capital, labour, material, energy, information and time. In this paper, Nwasike's (1991) definition is used, as a working definition. She defined productivity as: "The efficiency with which inputs are used to produce the desired output". Earlier, Udo-Aka (1983) defined productivity as a measure of overall production efficiency, effectiveness and performance of the individual organization. Akerele (1991) contends that productivity is the "measure of how well a nation's resources are utilized for accomplishing a set of results...reaching the highest level of performance with the least expenditure of resources". This is a synthesized definition of productivity. Akerele (1991) further maintained that: Productivity is an attitude of the mind. It is the mentality of progress and constant improvement of that which exists. It is the certainty of being able to change that which exists. It is the certainty



of being able to do better today than yesterday. It is the will to improve on the present situation, no matter how good it may look. It is the constant adaptations of economic conditions. It is the continued effort to apply new techniques and it is the faith in human capabilities. From the above, it is clear that the applicability of the productivity concept to every sphere of human endeavour remains constant, the relevance and centrality of productivity to human existence can never be denied. This paper assumes that productivity is effectiveness, efficiency, performance and growth. Productivity improvement, in the words of Prokopenko (1998) “is not just doing things better. It is doing the right things better”. Productivity improvement therefore depends on upon how successfully the main factors of socio-production systems that influence productivity are identified and used. Nworah (1991) had earlier contended that productivity improvement was the increase in output (goods and services) got from a given input by better management and utilization of resources, including human resources. It does not necessary mean getting them to work smarter. Work is generally easier when productivity improvement takes place. Productivity improvements are obtained through improved product or system design, use of improved machinery and equipment, improved skill and effectiveness of the workers and increased production volume and levels. Productivity improvement is important for this paper because it makes it easier to improve the standard of living of any nation hence its applicability to the Nigerian business situation.

#### *Incentive Schemes and Worker's Productivity at Organisations*

Productivity is usually defined as the ratio of inputs to outputs. It essentially measure how efficiently production inputs such as labour and capital are being used to produce a given level of output (Krugman, 1994). Okoye and Ezejiofor (2013) opined that organizational productivity is the measure of how well an organization functions and also an indication of efficiency and competition. Also it is a measure of how well resources are brought together and utilized for accomplishing set objectives (Mali, 2008 in Okoye & Ezejiofor, 2013). Productivity is a global concern, which has inseparable ties to the longevity of the organization (Druckman, Singer & Van Cott 1997 in Arraya, 2013). It is the key for survival in the cut-throat world of business and gives the organization a key competitive advantage above its peers when it is able to do more with less (Weaver, 2008 in Arraya, 2013). The baseline for economic productivity of an organization is the strength and quality of human capital. Human capital refers to the skills, abilities, competencies and qualities of an organization's employees. It comprises of the knowledge and expertise employees apply to produce products and services and to the operations of the organization, its equipment and machineries (Weaver, 2008 in Arraya, 2013). When human capital is adequately motivated, it leads to enhancement in productivity and service delivery. Boela (2005) states that, incentives are offered in order to focus the employee's attention to the business objectives of the employer, and add that they are normally used to stimulate performance and particularly to increase sales and control costs. George (2002) says that incentives work best alongside a good pay scheme, good working conditions and other good management practices, such as performance management, appraisals and appropriate communication and training programmes. According to study financial incentives improved performance over 30 per cent compared with those who did not get incentives. Also other researchers have conducted similar empirical studies and found that

performance increase in groups with financial bonus systems whereas in control groups' performance usually stays at the same level.

Connell (1992), Furthermore Locke et al. (1980), compared individual pay incentives, job enrichment and employee participation and found that financial rewards are most efficient. Holtmann (2005) contends that if incentive schemes are to be effective, they must be accepted by those they target. To assure acceptance, they should be in line with two principles, i.e. fairness and transparency, according to which employees' judge their remuneration. According to the author, fairness and transparency are the two most important requirements for staff incentive schemes in business organizations. Pertaining to fairness as Holtmann (2005) mentioned that the goals or reference standards set out for employees must be attainable, staff members who perform better than others should receive higher compensation and the compensation system should reflect the hierarchical levels within the organization. According to Milkovich & Newman (2005), bonus pay is a financial reward given to employees in addition to their fixed compensation. Bonus pay is the most common form of cash incentive. Bonuses can be accrued and paid out at different intervals, such as monthly, quarterly, or annually. Bonus sizes vary between 10% and 50% of the total pay. This pay plan is also apparently based on individual performance, but bonuses do not increase employees' base pay and therefore are not permanent. In most cases, staff incentive schemes are employed to enhance productivity. To analyze the present staff productivity and thus to appraise the potential for improvement, we could compare our staff in terms of productivity (e.g. in the number of transactions of counter sales staff or in the number of stock spare parts of parts sales supervisor, or in the capacity of branch managers to develop their branch and staff). If there were high disparities, which can at least partly be explained by disparities in staff motivation, we could further ask how staff incentives would contribute to a higher overall performance of staff (Carolina, 2010). In accordance with productivity is the sustained rate at which employees are achieving the agreed minimum outputs of work as agreed to within an organization, it is the rate at which goods are produced, especially in relation to the time, money and workers required to produce them. Holtmann and Grammling (2005) conducted a preliminary research on 86 institutions and found that 83% of the total respondents agreed on the fact that incentive schemes had a high effect on increasing the productivity of employees. They also said that many managers use incentive schemes to try to improve productivity. Thus, staff incentive schemes have powerful effects on the staff productivity of the organization and thereby are able to boost staff performance.

Non-monetary incentives are non-cash benefits given by company to employees to retain, reward and motivate them for their excellent job performance (Woodruffe, 2006). Nonmonetary incentives are deemed more valuable than monetary incentives as it shows respect and appreciation on employees' accomplishment (Gale, 2002). In the research of Nelson (2001) which is conducted in United States showed that there is a strong bond of relationship between non-monetary incentives and employees' job engagement. According to Houston (2000), Non-financial incentives come in many forms such as gifts, rewards, travel. Some are more tangible than others since they are visible and/or can be compared to financial benefits. Less tangible incentives relate for instance to work flexibility, independence of working, recognition of one's work, the possibility of advancement. The value of non-financial material incentives seems to be perceived as a function of psychological processes.

## Methodology

The paper adopts both qualitative and quantitative research methods. In achieving the objectives of the study, data were sourced from secondary materials, i.e. relevant books, journals and internet materials whoever, the population for this study was drawn from staff of Dangote Cement Plc, Ibesse.

## Results and discussion

### *Data Presentation and Analysis. Response Rate*

The target respondents in the study were the staff of Dangote Cement Factory Ibesse, Ogun State. A total of 196 questionnaires were administered, 196 were filled and returned, which represent 100% response. The high response rate recorded by the researcher could be attributed to the data collection procedures for instance, the researcher pre-notified the potential participants for the survey, the researcher administered the questionnaire with the help of the units head of the agency and follow up calls were also made to clarify queries as well as to prompt the respondents to fill the questionnaire. These methods facilitated the whole process of data collection hence the high response rate. The response rate is represented in Table 1.

**Table 1 Response Rate**

Questionnaire Distributed	Questionnaire Retrieved	% Response
196	196	100%

Source: Field Survey (2021)

### *Analyses of Responses to the Questionnaire*

The second section of the questionnaire focuses on the respondent's view on Incentive Schemes and Workers' Productivity. Therefore, the analyses of the research questions in accordance with the respondents' opinion are presented hypothesis by hypothesis as shown below:

*Hypothesis 1: There is a significant relationship between incentive schemes and workers' productivity at Dangote Cement Plc. Ibesse.*

The questions (on the questionnaire schedule) relating to this hypothesis are:

Question 1: Bonuses are paid fairly for extra work, efficiency and achievements.

**Table 2 Bonuses paid for Extra Work Done**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	85	43
Agree	65	33
Undecided	30	15
Disagree	10	5
Strongly Disagree	6	4
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

As shown in table 2, out of 196 respondents sampled, 43% of the respondents strongly agreed that bonuses are paid for extra work done in the company; 33% agree while 15% of them were undecided to the statement and 5% disagree with another 4% strongly disagreeing to the statement. The analysis shows that on average, 43% strongly agreed that bonuses are paid for extra work done at Dangote Cement Plc.

Question 2: The Company usually provides bonuses for all its employees' according to the job grade.

**Table 3 Bonuses and Job Grade**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	92	47
Agree	54	27
Undecided	23	12
Disagree	17	9
Strongly Disagree	10	5
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

As shown in table 3, out of 196 respondents sampled, 47% of the respondents strongly agreed that bonuses are paid according to workers' job level; 27% of the respondents agree while 12% were undecided. 9% of the respondents disagree to the statement and 5% strongly disagree. By this analysis, it shows that workers are paid at Dangote Cement Plc. in line with their job grades.

Question 3: The management of the company is fair in the implementation of profit sharing Scheme

**Table 4 Profit Sharing Scheme**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	25	13
Agree	25	13
Undecided	23	12
Disagree	50	25
Strongly Disagree	73	37
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

As shown in table 4, out of 196 respondents sampled, 37% of the respondents strongly disagreed that the management of the company is fair in the implementation of profit sharing scheme 25% of the respondents disagree while 12% were undecided. 13% of the respondents agree to the statement and 13% strongly agree. By this analysis, it shows that the management of Dangote Cement Plc. do not implement profit sharing scheme on workers.

Question 4: Management recognizing employees whose efforts make a difference.

**Table 5 Recognition of Workers**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	80	41
Agree	50	25
Undecided	30	15

Disagree	16	8
Strongly Disagree	20	11
Total	196	100

Source: Field Survey (2021)

As shown in table 5, out of 196 respondents sampled, 41% of the respondents strongly agree to the statement that the management of the company recognizes employees whose efforts makes a difference; 25% of the respondents agree while 15% were undecided; 8% of the respondents disagree to the statement and 11% strongly disagree. By this implication, it shows that the management of Dangote Cement Plc., recognizes employees whose efforts makes a difference.

Question 5: Incentive travel to boost the morale of individual or team for work is well done

**Table 6 Incentive Travel for Workers**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	90	46
Agree	50	25
Undecided	15	8
Disagree	21	11
Strongly Disagree	20	10
Total	196	100

Source: Field Survey (2021)

Table 6 reveals that 46% of the respondents strongly agreed that the company makes provision for incentive travels for workers to so as to boost their morale or for team work well done; 25% of the respondents agreed while, 08% was undecided, 11% of the respondents disagreed and 10% strongly disagreed. Majority of the respondents strongly agreed that Dangote Cement Plc., makes provision for incentive travels for workers to so as to boost their morale or for team work well done.

Question 6: There are enough promotion possibilities to stimulate me to higher performance.

**Table 7 Promotion for Higher Performance**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	88	45
Agree	55	28
Undecided	30	15
Disagree	13	7
Strongly Disagree	10	5
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

Table 7 reveals that 45% of the respondents strongly agreed that there are enough promotion possibilities to stimulate me to higher performance; 28% of the respondents agreed while, 15% was undecided, 07% of the respondents disagreed and 05% strongly disagreed. Majority of the respondents strongly agreed that at Dangote Cement Plc, there are enough promotion possibilities to stimulate me to higher performance.

Question 7: When an employee performs well consistently they are promoted to next level.

**Table 8 Consistency and Next Level Promotion**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	35	18
Agree	25	13
Undecided	35	18
Disagree	45	23
Strongly Disagree	56	28
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

Table 8 reveals that 18% of the respondents strongly agreed that employees are promoted to the next level when they consistently perform well; 13% of the respondents agreed while, 18% was undecided, 23% of the respondents disagreed and 28% strongly disagreed. From this, majority of the respondents strongly disagree to the statement. Question 8: A positive working conditions is important for me to perform well on my job.

**Table 9 Working Conditions and Performance**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	92	47
Agree	75	38
Undecided	29	15
Disagree	00	00
Strongly Disagree	00	00
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

Table 9 shows that, 47% of the respondents strongly agreed that a positive working condition is important for me to perform well on my job; 38% of the respondents agreed while 15% of the respondents were undecided, 00% of them disagreed and 00% strongly disagreed. These responses present heavy evidence that positive working conditions aids in the performance of workers.

*Hypothesis II: There is no significant relationship between incentive schemes and workers' productivity at Dangote Cement Plc. Ibese.*

The questions (on the questionnaire schedule) relating to this hypothesis are:

Question 9: The work environment can elicit greater commitment in me to perform my best.

**Table 10 Work Environment and Commitment**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	75	38
Agree	58	30
Undecided	29	15
Disagree	16	08
Strongly Disagree	18	09
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

From Table 10, 38% of the respondents strongly agreed that work environment can elicit greater commitment of workers at Dangote Cement Plc; 30% of the respondents

agree; 15% of the respondents were undecided, 08% of the respondents disagreed and 09% strongly disagreed. The analysis indicates that most of the respondents agreed that work environment can elicit greater commitment of workers at Dangote Cement Plc.

Question 10: The Company is committed to the training and development of its employee.

**Table 11 Training and Development of Workers**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	58	30
Agree	75	38
Undecided	29	15
Disagree	18	09
Strongly Disagree	16	08
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

Table 11 shows that, 30% of the respondents strongly agreed that Dangote Cement Plc, is committed to the training and development of its employee; 38% of the respondents agree; 15% of the respondents were undecided, 09% of the respondents disagreed and 08% strongly disagreed. The analysis indicates that most of the respondents agreed that training and development of workers is a priority at Dangote Cement Plc.

Question 11: The company provides me with skills and knowledge that will benefit my future career.

**Table 12 Skills and Knowledge Acquisition**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	94	48
Agree	75	38
Undecided	10	05
Disagree	7	04
Strongly Disagree	10	05
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

Table 12 shows that, 48% of the respondents strongly agreed that the company provides them with skills and knowledge that will benefit their future career; 38% of the respondents agree; 05% of the respondents were undecided, 04% of the respondents disagreed and 05% strongly disagreed. The analysis indicates that most of the respondents agreed that skills and knowledge acquired at Dangote Cement Plc, will be beneficial to them in the future.

Question 12: Performance based incentive scheme encouraged me to exert more effort and improve my productivity.

**Table 13 Incentive Schemes and Productivity**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	99	50
Agree	59	30
Undecided	10	05
Disagree	20	11
Strongly Disagree	08	04

<b>Total</b>	<b>196</b>	<b>100</b>
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Source: Field Survey (2021)

Table 13 shows that, 50% of the respondents strongly agreed that Performance based incentive scheme encouraged me to exert more effort and improve their productivity; 30% of the respondents agree; 05% of the respondents were undecided, 11% of the respondents disagreed and 04% strongly disagreed. By this analysis, majority of the respondents strongly agree that performance based incentive scheme encourages them to put in more efforts to their duties.

Question 13: Employee adherence to the expected standard is a key indicator in measuring the performance.

**Table 14 Employees' Adherence to Standard**

<b>Responses</b>	<b>Frequency (f)</b>	<b>Percentage (f) (%)</b>
Strongly Agree	88	44
Agree	59	30
Undecided	19	10
Disagree	20	11
Strongly Disagree	10	05
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

From Table 14, 44% of the respondents strongly agreed that employee adherence to the expected standard is a key indicator in measuring the performance; 30% of the respondents agree; 10% of the respondents were undecided, 11% of the respondents disagreed and 05% strongly disagreed. The analysis indicates that most of the respondents strongly agreed that employee adherence to the expected standard is a key indicator in measuring the performance.

Question 14: Employees' attitude and commitment have positive influence on company's overall performance.

**Table 15 Employees' Adherence to Standard**

<b>Responses</b>	<b>Frequency (f)</b>	<b>Percentage (f) (%)</b>
Strongly Agree	88	44
Agree	59	30
Undecided	19	10
Disagree	20	11
Strongly Disagree	10	05
<b>Total</b>	<b>196</b>	<b>100</b>

Source: Field Survey (2021)

From Table 15, 44% of the respondents strongly agreed that employees' attitude and commitment have positive influence on company's overall performance; 30% of the respondents agree; 10% of the respondents were undecided, 11% of the respondents disagreed and 05% strongly disagreed. The analysis indicates that most of the respondents strongly agreed that employees' attitude and commitment have positive influence on company's overall performance.



Question 15: Employees are motivated to work collectively towards achieving common goals.

**Table 16 Employees' Motivation and Common Goals**

Responses	Frequency (f)	Percentage (f) (%)
Strongly Agree	85	43
Agree	65	33
Undecided	30	15
Disagree	10	5
Strongly Disagree	6	4
Total	196	100

Source: Field Survey (2021)

As shown in table 5.16, out of 196 respondents sampled, 43% of the respondents strongly agreed that employees are motivated to work collectively towards achieving common goals; 33% agree while 15% of them were undecided to the statement and 5% disagree with another 4% strongly disagreeing to the statement. The analysis shows that on average, 43% strongly agreed that employees are motivated to work collectively towards achieving common goals.

### Discussions of Findings

This study examines the effect of incentive schemes on worker's productivity in an organisation using Dangote Cement Plc. Ibesse. In achieving the objectives of the study, research hypothesis were formed and tested using the Chi-square ( $\chi^2$ ) analytical techniques. The result of the first test showed there is no significant relationship between incentive schemes and workers' productivity at Dangote Cement Plc. Ibesse. This was further supported when 43% of the respondents sampled strongly agreed that bonuses are paid for extra work done in the company. The second test showed that there is no significant relationship between incentive schemes and workers' productivity at Dangote Cement Plc. Ibesse. This was also further supported when 28% of the respondents strongly disagreed that employees are promoted to the next level when they consistently perform well.

### Conclusion

The study looked at the interplay between incentive schemes and workers' productivity in Organisations using Dangote Cement Plc as a study. The study concluded that a number of incentives (monetary, tangible and non tangible non-monetary) play a prominent and significant roles in enhancing employees productivity in organisations. Meanwhile, the present study is limited to incentive schemes at Dangote Cement Plc; further studies in this area should increase the sample size, attention should also be giving to the role of incentive packages on employees' attitudes to work within the group. In addition, the method of data analysis used in this research work was limited to the use of one study area; further studies can engage some more companies or organisation to arrive at findings that can be generalized.

## **Recommendations**

Experience has shown that organizations that provide effective incentives are more likely to have satisfactory job performance from employees. Based on the findings and conclusions of this study, there are recommendations forwarded for better improvement of employees productivity;

- i. Management should come up with short term employee attraction and retention mechanisms. The company cannot go far with unmotivated employees. If employees are not doing their best to the company and they don't consider that the company as the best of all possible organizations for which to work, implies employees losing motivation and commitment to the work and the company.
- ii. Performance goals should be clearly defined and regular reviewing of the performance of employees against performance target standards and recognize accordingly.
- iii. Management should seek and obtain feedback on the measure of employee satisfaction survey on how employees perceive incentives. Feedback combined with appropriate incentive schemes produce the strongest effect on employee performance after identifying the incentive schemes which motivates employees most.
- iv. The management needs to develop rightful incentive schemes that include a mix of both financial and non-financial incentives. Incentive type would influence performance differently when applied to the employee. Managers will therefore need to strategically identify incentives that lead to high performance among the employees.

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## FINANCIAL RISKS AND PERFORMANCE OF LISTED MANUFACTURING FIRMS IN NIGERIA

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**Abstract:** *The recent economic issues in Nigeria have necessitated the identification of elements that contribute to the country's underwhelming performance. However, factors like unstable foreign exchange rate, rising inflation rate and insecurity has been studied at macroeconomic level while little attention has been given to factors like financial risks and how they have an influence on the functioning of manufacturing firms. This study therefore, investigated the effect of financial risks on the performance of manufacturing firms in Nigeria. Data were sourced from the annual financial statements of manufacturing firms that are listed on the Nigerian Stock Exchange for the period 2010 to 2020. Panel regression technique based on fixed effect model was employed to establish the effect of leverage risk, liquidity risk, firm size and age of firm on return on asset. It was discovered that leverage risk, liquidity risk, firm size have adverse and significant effect on return on asset while age of firm has positive and insignificant effect on return on asset. Financial risk of manufacturing sector in Nigeria is on the rise, especially as a result of debt and increase in current liabilities over current assets which are constraints on general performance. It is recommended that manufacturing firms should avoid incurring excessive debt in order to avoid increase the risk of leverage. In addition, effective strategies should be employed to monitor and manage financial risks in order to reduce or eliminate the negative consequences of these risks.*

**Keywords:** *Financial risk, performance, return on asset, leverage risk, liquidity risk*

### Introduction

The business environment of a company is surrounded by diverse factors which influence operational and financial performance. Thus the business decision of organizations relies on many factors in which financial and operational risks have continued to be given greater attention by managers and investors. According to Jafari, Chadegani and Biglari (2011); White and Frame (2004), firms face the problems of risk which result from technology changes, complex environment, high competition, regulatory challenges and other issues amongst others. Risk, which is regarded as the possibility of deviations in the changes of expected outcomes or returns, have gain prominence in the field of financial management and corporate finance in the recent years (Bansal Robert, Robert & Edward, 1992; Holton, 2004). Risks is believed to determine the investment decisions and future prospects of an organization and a manager is constantly devising means to reduce risks of financial loss and business winding up. According to Arif and

Showket (2015); Fali, Terzungwe and Mustapha (2020), financial risk is the possibility of collapse when there is high debt in the financial composition of firm's capital structure with low cash balance.

The issue of financial risk and other risks have received wide attention given the recent problem of global financial crisis, credit crunch and unexpected business fluctuations. Hence, managers adopt different techniques to eliminate financial risks while trying to maximize return (Fang, 2016). The management of financial and other risks have been difficult and this has been made more pronounced due to global rapid changes and financial failures that are experienced in the recent years (Carlson, 2006; Lewis, 2010). In this regard, the achievement of higher performance in the presence of financial and operational risks may be difficult when there is lack of effective strategies (Stanley, 2013). The manufacturing sector is seen as one of the major facilitator of economic growth in the modern era. In developed and developing countries like China, Germany, Japan, Malaysia and South Africa among others, manufacturing sector has been used to achieve industrial transformation and development. The sector is germane in the growth process and has contributed immensely to an economy in terms of employment and income distribution.

In Nigeria, the recent challenges in the economy has resulted in the need to identify factors that contribute to the country's underwhelming performance. However, while factors like unstable exchange rate, rising inflation and insecurity rates are studied at macroeconomic level, factors like financial and operational factors have received little attention at firms' level (Offiong, Udoka & Basse, 2019). In the recent years, the challenges faced by the Nigerian manufacturing sector is enormous and the need to resuscitate the sector as one of the driver of growth has resulted in the need to investigate the factors that influence manufacturing sector performance. However, few studies focused on the effect of financial risks on manufacturing sector performance in Nigeria. Most of these studies focused on the effect of risk management on performance. This study, therefore, investigates the effect of financial risks on the performance of manufacturing firms in Nigeria. Following the introduction, the other part of the paper are sectionalised into literature review, methodology, discussion and analysis of data, conclusion and recommendations.

## **Literature Review**

Theoretically, it is suggested that direct relationship is expected between risks and return of firms (Puspitaningtyas, 2017). However, effective risk management have been identified to have the capacity to help reduce or eliminate risks that are associated with investments and business decisions while maximizing returns (Otekunrin, Eluyela, Nwanji, Faye, Howell & Tolu-Bolaji, 2021). According to Offiong, et al., (2019) inability to managed risk effectively may result in poor performance and consequent business failure. Thus, management are periodically monitoring the level of financial and other components of risks while devising means to manage and reduce them.

Jafari, et al., (2011) analysed the linkage between risk management and performance of companies from 2003 to 2008. They discovered that risk management had positive and significant effect on the performance of companies. Through the adoption of multiple regression and descriptive techniques, Wangalwa and Muturi (2018) examined how operational risk affects supermarket performance in Nairobi County. Operational risk

was found to have a negative impact on asset return in the study. Sisay (2017) in his study x-rayed the implication of the impact of financial risk on the financial performance of Ethiopian insurance companies. Secondary sources and unstructured in-depth interviews were used to collect data. The panel regression results revealed that credit risk, liquidity risk, and solvency risk all had a negative and significant impact on insurance firm profitability. Nyasaka (2017) studied the impact of credit risk on non-performing loans at Kenyan banks, with a special focus on the KCB group, was explored. Data was collected from 100 respondents at headquarters and branch offices and evaluated using an inferential technique. Credit risk has a considerable impact on non-performing loans, according to the study.

The study of Alshubiri (2015) was conducted to analyze the impact of financial and business risks on Oman's industrial sector performance. The research was conducted from 2009 to 2013 by obtaining data from 47 firms listed on the Muscat Security Market (MSM) in Oman. The study employed mixture of simple regression, multiple regression and multiple regression techniques to analyzed data. The research found that financial and business risk had a significant impact on the industry's performance. Puspitaningtyas (2017) studied the effect of financial information on the systematic risk of manufacturing firms in Indonesia. The study collected data from companies that are listed on Indonesia Stock Exchange from 2011 to 2015. Data were analysed with simple regression technique and it was revealed that financial leverage, liquidity, and profitability had insignificant effects on systematic risk.

Offiong, et al., (2019) investigated the effect of financial risk on the performance of SMEs, the study covered the period of 1986 to 2017 by sourcing data from Central Bank of Nigeria (CBN) statistical bulletin. Autoregressive distributed lag (ARDL) technique was used to analyse the data and it was discovered that there is In the long run, there is a negative and insignificant relationship between financial risk and SMEs' performance in Nigeria. Exchange currency risk, liquidity risk, interest rate risk, and inflation risk all have a significant and negative impact on small and medium firms in the short and long term, according to the study. Onsongo, Muathe and Mwangi (2020) explored the effect of financial risk on the performance of listed companies in Nairobi Securities Exchange (NSE). The study covered the period of 2013 to 2017 and was analysed with panel regression technique. The study revealed that credit risk positively and insignificantly influence return on equity, liquidity risk negatively and significantly influence ROE while operational risk positively and insignificantly influence ROE. Otekunrin, et al., (2021) adopted panel data technique to investigate the effect of enterprise risk management on the performance of listed manufacturing firms in Nigeria. Data were collected from the financial statements of thirty listed manufacturing companies over 2010 to 2018 and enterprise risk management was determined to have a significant impact on the performance of listed manufacturing firms in Nigeria.

## **Methodology**

This study explored the effect of financial reforms on the performance of manufacturing firms in Nigeria. The study adopted ex post facto research design because the data are historical and quantitative in nature with the aim of investigating the direction of relationship among them. Data were sourced from secondary means specifically from

the financial statement of listed manufacturing firms on the Nigerian Stock Exchange Market from 2012 to 2020.

### Model Specification

The investigation of the relationship between financial risk and shareholders' value is modeled based on panel regression model. The model is adapted from the empirical study of Osongo (2020) wherein return on equity was modeled as a function of credit risks, liquidity risk and operational risk. By modification, this study focused mainly on financial risk by employing leverage and liquidity risks while firm size and age of the firms were taken as control variables. Thus, the model for the study is given as:

$$ROA = f(LEVR, LR, FMS, AGE) \quad (1)$$

Thus, the model is econometrically given as:

$$ROA_{it} = \beta_0 + \beta_1 LEVR_i + \beta_2 LR_i + \beta_3 FMS_i + \beta_4 AGE_i + e_{it} \quad (2)$$

Where:

RAO = Return on Asset

LEVR = Leverage Risk

LR = Liquidity Risk

e = error term

t = time series variable

FMS = Firm Size

AGE = Age

i = cross-sectional variable

### Method of Data Analysis

Descriptive statistics is used to describe the characteristics of the data series while correlation matrix was employed to determine the direction of relationship among the variables. Furthermore, panel regression technique was adopted to establish the effect of leverage risk, liquidity risk, firm size and age of firm on return on asset. However, fixed effect panel regression and random effect panel regression, The Hausman test was employed to select the best suited technique between fixed effect panel regression and random effect panel regression.

### Results and Discussion

#### *Descriptive Analysis*

The descriptive statistical analysis of the data employed are presented in Table 1. The result shows that age of firms and firms' size have the highest mean values followed by return on assets. In addition, the minimum value of -7.765140 for return on asset shows that some of the maneuvering companies are operating at loss. The result further reveals that return on asset and firm size are negatively skewed while leverage risk liquidity risk and age of firms are positively skewed. It was shown as also that the data series are mixture of leptokurtic, platykurtic and mesokurtic.

**Table 1: Descriptive Statistic**

	ROA	LEVR	LR	FMS	AGE
Mean	11.93858	4.751429	1.206433	24.27040	66.24242
Maximum	28.57245	6.794956	2.939759	26.67059	142.0000
Minimum	-7.765140	3.109271	0.226992	19.28239	21.00000
Skewness	-0.057189	0.005012	0.961028	-1.519598	0.578987
Kurtosis	2.509417	3.083888	3.765798	5.356406	2.937407

Source: Author's Computation, 2021

### Correlation Analysis

Table 2 presents the correlation matrix for the variables used in the study. The study shows that there is evidence of absence of multi co-linearity among the variables. The result further shows that leverage risk, liquidity ratio and firms size have negative and weak correlation with return on asset: their correlation coefficients are -0.15, -0.05 and -0.25 respectively. However, the result shows that age of firms has positive and weak movement with return on asset with a coefficient of 0.086648.

**Table 2: Correlation Matrix**

	ROA	LEVR	LR	FMS	AGE
<b>ROA</b>	1.000000				
<b>LEVR</b>	-0.148316	1.000000			
<b>LR</b>	-0.055658	-0.580964	1.000000		
<b>FMS</b>	-0.251006	0.312148	-0.160957	1.000000	
<b>AGE</b>	0.086648	-0.222426	0.092115	0.267449	1.000000

Source: Author's Computation, 2021

### Hausman Test

**Table 3: Hausman Test**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	12.398646	4	0.0146

Source: Author's Computation, 2021

From table 4, the chi-square ( $x^2$ ) with probability value of 0.0146 is statistically significant at 5% significance level. This implies that the fixed effect model produces an unbiased estimate compared to the random effect model. The fixed effect recreation is therefore considered fitting and reported in the study.

**Table 4: Diagnostic Test**

Tests	Chi-square	Probability
Normality Test (Jarque-Bera)	1.469630	0.4796
Redundant Fixed Effects Tests	15.978249	0.0673
Cross Dependency Test (Pesaran scaled LM)	0.738138	0.4604

Source: Author's Computation, 2021

Table 5 reports the diagnostic test for the estimated fixed regression model and it indicates that model residual is normally distributed with a probability value of 0.4796 which is greater than the acceptance region of 0.05. Also, the result shows the absence of redundant fixed effects in the residual of the regression. Finally, the result shows absence



of cross dependency in the regression residual given Peasaran scaled LM probability of 0.4604 which is greater than the acceptance region of 0.05.

### Fixed Regression Analysis

**Table 5: Fixed Effect Regression Result**

Dependent Variable: Return on Asset

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LEV	-2.336512	1.048048	-2.229394	0.0284
LR	-3.799243	1.334143	-2.847702	0.0055
FMS	-1.045458	0.522255	-2.001815	0.0485
AGE	0.028225	0.020828	1.355132	0.1790
C	51.12789	12.89602	3.964624	0.0002

F-statistic = 2.139920

Probability Value = 0.019434

Source: Author's Computation, 2021

The result reported in Table 5 shows the fixed regression on the effect of leverage risk, liquidity risk, firm size and age on return on asset. The result shows that leverage risk has negative and significant effect on the return on asset of listed manufacturing firms in Nigeria with a coefficient of -2.336512. This implies that 1% increase in leverage risk will lead to 2.3% fall in the return on asset of listed manufacturing firms in Nigeria. The implication of this findings is that the adoption of leverage risk will impose risk on the financial position of manufacturing firms which will lead to fall in performance. This indicates that over-leverage risk will bring about risk of debt and interest payment which would impose constraints on the financial performance of firms. This is not in line with findings of Alshubiri (2015). Also, the result reveals liquidity ratio has a coefficient of -3.799243 which is significant at 5%. This suggests that 1% increase in liquidity risk will lead to 3.8% fall in return on asset of manufacturing firms. This indicates that the selected listed manufacturing firms are facing liquidity crisis such that current assets fell short of current liabilities. This result conforms to the findings of Offiong, et al., (2019); Asongo, et al., (2020).

In addition, the control variable firms' size is found to have negative and significant effect on return on asset with a coefficients of -1.045458 which implies that 1% increase in firms size will lead to 1% fall in the return on asset of listed manufacturing firms in Nigeria. This points to the underutilisation of assets of manufacturing firms in Nigeria which has imposed constraints on the financial performance of firms. This findings however does not conformed with the result of Puspitaningtyas (2017) but corroborates the result of Otekunrin, et al., (2021). However, age of firms is found to have positive but insignificant effect on return on asset with a coefficient of 0.028225. Finally, the result shows that the independent variables, namely leverage risk, liquidity risk, firm size and age have joint and significant effect on return on asset with an F-statistic and probability values of 2.139920 and 0.019434 respectively which are significant at 5%.

## **Conclusion and Recommendations**

This study was conducted to analyse the effect of financial risk on the performance of listed manufacturing firms in Nigeria. The study covered the periods of 2010 to 2020 based on secondary data from the annual financial statement of listed manufacturing firms on the Nigerian Stock Exchange. Data were analysed with fixed effect regression model. The study found that the components of leverage and liquidity risks have negative and significant effect on return on assets of listed manufacturing firms in Nigeria. Also, the control variable, firm size have negative and significant effect on return on assets while age of firm has positive but insignificant effect on return on assets. This findings point to the rising financial risk of manufacturing sector in Nigeria especially in the area of overusage of debt and increasing current liabilities over currents assets. These have implications on the performance of firms with falling return on assets.

It is therefore, concluded that the performance of manufacturing is constrained by financial risks which requires adequate management. It is recommended that manufacturing firms should avoid excessive debts in the capital structure combination because it increases the risk of leverage. Furthermore, adequate attention should be given to liquidity position of firms by manager. Firms should work effectively on reducing excess current liabilities through timely settlement of liabilities. Managers should come up with effective strategies for the monitoring and management of financial risks in order to reduce or eliminate the negative consequences.

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## ANALYSIS OF RISKS AND OPPORTUNITIES IN THE BMW GROUP

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**Abstract:** *According to Group-wide guidelines, every employee and manager has the duty to report risks via the relevant reporting channels. The key elements of an effective risk culture are embedded in the BMW Group's core values. Regarding the risk management system, training programmes and informational events are regularly conducted across the BMW Group. These measures are essential ways of preparing those involved in the process to comply with any new or additional requirements.*

**Keywords:** *risks, opportunities, management, impact, threats, assessment, earnings, production, technologies, sales.*

### Introduction

The risk management process applies across the entire BMW Group and comprises the early identification, analysis and assessment of risks, the coordinated use of appropriate management tools and the monitoring and evaluation of the measures taken. The BMW Group uses standardised methods to assess risks. All significant risks are measured using value-at-risk models and assessed on the basis of uniform loss distribution metrics, thereby enabling better comparison of risks for both internal and external reporting purposes. The overall effect of risks on the results of operations, as well as the financial assets position present a strong impact on the company's earnings. Thus, risks are classified both according to their potential impact on earnings (pessimistic scenario) as well as according to the risk amount, taking into account the probability of occurrence. The impact of risks is measured and reported net of any mitigation measures that are already taking effect (net basis). Risks in the BMW Group are usually measured over a two-year assessment period.

### Risk management in the BMW group

**Table 1** The potential impact on earnings in the pessimistic scenario is classified as it follows:

Class	Potential impact on earnings in a pessimistic scenario
Low	> € 0 - 500 million
Medium	> € 500 – 2,000 million
High	> € 2,000 million

Source: *www.bmwgroup.com/en.html*

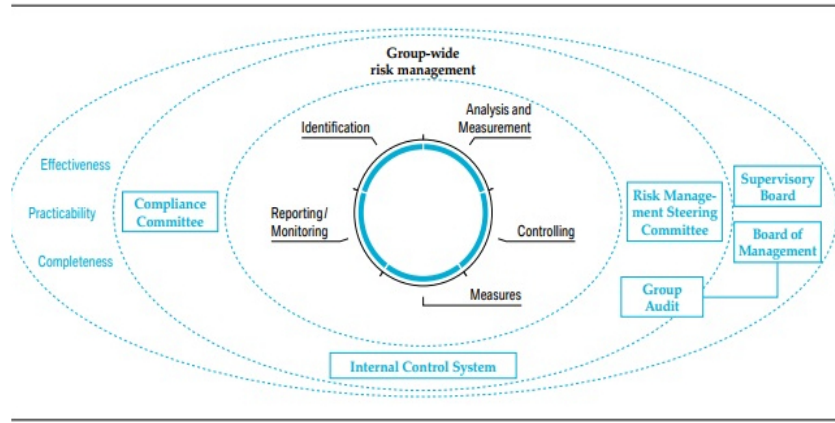
**Table 2** The following criteria apply for the purpose of classifying the risk amount:

Class	Risk amount
Low	> € 0 - 50 million

Medium	> € 50 - 400 million
High	> € 400 million

Source: [www.bmwgroup.com/en.html](http://www.bmwgroup.com/en.html)

**Figure 1. Risk management at BMW Group**



Source: [www.bmwgroup.com/en.html](http://www.bmwgroup.com/en.html)

The impact of risks and opportunities on earnings is presented separately without offsetting. If no specific reference is made, opportunities and risks relate to the Automotive segment. The entities covered in the report on risks and opportunities corresponds to the consolidated entities included in the BMW Group Financial Statements. A dynamic market environment also gives rise to opportunities. Identifying these opportunities is an integrated part of the BMW Group’s strategic planning process. The Group’s range of products and services is continually reviewed on the basis of extremely complex analyses. In order to compete successfully on the long term and at the same time effectively help play an active role in achieving the goal of climate neutrality, the BMW Group’s vehicle platforms are designed to operate flexibly with various types of drivetrain, enabling it to respond more swiftly to changing customer needs. In the BMW Group, once identified, opportunities are acted upon in the relevant operational areas on a decentralised basis. The importance of opportunities for the BMW Group is classified on a qualitative basis in the categories “significant” and “insignificant”. Probable measures aimed at increasing profitability are already incorporated in the outlook.

**Significant risks and opportunities in the BMW Group**

The following table provides an overview of significant risks and opportunities and indicates their level of importance for the company. Overall, no risks capable of threatening the continued existence of the BMW Group were identified either at the balance sheet date or at the date on which the Group Financial Statements were drawn up.

**Table 3. Significant risks and opportunities in the BMW Group**

	Risks		Opportunities	
	Classification of risk amount	Change compared to prior year	Classification	Change compared to prior year

<b>Macroeconomic risks and opportunities</b>	High	Stable	Significant	Increased
<b>Strategic and sector risks and opportunities</b>				
Changes in legislation and regulatory requirements	High	Stable	Insignificant	Stable
<b>Market developments</b>	High	Stable	Insignificant	Stable
Risks and opportunities relating to operations				
<b>Risks and opportunities relating to production and technologies</b>	High	Stable	Insignificant	Stable
<b>Risks and opportunities relating to purchasing</b>	High	Increased	Insignificant	Stable
<b>Risks and opportunities relating to sales networks</b>	High	Stable	Insignificant	Stable
Information, data protection and IT	High	Stable	Insignificant	Stable
<b>Financial risks and opportunities</b>				
<b>Currency risks and opportunities</b>	High	Increased	Significant	Stable
<b>Risks and opportunities relating to raw materials prices</b>	Medium	Stable	Significant	Stable
<b>Liquidity risks</b>	Medium	Increased	-	-
<b>Other financial risks</b>	Medium	-	Significant	-
<b>Legal risks</b>	Medium	Stable	-	-

Source: [www.bmwgroup.com/en.html](http://www.bmwgroup.com/en.html)

## Macroeconomic risks and opportunities

Economic conditions have a major impact on business performance and hence the level of earnings generated by the BMW Group. Unforeseen disruptions in global economic relations can have highly unpredictable effects. Thus, macroeconomic risks due to sales volume fluctuations could have a significant earnings impact over the two-year assessment period. Currently, the greatest risk for the global economy is the further spread and the consequences of the COVID-19 pandemic. It is not currently possible to predict with any degree of certainty the point in time from which a high vaccination rate could significantly mitigate the course of the pandemic. As a result, restrictions to public life and regional lockdowns are likely to be a continued source of uncertainty for consumers. The BMW Group is monitoring the situation on a continuous basis and taking appropriate measures as required.

### *Strategic and sector-specific risks and opportunities*

The short-term introduction of more stringent regulations, particularly with regard to emissions, safety and consumer protection as well as regional, vehicle-related purchase and usage taxes, represents a significant risk for the automobile industry.

*Country-specific trade barriers can also be subject to change at short notice.*

Any sudden tightening of regulations in these areas could require significantly higher investments and ongoing expenses or exert influence on customer behaviour.

### *Market developments*

Apart from economic factors and sector-specific political conditions, increasingly fierce competition among established manufacturers and the emergence of new market competitors could also have effects that are difficult to predict. Unforeseen consumer preferences and changes in brand perceptions can also give rise to both opportunities and risks.

*Risks and opportunities relating to production and technologies*

Risks relating to production processes and fields of technology can lead to unplanned production interruptions or additional costs due to vehicle recalls. If any such risks were to materialise, they could have a high impact on all BMW Group's earnings over the two-year assessment period. Also, potential causes generated by production downtimes include fires, infrastructural damage, machine and tooling breakdowns, IT malfunctions, temporary disruptions in utility supply or transportation and logistical disruptions, or the outbreak of a global pandemic. The BMW Group analyses new opportunities relating to production processes and fields of technology primarily in the competitive edge gained by mastering new and complex manufacturing technologies.

*Risks and opportunities relating to purchasing*

Purchasing risks relate primarily to supply risks caused by the failure of a supplier to deliver as well as to threats to BMW Group-relevant know-how within the supplier network. Production problems at supplier level could lead to unfavourable consequences caused by company's increased expenditure, due to production interruptions and to a corresponding reduction in vehicle sales. The BMW Group deploys an extensive set of checks and proactive management measures to tackle the challenges currently facing the automotive supply industry.

*Risks and opportunities relating to the sales network*

In order to sell its products and expand its services, the BMW Group operates a global sales network mainly comprising independent dealerships, branches, subsidiaries and importers. In addition, a pilot project to promote direct sales was launched in South Africa in 2020. Any threat to the continued activities of parts of the sales network would entail risks for the BMW Group. The occurrence of sales and marketing risks would have only a low impact on earnings over the two-year assessment period of the company.

*Currency risks and opportunities.*

The BMW Group conducts business in a variety of currencies, thus giving rise to currency risks and opportunities. A substantial part of BMW Group revenues, purchasing and funding occur outside the eurozone, especially in China and the USA. Regularly updated cash-flow-at-risk models and scenario analyses are used to measure currency risks and opportunities. If currency risks were to materialise, they could be associated with a high impact on the earnings made over the two-year assessment period of the company. Thus, significant opportunities can arise if currency developments are favourable for the BMW Group.

*Risks and opportunities relating to raw materials prices*

As a large-scale manufacturing company, the BMW Group is often exposed to purchase price risks, especially in relation to the raw materials used in vehicle production. The analysis of raw materials price risks is based on planned purchases of raw materials and components. Cash-flow-at-risk models and scenario analyses are used to measure risks and opportunities relating to raw materials prices.

*Liquidity risks*

The major part of the Financial Services segment's credit financing and leasing business is refinanced on capital markets. Liquidity risks can arise in the form of rising refinancing costs or from restricted access to funds as a consequence of the general market situation. If liquidity risks were to materialise, they would be likely to have a medium impact on the BMW Group earnings over the two-year assessment period.

#### *Other financial risks*

Other financial risks worth mentioning include counterparty risks as well as those arising in connection with investments in other entities. The BMW Group works together with banks to ensure that the available liquidity is optimally invested and to hedge against financial market risks (especially currency, commodity and interest rate risks) using derivative financial instruments. If other financial risks were to materialise, they could have a medium impact on earnings over the two-year assessment period. Revaluations of investments could give rise to opportunities with a significant impact on earnings.

#### *Legal risks*

The BMW Group is exposed to various legal risks due to the global nature of its operations. Legal risks may result from non-compliance with laws or other legal requirements by business partners or other market participants. However, it cannot be ruled out that new legal risks, as yet unforeseen, materialise that could have a high impact on the earnings of BMW Group.

## **Conclusions**

Threats management strategies certainly refer to avoiding them, reducing negative effect or threat probability, as well as total or partial transfer of threats. The opposite of previously mentioned strategies is used to answer to opportunities regarding uncertain conditions with benefits in the future. Otherwise, risks can occur from various sources, including: uncertainty on international markets, threats generated by failures, volatility of legal liabilities, the impact on credit risk, accidents, natural causes or disasters or the impact on some events with an uncertain or unpredictable cause. As a consequence, there are two types of events, negative events that can be classified as risks, and positive effects that can be classified as opportunities.

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## ABSTRACT MATHEMATICAL MODELS USED IN COLOUR MANAGEMENT

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**Abstract:** *The colour space is an abstract mathematical model showing how colours can be represented. The colour systems in use are based on CIE (International Commission on Illumination) colour coordinates (RGB, CYM, CIE Lab, CIE Luv, CMYK) and respectively on color assessment systems (Munsell, Hunter, Pantone or Trumach). The best known colour patterns are: RGB (Red, Green, Blue), CMYK (Cyan, Mangenta, Yellow, Black), HSV (Hue, Saturation, Value), HSL (Hue, Saturation, Lightness/Luminance). Modern colour analysis covers various colour spaces, e.g. HSL, HSI, HSB, CAT02LMS, as ways in which independent and dependent representations communicate and adapt to each other, laying the bases of the specific transfer matrix equation. Colour transfer between colour reception and rendering devices is conducted based on a selected mathematical model. A comparative analysis of various spatial representations is thus provided.*

**Keyword:** *colour space, mathematical model, analysis, colorimetry, system*

**JEL Classification:** *C02, C26, C31, C51, C63*

### Introduction

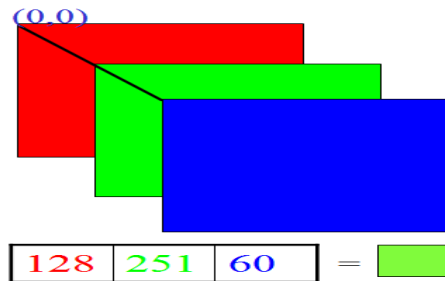
Colour refers to the perception by the eyes of one or more frequencies (in the electromagnetic spectrum) of light. These frequencies combine in the brain and trigger the perception of colour. In reality, colour does not exist, as for each wavelength the brain arbitrarily associates one colour (Buckley et al, 2011). A sheet of paper (which reflects all spectrum colours equally) appears as white if it is illuminated by a yellow light generated by an electric light bulb. However, it will also appear white when illuminated with the white light coming from the sun. The spectral distribution of light reflected in the two cases is different. Nevertheless the perceived colour will be the same since the brain compensates for the colour of the light perceived by the eyes from the paper sheet (basically by calibration according to the colors of the ambient light). Light is a primary source of energy for the universe and is also the basic element in photography (the term “photography”

comes from Greek and means “drawing with light”). Light, from the perspective of physics, is an electromagnetic radiation with a particular frequency. The different frequencies of light are perceived by our eyes in the form of colours.

Colour management is the set of mathematical and physical patterns that define objective colour perception and comprises measurement devices, measurement techniques and data management (Suslenco, 2015). "Color Management", expresses the concept that color descriptions dependent on equipment and editing programs in a precisely known image reproduction stream are transformed into a generic description used to control accurate color reproduction. Color management is the term used in the field of digital technology and computers to describe controlled color conversion between different color reproduction equipment such as scanners, digital cameras, TV monitors, printers, offset presses and appropriate reproduction media. Colour management involves the following steps (see examples: figure 1, figure 2):

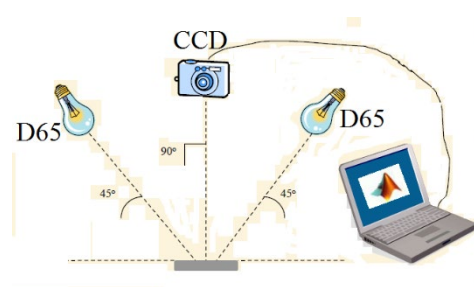
- retrieving the spectral data by means of a spectro colorimeter;
- storing data in databases;
- colorimetric data processing with a specialised computing software;
- conducting additional instrumental analyses and inputting finding into a database;
- choosing the standard against which the Accept/Reject decision will apply to the quality of the product being assessed;
- processing the data in order to define the Accept/Reject decision criteria;
- classifying the analysed products based on their quality

Figure 1. Data retrieval system



Source: Boyer and Morales, 2008, p.23

Figure 2. RGB matrix coding of a pixel



Source: Boyer and Morales, 2008, p.25

The linear and uniform RGB colour space can include up to  $255 \times 255 \times 255 = 16,581,375$  colours, far exceeding the capabilities of the human eye in the 400 -700 nm wavelength interval. In colour rendering technique, each pixel contains information about the trichromatic components red, green and blue, specific to additive mixes, in [r g b] form with each component value ranging between 0 and 255 or in standard form, in which case the colour cube faces are even. From the standpoint of the colour designer, any random colour can be characterised by hue, lightness and, saturation. The interpretation of the values of these basic features by digital image analysis is important in industrial practice for correcting printed designs and also for the technological analysis of print quality. The colour management system manages how each device involved in retrieving or displaying images reads, interprets and displays each particular colour. The world is becoming increasingly complex, therefore ever more simple solutions are required in all fields,

including the media and printing and publishing industries. At a technical level, colour must be correct and accurate, to the extent allowed by current technology and must comply with the rules of optics. It should be possible to carry and transfer colour between the devices and software that process it to produce colour reproductions identical with the originals so far as possible: nature images, photographs, the works of visual artists, (Doncean and Doncean, 2012, p.76).

**Research methodology. Classical colour spaces**

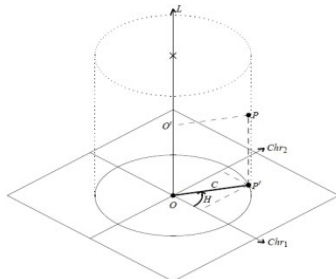
Defining the colour space is the key to success for any colour management system. The latter is more effective if, instead of an ad hoc conversion between any potential combination of input and output devices, it defines a reference colour space that expresses both the colorimetry of the reference environment and the viewing conditions it assumes. The colour spaces used in image analysis are categorised into four families (Doncean and Doncean, 2012, p.189):

1. Primary spaces based on trichromatic theory, i.e. each colour can be obtained by mixing three primary colours;
2. Spaces based on luminosity and two-component chromaticity;
3. Perceptual spaces attempting to quantify man’s subjective colour perception, based on intensity, hue and saturation components.
4. Independent spaces based on the statistical methods of correlating the coloristic quantities being analysed.

**Perception spaces**

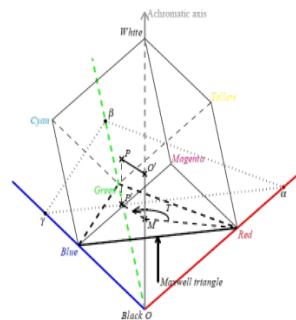
Perception spaces create the link between man and the colour rendering devices for description purposes. Such spaces include HSI, HSB, HSL, HSV, CHL, SHL, etc. each with specific components . The dimensions to be analysed can be represented in polar (or cylindrical) coordinates through I, B, L, V and the two chromaticity components H and S, C and H., see in figures 3, 4, 5, 6 (Doncean and Doncean, 2012).

**Figure 3. Cylindric perception spaces LCH space**



Source: Wang and Mueller, 2008, p.218

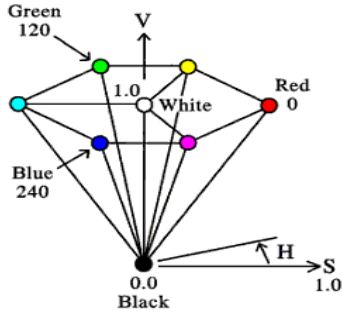
**Figure 4. Triangular perception space in the RGB cube. RGB – CMY complex space**



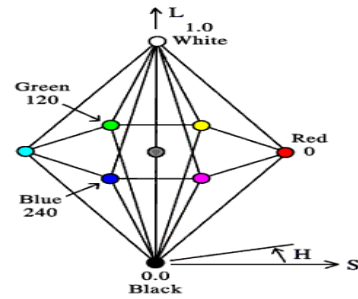
Source: Wang and Mueller, 2008, p.218

**Figure 5. Hexacon perception space space LSH space**

**Figure 6. Double hexagon perception space. VSH**



Source: Wang and Mueller, 2008, p.219

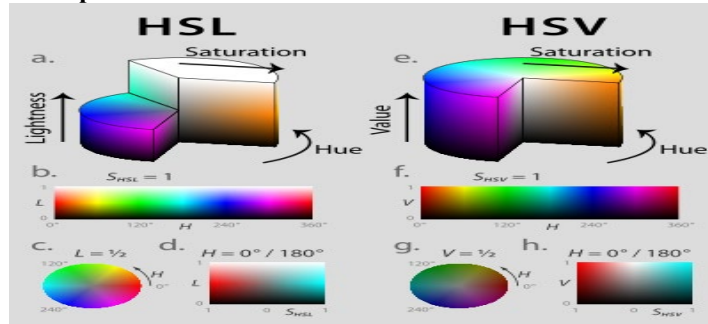


Source: Wang and Mueller, 2008, p.219

**Representative models based on hue and saturation**

Colour features hue – H, saturation – S, lightness - L, brightness – B, intensity – I or value – V can be combined in threes to represent the so-called “humanistic space spaces”. HSL, HSV, HSI, HSB spaces are frequently used.

Figure 7. HSL and HSV spaces



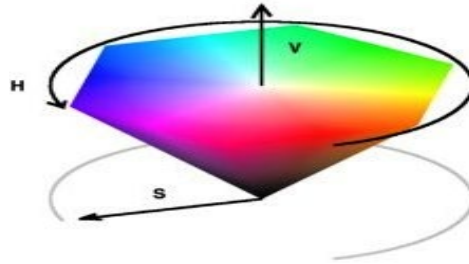
Source: Kuehni, 2003, p.89

**4.1. HSV colour space**

The HSV colour space is suitable for dependent or independent representations. The HSV space is related to the RGB space, as a derivative. The HSV space appears as a hexagonal pyramid where:

$$\begin{aligned}
 &0 \leq H < 360, \text{ saturation with dominant wavelength,} \\
 &0 \leq S \leq 1, \text{ white content,} \\
 &0 \leq V \leq 1, \text{ black content,} \\
 &\text{where:} \\
 &S = C/V, \\
 &V = \max(R', G', B') - \min(R', G', B').
 \end{aligned}$$

Figure 8. HSV space



Source: Klanjšek, 2010, p.34

The HSV colour space is suitable for dependent or independent representations. The HSV space is related to the RGB space, as a derivative. The HSV space appears as a hexagonal pyramid in which:

$$\begin{aligned}
 &0 \leq H < 360, \text{ saturation with dominant wavelength,} \\
 &0 \leq S \leq 1, \text{ white content,} \\
 &0 \leq V \leq 1, \text{ black content,} \\
 &\text{where: } S = C/V, \\
 &V = \max(R', G', B') - \min(R', G', B').
 \end{aligned}$$

For 8-bit and 16-bit images, R, G and B values between 0 and 255 are normalised within the (0, 1) range.

$$\begin{aligned}
 V &= \max(R, G, B) \\
 S &= \begin{cases} \frac{V - \min(R, G, B)}{V} & \text{if } V \neq 0 \\ 0 & \text{if } V = 0 \end{cases} \\
 H &= \begin{cases} 60 \cdot \frac{(G - B)}{S} & \text{if } V = R \\ 120 + 60 \cdot \frac{(B - R)}{S} & \text{if } V = G \\ 240 + 60 \cdot \frac{(R - G)}{S} & \text{if } V = B \end{cases} \\
 H &= H + 360 \quad \text{if } H < 0 \\
 0 &\leq V \leq 1.0 \\
 0 &\leq S \leq 1 \\
 0 &\leq H \leq 360
 \end{aligned}$$

**4.2. HSL colour space**

Figure 9. Colours distinguished by H, S, L values

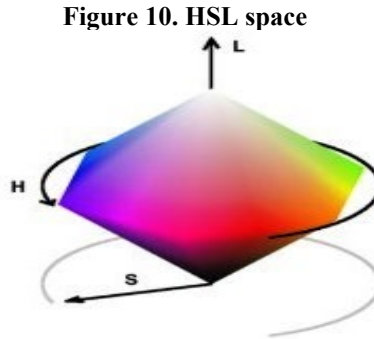


Source: Koenderink, 2010, p.101

L is the vertical component of the glow. The HSL model is similar to HSV.

$$\begin{aligned}
 &H\text{- angle on the hexagonal base, } 0 \leq H < 360^\circ \\
 &S = C/(1 - |2L-1|), (0 \leq S \leq 1), \\
 &L = (\max(R',G',B') + \min(R',G',B'))/2 \quad (0 \leq L \leq 1), \\
 &H \text{ and } C \text{ are identical to those in the HSV space.}
 \end{aligned}$$

From the geometrical point of view, the space is a double cone with a hexagonal base.



Source: Klanjšek, 2010, p.34

For 8-bit and 16-bit images, R, G and B values between 0 and 255 are normalised within the (0, 1) range.

$$V_{\max} = \max(R, G, B)$$

$$V_{\min} = \min(R, G, B)$$

$$L = \frac{V_{\max} + V_{\min}}{2}$$

$$S = \begin{cases} \frac{V_{\max} - V_{\min}}{V_{\max} + V_{\min}} & \text{if } L < 0.5 \\ \frac{V_{\max} - V_{\min}}{2 - (V_{\max} + V_{\min})} & \text{if } L \geq 0.5 \end{cases}$$

$$H = \begin{cases} 60 \cdot \frac{(G - B)}{S} & \text{if } V_{\max} = R \\ 120 + 60 \cdot \frac{(B - R)}{S} & \text{if } V_{\max} = G \\ 240 + 60 \cdot \frac{(R - G)}{S} & \text{if } V_{\max} = B \end{cases}$$

$$H = H + 360 \quad \text{if } H < 0$$

$$0 \leq L \leq 1.0$$

$$0 \leq S \leq 1$$

$$0 \leq H \leq 360$$

The reverse conversion involves:

- for the 8-bit image:

$$V = 255 \cdot V$$

$$S = 255 \cdot S$$

$$H = \frac{H}{2}$$

In HSV and HSL spaces the saturation angle is computed for the circle that includes the hexagonal base.

### HSI colour space

HSI (Hue – Saturation – Intensity) is derived from the sRGB space.

H – polar angle of hue, ( $0 \leq H < 360$ ),

S =  $1 - \min(R', G', B')/I$ ,  $0 \leq S \leq 1$ ,

I =  $(R' + G' + B')/3$ ,  $0 \leq I \leq 1$ .

### Results. Conversion formulae: RGB to HSI conversion

Normalising RGB values.

$$r = \frac{R}{R + G + B};$$

$$g = \frac{G}{R + G + B};$$

$$b = \frac{B}{R + G + B}.$$

Computing the normalised components of H,S,I values:

$$h = \cos^{-1} \left\{ \frac{0,5 \cdot [(r - g) + (r - b)]}{\sqrt{[(r - g)^2 + (r - b) \cdot (g - b)]}} \right\},$$

$$h \in [0, \pi], b \leq g;$$

$$h = 2 \cdot \pi - \cos^{-1} \left\{ \frac{0,5 \cdot [(r - g) + (r - b)]}{\sqrt{[(r - g)^2 + (r - b) \cdot (g - b)]}} \right\},$$

$$h \in [\pi, 2 \cdot \pi], b > g.$$

$$s = 1 - 3 \cdot \min(r, g, b); s \in [0, 1];$$

$$i = (R + G + B)/(3 \cdot 255); i \in [0, 1].$$

Converting h, s, i values to the corresponding ranges: [0,360], [0,100], [0,255]:

$$H = h \cdot \frac{180}{\pi};$$

$$S = s \cdot 100;$$

$$I = i \cdot 255.$$

### Calculation model in HSI to RGB conversion

$$\begin{aligned}
 h &= H \cdot \frac{\pi}{180}; s = S/100; i = I/255; \\
 x &= i \cdot (1 - s); \\
 y &= i \cdot \left[ 1 + \frac{s \cdot \cos(h)}{\cos\left(\frac{\pi}{3} - h\right)} \right]; \\
 h &< \frac{2 \cdot \pi}{3}, \quad b = x, \quad \gamma = y, \quad g = z; \\
 \frac{2 \cdot \pi}{3} &\leq h \leq \frac{4 \cdot \pi}{3}, \quad h = h - \frac{2 \cdot \pi}{3}, \\
 \gamma &= x, \quad g = y, \quad b = z; \\
 \frac{4 \cdot \pi}{3} &\leq h < 2 \cdot \pi, \quad h = h - \frac{4 \cdot \pi}{3}, \\
 g &= x, \quad b = y, \quad \gamma = z.
 \end{aligned}$$

The normalised r, g, b values in the [0, 1] range are multiplied by 255 when presented (see Table 1)

**Table.1 Example:**

(100,100,100)	(150,0,0)	(0,150,0)
(255,0,0)	(255,255,255)	(0,0,0)
(100,150,100)	(0,0,255)	(100,150,200)

Source: Data processed by the authors

**Calculation model in RGB to HSI conversion**

For the (100,200,150) pixel the following calculation is performed:

$$\begin{aligned}
 r &= \frac{R}{R + G + B} = \frac{100}{450} = 0,222; \\
 g &= \frac{G}{R + G + B} = \frac{150}{450} = 0,333; \\
 b &= \frac{B}{R + G + B} = \frac{200}{450} = 0,444; \\
 r + g + b &= 1.
 \end{aligned}$$



$$b = 0,44 > g = 0,33;$$

$$h = 2 \cdot \pi - \cos^{-1} \left\{ \frac{0,5 \cdot [(r-g) + (r-b)]}{\sqrt{[(r-g)^2 + (r-b) \cdot (g-b)]}} \right\} =$$

$$= 1,167 \cdot \pi,$$

$$s = 1 - 3 \cdot \min(r, g, b) = 0,333;$$

$$H = h \cdot \frac{180}{\pi} = 210,$$

$$S = s \cdot 100 = 33,3,$$

$$I = \frac{(R+G+B)}{3} = 150.$$

**Calculation model in HSI to RGB conversion**

$$h = H \cdot \frac{\pi}{180} = \frac{7 \cdot \pi}{6};$$

$$s = \frac{S}{100} = 0,333;$$

$$i = \frac{I}{255} = 0,588.$$

Because:

$$\frac{2 \cdot \pi}{3} \leq h \leq \frac{4 \cdot \pi}{3},$$

$$h = h - \frac{2 \cdot \pi}{3} = \frac{\pi}{2},$$

$$\gamma = x = i \cdot (1-s) = 0,392;$$

$$g = y = i \cdot \left[ 1 + \frac{s \cdot \cos(h)}{\cos\left(\frac{\pi}{3} - h\right)} \right] = 0,588;$$

$$b = z = 3 \cdot i - (x + y).$$

$$R = 255 \cdot r = 100;$$

$$G = 255 \cdot g = 150;$$

$$B = 255 \cdot b = 200.$$

## 6. EXPERIMENTAL PART

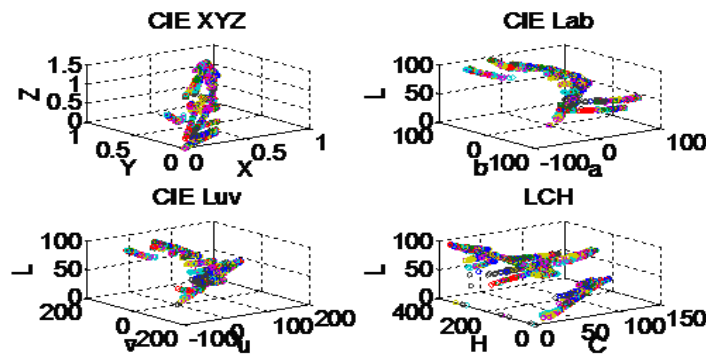
### a) CIE colour spaces.

Figure 11. RGB study image.



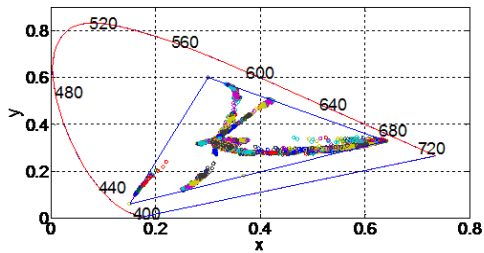
Source: Data processed by the authors

Figure 12. Representations in CIE spaces



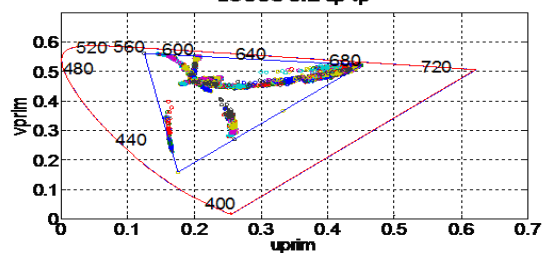
Source: Data processed by the authors

Figure 13. Locus CIE xy



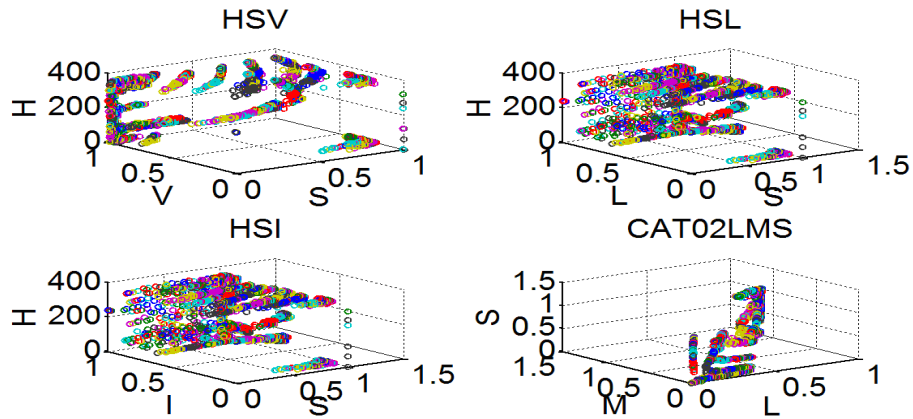
Source: Data processed by the authors

Figure 14. Locus CIE u'v'



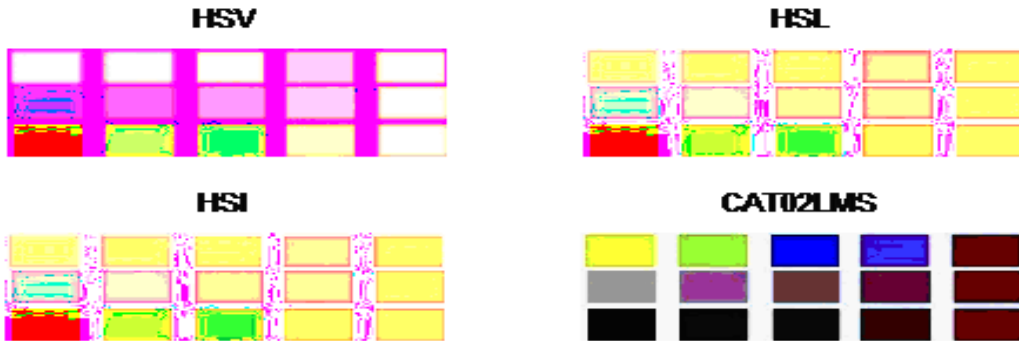
Source: Data processed by the authors

Figure 15. CIE-ICC colour spaces



Source: Data processed by the authors

Figure 16. CIE-ICC representations



Source: Data processed by the authors

## Conclusions

Reproducing colour images, if not identical, almost identical to the original images, requires knowledge of colour management as a science and its application throughout the workflow. For these purposes, experts in the field need to understand both colour reproduction processes and how devices and image editing software operate and describe colour. They also need to understand the nature and behaviour of the various colour reproduction media and colour spaces. Therefore, it is particularly important and necessary to be familiar with among others: the concept of light and the basic theory of colour, how colour is perceived by the human vision system and the complex factors that affect it, the way in which colours are described (representation or specification) and measured, the complexity of colour image reproduction. Last but not least, they need to know, at the conceptual level, the components of a colour management system and their operation as a whole, to achieve the stated goal, namely: obtaining real colour images using digital technology. The printing and publishing industry, graphic art and multimedia communication are the main beneficiaries of colour management. In today's global society colour management systems offer major advantages, such as the ability to communicate,

despite geographic barriers, information from any field, expressed in complex colour images, ever more suggestive and easy to understand.

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## **THE ROLE OF SELECTED INTERNATIONAL DONOR AGENCIES IN THE DEVELOPMENT OF NIGERIA**

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**Abstract:** *The study examined the role of selected international donor agencies in the development of Delta and Edo States. Since the colonial era, some policies and programmes within national development plans have been formulated to address the peculiarities of the region; minority status, agitations and perceived marginalization of the people of the Niger Delta, while the general objective of the study was to examine the role of selected international donor agencies in the development of the Niger Delta Region with a focus on Delta and Edo States. The study adopted the ex-post facto research design. Data were acquired by administering questionnaire among the residents of study area using random sampling method and descriptive statistics was used to explain the frequencies of variables being expressed in percentages. The findings of the study revealed that identified corruption and bad governance, political and ethnic interest in developmental projects, climatic factors, poor infrastructural foundations and the expanding insecurity as critical developmental challenges affecting the survival of projects and programmes in the oil producing states. Some recommendations were made: International donor agencies should intensify more effort to formulate policies and programmes to address developmental challenges in Delta and Edo States; International donor agencies should design programme to broaden the knowledge of leaders in the states; Delta and Edo states government should give the international donor agencies free hand to work and execute projects in the states; execution and citing of project should not be based on political influence, donor interest, but driven out of the crucial needs of the people.*

**Keywords:** *International donor agencies, development, political influence, Niger Delta Region*

### **Introduction**

The unique characteristics of Delta and Edo States in the Niger Delta region make special development efforts imperative. This need was first recommended by the Willink Commission instituted by the British Colonial Government in 1957. The Committee's report gave birth to the Niger Delta Development Board. Although the Commission drew up a programme of action, the political and electoral crises of the first republic, which culminated in the Nigerian Civil War made the board to die a natural death. In the post-civil war military administration, there were controversies about whether or not the board should be resuscitated. What emerged from the controversies was that nothing was done during this era to tackle the Niger Delta unique developmental issue (Akhigbe, 2013). Consequently, the agitations by the people of the region continued; this time accentuated by the increasing exploitation of oil and gas, their increasing profile in the revenue of the nation and the adverse effects on the Niger Delta environment. In 1980 the Shagari administration created the Niger Delta Basin Development Authority. The Authority which made no obvious impact on the lives of the people increased their frustrations and gave rise to serious agitations. This time, the exploration of oil had commenced on a very large scale

with the government earning huge revenue from it. Thus the neglect of the region was becoming very glaring. In response to the growing need for development, the Shagari administration established the Presidential Task Force, mainly due to the protracted legal battles between the Nigerian Federal Government and the Government of the defunct Bendel State (now Delta and Edo states), which prevented the disbursement of the 1.5 percent approved for the rehabilitation of the oil producing states, the Task Force was highly incapacitated all through its existence (Suberu, 1992).

Delta and Edo states are two among the nine states located in the Niger Delta region. Both States occupy a surface area of about 23, 201 sq.km of the entire 112, 110sq-km of the Niger Delta region. In 2018, the population of this region was estimated to be over 40 million, the overwhelming proportion of which is rural and poor (Kashi & Watts, 2006). Settlement patterns across the Niger Delta Region including Delta and Edo states have been shaped by the terrain, hydrology and flooding patterns within the massive deltaic basin. Many areas in both Delta and Edo States have developed on islands of drier terrain at the heads of navigable estuaries but in general, the population is predominantly rural. According to the Niger Delta Development Commission (NDDC), the population of the Niger Delta region continues to grow very rapidly 3.1 percent per year and is projected to be over 45 million by 2020. The Niger Delta Region has been attractive to major international oil companies including Shell, Chevron, Exxon Mobil, Elf, Agip and Texaco among others that have been involved in joint ventures with the Federal Government in connection with oil exploration, exploitation and production in the area. Links between their operations and human deprivation in the region has raised expectations that the oil companies should contribute to the physical and human development in affected communities Other expectations include the monitoring and promotion of respect for human rights, compliance with environmental standards for exploration and exploitation and where necessary, restitution for damages. Rather the oil companies, particularly Shell Petroleum, have operated for over 30 years without appreciable control or environmental regulation to guide their activities (Akpomuvie, 2011). By and large, the accessible social improvement markers in the Niger Delta locale highlight the shortage of foundation and social administrations, from water to broadcast communications. The recorded disregard of the district's advancement represents a precarious hindrance to accomplishing financial change and destitution mitigation around there (UNDP, 2006). Information from the Federal Office of Statistics, presently the National Bureau of Statistics, uncovered that water in most of the Niger Delta States, come from hazardous inventory offices including; streams, lakes or lakes, unprotected wells and drill openings. The Bureau classifies available sources of potable water for household consumption as; pipe borne, untreated pipe borehole, protected well, river/lake/pond, vendor trucks and other categories. The advent of development commission by Delta and Edo States namely Delta State Oil Producing Areas Development Commission (DESOPADEC) and Edo State Oil and Gas Producing Areas Development Commission (EDSOGADEC) respectively have yielded little or no effort.

A significant objective of foreign, otherwise referred to as international donors intervention in developing countries is the promotion of economic development and welfare, usually measured by its impact on economic growth and development. (Audretsch & Feldman 2016) said the premise that African countries are poor and cannot be developed without external intervention from the developed West has brought about the involvement

of both bilateral and multilateral donor agencies in the development process of many African countries. The interventions have mainly being in form of the injection of capital into certain sectors of the economies of African states. However, some donor partners have also intervened directly in certain programmes and projects in the developing countries, thereby completing government efforts in the development process Umaru, (2012). Amsden (1997) maintained that, after the Nigerian independence in 1960, many bilateral and multilateral donor partners have responded to the development needs of the country by way of intervening in developmental programmes and projects. Anam, (2014) argued that, the micro-project programmes (MPP6) as a poverty alleviation strategy initiative has raised people's productivity and creativity and enhanced entrepreneurship and technological advancement. In addition, it plays a very crucial role in securing economic and social progress and improving income distribution in Cross River State (Becker, 2008). Also as set out in the Paris Declaration on Aid Effectiveness (OECD, 2005), effective aid requires the mutual commitment that partner countries exercise leadership in developing and implementing national development strategies through broad-based consultative processes and that donors respect country leadership and help strengthen their capacity to exercise it. In promoting the pro-poor growth agenda, donors should focus on assisting partner countries to develop and implement nationally owned poverty reduction strategies suited to the local context through processes that strengthen the social contract in favour of pro-poor growth. Donors may help to ensure that poverty reduction strategies better integrate pro-poor growth with progress on other dimensions of poverty. Support for these policy processes should form the basis of policy dialogue between donors and partner country governments. The outcomes of the policy making process and the policy dialogue should, in turn, be reflected in donors' country assistance strategies and the design of programmes, helping to make them better aligned and more relevant to country-led processes OECD (2007). This study will thus examine the role of international donor partners in the development of Delta and Edo States

### **Statement of the Problem**

The Niger Delta today is a position of disappointed assumptions and profound established question where extraordinary anxiety now and again ejects in brutality. Long periods of disregard and struggle have encouraged an attack mindset, particularly among the young people who feel they are sentenced to a future without expectation and consider struggle to be a technique to get away from hardship. Industrious clash while to some extent, a reaction to helpless human improvement has likewise dug in it, in this way filling in as a predictable drag on the locale's monetary exhibition and assumptions for headway. Outrageous neediness has been an essential element of the financial advancement of the Niger Delta since the mid 1970s. This is particularly so for the rustic populaces whose profitability has gotten dynamically undermined due fundamentally to natural contamination (Timi, 2016). The income that gathers from oil deals goes to the administrations, thus the public authority bears a significant part of the obligation regarding the natural insurance of the oil delivering regions and the improvement of the way of life for individuals around there. This makes political activity vital to the arrangement of human security and the assurance of the climate of the Niger Delta, the two of which are fundamental to compromise around there. The job of government during the time spent

tracking down an enduring answer for the ecological decimation of the Niger Delta is a perplexing one, considering the way that an administration organization, the Nigerian National Petroleum Corporation (NNPC), capacities as a joint endeavor accomplice to the oil delivering organizations in Nigeria. The NNPC and its auxiliaries address government interest and gather its rents in the creation and offer of oil and gas. In this way, the ecological peril that oil creation presents regularly comes against the interest of government (Ukaogo, 2008). Further hazardously, this irreconcilable situation is set against the foundation of a culture of debasement that has portrayed public life in Nigeria, particularly the oil area (Falola and Heaton 2008). It is for the most part realized that the oil creating organizations in Nigeria don't meet the fundamental worldwide laws expected of offices directing oil investigation and abuse. This is obviously demonstrated by the unnecessary level of gas erupted during the time spent oil misuse. Neither do the oil organizations have the ability to forestall or deal with the various instances of oil spillage. More often than not, the little that is harmed the climate following an oil slick is attempted solely after vicious fights by nearby networks. The Nigerian government has similarly exhibited an absence of will to force consistence with the principles in light of its own advantages. It is just somewhat recently or with the goal that conclusive advances have started to be taken to ensure the climate. Indeed, even such activity was just motivated after monstrous vicious activity taken by individuals of the Niger Delta locale to force the public authority to react, and the reaction has yielded just unobtrusive outcomes.

While worldwide giver accomplices have as of late entered to aid the formative difficulties in the Niger Delta locale, their job and accomplishment has not come without some type of reactions, regardless of what is by all accounts a certifiable endeavors on paper to help and advance improvement in the Niger Delta area, such exertion has been seen as another interventionist methodology that tries to additionally revered the reliance circle to which most agricultural nations has come to relate all global advancement aide programs. Many have contended that the majority of the global oil organizations that is blamable for the formative troubles of individuals of the Niger Delta area are likewise from the parent nations of most benefactor offices who has come to go about as a holy person' or 'savior' for the neediness stricken individuals of the Niger Delta district. The tangible logical inconsistencies has put paid to the genuine state or intensions of worldwide giver offices in the advancement of the Niger Delta area. Yet, one can't totally excuse the endeavors of some global giver offices dependent on some noticeable proof of their exercises regarding advancement in the space of limit building, local area improvement activities, arrangement of fundamental necessities and so forth However, most intercession of these contributors are of their own advantages, instead of individuals they claim to help. It is against this setting that this investigation analyzed the job of chosen worldwide benefactor organizations in the advancement of chose states in the Niger Delta locale with an emphasis on Delta and Edo states.

### **Objectives of the Study**

The general objective of the study was to examine the role of selected international donor agencies in the development of the Niger Delta Region with a focus on Delta and Edo states. The specific objectives are to:



- i. Explore the development challenges of Delta and Edo States as oil producing States.
- ii. Examine the development focus, rationale and objectives of international donor agencies in the development of Delta and Edo States.
- iii. Evaluate the impact of the development goals of international donor agencies in the development of Delta and Edo States.
- iv. Identify and discuss the challenges confronting international donor agencies in promoting development/achieving developmental goals in Delta and Edo States.

### **Hypotheses**

The following research hypotheses were stated and tested in the study

*HO1: There is no significant relationship between poor developmental focus and development in Delta and Edo States.*

*HO2: There is no significant difference between what constitute the development focus, rationale and objectives of international donor agencies in the development of Delta and Edo States*

*HO3: There is no significant relationship between volatile nature of the environment and ability of international donor agencies to promote development in Delta and Edo States.*

*HO4: There is no significant relationship between politicization of aid programme and ability of international donor agencies to promote development in Delta and Edo States.*

### **Literature Review**

The question of what help means for practical development and improvement in agricultural nations has been fervently bantered in the course of the most recent twenty years. This has prompted observational assessments of the guide development relationship. Nonetheless, there is still minimal observational writing on unfamiliar guide – the narrative of development. While a few examinations discover no impacts, different discoveries show a positive and solid relationship and others have discovered negative connection among help and financial development. Among contemplates that discover positive and adverse consequences of unfamiliar guide on monetary development in beneficiary economies, are those which determine its restrictive and unrestricted impacts on advancement. Studies that state an adverse consequence of help on advancement refers to, in addition to other things that guide is driven by geo-political inspirations as opposed to by selfless endeavours. All things considered, regardless of the substantial analysis on advancement help, the upgrades help has caused in the arrangement of foundation, wellbeing offices, training, disinfection, and the profitability of farming are evident (Arndt, Jones, and Tarp, 2007; Sachs, 2014). A few endeavours have been made to clarify the noticed dissimilarity in the guide development writing (See Clemens, Radelet, Bhavnani and Bazzi, 2011).

The powerful examination by Burnside and Dollar (2000), a preliminary in the contingent strand of writing on the guide development relationship, find that guide causes development just in nations that keep up low expansion, are available to exchange, has a changed monetary area and run low spending deficiencies. Some different examinations distinguished conditionalities to the guide development relationship, noticing that the viability of help is contingent on the presence of fare value stuns (Collier and Dehn, 2001), environment stuns just as instability in the terms of exchange (Guillaumont and Chauvet,

2001), financial strategy and institutional quality (Collier and Dollar, 2002; Heckelman and Knack, 2008), extremist government (Islam, 2003), institutional quality (Burnside and Dollar, 2004), arrangement and government assistance (Collier and Hoeffler, 2004).

Then again, the works of Easterly (2003), Easterly, Levine and Roodman (2004) and Roodman (2007) cast defamation on the contingent strand, focusing on that the meaning of connection impacts in such investigations might be an after effect of augmentations in dataset just as persuasive perceptions. Different investigations look at the unlimited impacts of help on improvement. By and large, these investigations place that the powerlessness to arrange a constructive outcome of help on development can be credited to determination issues and period considered. Noticing the chance of positive just as consistent losses, the greater part of such examinations inspect nonlinearity in the guide development relationship. For example, Hadjimichael, Ghura, Muhleisen, Nord, and Ucer (1995) discover a fundamentally certain effect of help with unavoidable losses in a summed up least squares cross segment of 31 African nations, over the time frame 1986-1992. Other remarkable examinations incorporate those of Hansen and Tarp (2000), Lensink and Morrissey (2000), Dalgaard and Hansen (2001), Hansen and Tarp (2001), Lensink and White (2001), Clements, Gupta, Pivovarsky, and Tiongson (2004), Dalgaard, Hansen and Tarp (2004), Moreira (2005), Werker, Ahmed and Cohen (2009) entomb alia.

Lensink and Morrissey (2000) incorporated a union term in their relapses on a cross part of 75 nations and discover an emphatically huge, positive, direct connection among help and development. In any case, the investigation further contended that vulnerabilities encompassing the size and timing of help could contrarily affect on venture and financial development. Utilizing a recognizable proof technique which inclines toward the constancy of help and the shortfall of direct consequences for current development from slacked help, Hansen, and Tarp (2001) tracked down a solid, non-straight effect of instrumented help development that isn't dependent upon compelling perceptions. The examination by Lensink and White (2001), with the utilization of a two-stage least square assessor, affirms the non-direct effect of help on development in an example of 111 nations over the time frame 1975-1992. Essentially, in relapses instrumented with slacked help streams, Clements et al. (2004) track down a positive, unrestricted, nonlinear, causal connection among help and development. Despite the fact that, Dalgaard et al. (2004) perceived the huge connection between unfamiliar guide and part of land in the jungles, the examination tracked down an unlimited positive and nonlinear impact of help without the collaboration (Clemens et al., 2011). Moreira (2005), utilizing differenced GMM assessors for year 1998, discover a profoundly huge, positive, and non-direct effect of help in 48 nations.

The gathering of studies which discovered no connection for the development help examination actually proposed a reconsidering in the authority advancement help worldview. As per Boone (1996) improvement help has no impact on venture, development, and advancement results, making the minimal affinity to devour help unimportant and minor inclination to contribute zero. At the point when exceptions (compelling perceptions) are taken out from information tests, help will in general no affect development (Dalgaard and Hansen, 2001; Dalgaard et al., 2004). In the wake of instrumenting for help with the utilization of nation size and political connections to givers, Rajan and Subramanian (2008) additionally settled no-development proof. Also, utilizing a more intricate information to propel crafted by Burnside and Dollar (2000), Easterly et

al. (2004) find that guide doesn't advance monetary development, great arrangement climate in any case. In any case, it is relevant to take note of that the no-development proof announced in certain investigations as referred to above doesn't suggest that, with sound strategy and institutional changes, beneficiary nations can't have a positive guide development experience (See Barro, 1991; Ayodele, Cudjoe, Nolutshungu, and Sunwabe, 2005).

Among contemplates that feature the adverse consequences of unfamiliar guide on development, there are contentions for its Dutch infection impact, 2 effect on debasement, hosing impact on nature of establishments and administration, in beneficiary nations. There are likewise sees on the unavoidable losses of help on advancement by creators who place that there is a limit of help GDP proportion past which help may dial down viability. In this way, help streams are noted to expand help reliance and diminish government drive for homegrown asset activation. As indicated by Moss, Peterson and Van de Walle (2006), enormous and supported guide streams will in general effectsly affect the nature of establishments in low pay nations. Along these lines, unfamiliar guide will in general block financial development in nations with feeble foundations, poor money related strategies, high paces of debasement, awful administration or hose the viability of help to non-industrial nations (World Bank, 1998; Svensson, 1999). Help viability for producing financial advancement in low pay nations is contingent on acceptable arrangements just as very much planned and carried out guide programs (Burnside and Dollar, 1997, 2000; Radelet, 2006).

The examination by Clemens et al. (2011), which featured the significance of the kind and timing of help, show that guide impacts monetary development offering belief to the pretended by country explicit factors just as nature of the guide projects. Besides, multilateral guide is distributed generally for great arrangement conditions, despite the fact that two-sided help isn't really so allotted (Duc, 2006). Unfamiliar guide likewise impacts on sectoral intensity (Rajan and Subramanian, 2005; Feeny and Ouattara, 2009; Selaya and Thiele, 2010). While most investigations center on explicit area impacts, Selaya and Thiele (2010) discovered the impact of help on development rates at the total level just as its disaggregated consequences for the tradable and non-tradable areas. Amidt, Jones and Tarp (2007) concurred that the development in private and unfamiliar speculation has prompted important administration and financial control issues. Burnside and Dollar (1997) found that there exists a connection between unfamiliar help and financial improvement just when there are exacting guidelines at a fitting time and in a grounded strategy climate. Implying that where there is the presence of good monetary approaches unfamiliar guide will affect on financial turn of events (Collier and Dollar, 2000).

Whitaker (2006) discoveries showed that the way that enormous measures of unfamiliar guide has been sent by created countries and worldwide establishments yet there has been seen absence of result from this brings up the issue regarding the genuine viability of unfamiliar guide to less created country. The investigation had the option to confirm that unfamiliar guide had a constructive outcome yet factors like struggle and topography reduces the effect and can even make it negative. It was proposed by the Arellano, Buliø, Lane and Lipschitz (2009) that expanding unfamiliar guide streams by \$10 billion would lift around 25 million individuals out of neediness each year, given that such nations have sound financial administration. Djankov (2008) believed that unfamiliar help has a critical adverse consequence on the progressions in political establishments all the more explicitly

majority rules system. Besides, the OECD (1985) inspected 25 years of ODA and it found that notwithstanding difficulties in Sub-Saharan Africa and a few nations of Latin America, many non-industrial nations had accomplished momentous financial and social development over the past 25 years. It likewise found that guide, joined by developing fares to OECD nations, had fundamentally added to these additions. Conchesta (2008) utilized a solitary condition model to look at the effect of unfamiliar guide on financial development in Tanzania over the time frame 1990 to 2004. In his examination, while unfamiliar guide was disaggregated as far as government advancement uses and repetitive uses other joined factors incorporate net public investment funds, trade development and absolute obligation administration. The examination uncovers that unfamiliar guide and all out obligation administration adversely affect GDP development for the instance of Tanzania.

As per Riddell (2007), Aid tying which is related to project help causes the abuse of the agricultural nations since they are typically obliged to buy things from the contributor country. Unfamiliar guide is additionally liable to prompt the enthusiasm for the genuine conversion scale of the agricultural nations and this outcome into rising homegrown expansion. This is known to be the Dutch illness whereby an inflow of unfamiliar trade in type of fare profit, private capital inflows or unfamiliar guide squeezes the genuine swapping scale of the beneficiary agricultural nation. Unfamiliar guide may prompt the enthusiasm for the conversion scale of the beneficiary nation subsequently lessening the seriousness of the fare area. Fasanya & Onakoya (2012) analysed the impact of unfamiliar guide on Nigerian financial development during the time of 1970-2010. The exact investigation lays on the neo-old style demonstrating insightful structure and joined a few methodology in current econometric examination/assessment strategies. Their discoveries show that guide streams fundamentally affect monetary development in Nigeria: homegrown venture expanded because of help streams and populace development has no huge impact on guide streams. Subhayu, Sajal and Javed (2013) analyzed the impacts of ODA awards, concessional ODA credits, and private seaward bank advances on development paces of 131 agricultural countries more than 1996-2010 in a brought together manner. Their outcomes show a non-linearity in every one of the three connections, recommending that at low (undeniable) levels awards are better (more regrettable) than credits (concessional or private).

Burnside and Dollar (2000) in their examination of the connection between unfamiliar guide, financial approach, and development of per capital GDP found that guide decidedly affects development in agricultural nations with great financial, money related and exchange arrangements yet with little impact within the sight of helpless strategies. There are different investigations that show no significant relationship among help and development. Easterly (2005) discovered various outcomes when they added more information and expanded the year range from 1993 to 1997. Despite the fact that they don't really contend that guide is insufficient, they store that with the presentation of the new information, the positive connection among help and development wilts away. Okon (2012) attempted to take a gander at a drawn out viewpoint on advancement help and human improvement in Nigeria. The investigation utilizes two phase least squares assessment to breaking down information from 1960 to 2010. The outcome shows that there is a negative connection between advancement help and human turn of events, inferring that guide will in general deteriorate human improvement in Nigeria.

Chenery and Strout (1966) embracing experimental information from less created nations show that unfamiliar guide has a huge constructive outcome on the beneficiary country monetary development. Different analysts anyway have disturbed this, discoveries that undoubtedly unfamiliar guide adversely affects financial development of non-industrial nations as it contrarily influences monetary development by supplanting the nearby investment funds (Griffin, 1970; Leff, 1969). The fundamental contention is that unfamiliar guide in its adverse consequence counterbalances the upsides of moving assets and that it sabotages or debilitates administration by expanding the re-visitation of debasement or expansion in loaning for the agricultural nations. Bakare (2011), analyzed the degree of the effect of unfamiliar guide on financial development in Nigeria by utilizing standard measurable strategy, Vector Autoregressive Model (VAR) to decide the wellsprings of stun to development in Nigeria and regarded unfamiliar guide as an endogenous variable. The investigation tracked down a negative connection between unfamiliar guide and yield development, which suggest that unfamiliar guide will in general demolish yield development in Nigeria as opposed to improving it. Mahmoud (2014) analyzed the Impact of Foreign Aid in Economic Development of non-industrial nations: an instance of Philippines Using FDI, GDP and ODA as intermediaries. His examination tracked down a positive effect among the factors contemplated. In any case, this examination is not the same as those audited on the grounds that it receives reciprocal guide as intermediary for unfamiliar guide while Human advancement record are intermediary for financial turn of events. The examination is from 2003 to 2015.

The topic of what help means for supported development and improvement in non-industrial nations has been the subject of warmed scholarly discussion in the course of recent many years. This has prompted experimental assessments of the guide development relationship. Nonetheless, the observational writing stays uncertain regarding the unfamiliar guide – development story. While a few examinations discover no impacts, different discoveries show a positive and solid relationship and others have discovered negative connection among help and monetary development. Among contemplates that discover positive and adverse consequences of unfamiliar guide on monetary development in beneficiary economies, are those which indicate its restrictive and unequivocal impacts on advancement. Studies that affirm an adverse consequence of help on improvement refers to, in addition to other things that guide is driven by geo-political inspirations as opposed to by selfless endeavours. By the by, regardless of the substantial analysis on advancement help, the enhancements help has caused in the arrangement of framework, wellbeing offices, schooling, disinfection, and the profitability of farming are certain (Arndt, Jones, and Tarp, 2007; Sachs, 2014). A few endeavours have been made to clarify the noticed dissimilarity in the guide development writing (See Clemens, Radelet, Bhavnani and Bazzi, 2011).

The compelling investigation by Burnside and Dollar (2000), a groundwork in the restrictive strand of writing on the guide development relationship, find that guide causes development just in nations that keep up low expansion, are available to exchange, has a changed monetary area and run low spending deficiencies. Some different investigations distinguished restriction's to the guide development relationship, taking note of that the adequacy of help is contingent on the presence of fare value stuns (Collier and Dehn, 2001), environment stuns just as unpredictability in the terms of exchange (Guillaumont and Chauvet, 2001), financial arrangement and institutional quality (Collier and Dollar, 2002;

Heckelman and Knack, 2008), extremist government (Islam, 2003), institutional quality (Burnside and Dollar, 2004), approach and government assistance (Collier and Hoeffler, 2004). Alternately, the works of Easterly (2003), Easterly, Levine and Roodman (2004) and Roodman (2007) cast slander on the restrictive strand, focusing on that the meaning of connection impacts in such investigations might be a consequence of expansions in dataset just as compelling perceptions. Different investigations analyze the unequivocal impacts of help on improvement. By and large, these investigations set that the powerlessness to arrange a constructive outcome of help on development can be credited to particular issues and period considered. Taking note of the chance of positive just as consistent losses, the vast majority of such examinations look at nonlinearity in the guide development relationship.

For example, Hadjimichael, Ghura, Muhleisen, Nord, and Ucer (1995) discover a fundamentally certain effect of help with unavoidable losses in a summed up least squares cross segment of 31 African nations, over the time frame 1986-1992. Other remarkable examinations incorporate those of Hansen and Tarp (2000), Lensink and Morrissey (2000), Dalgaard and Hansen (2001), Hansen and Tarp (2001), Lensink and White (2001), Clements, Gupta, Pivovarsky, and Tiongson (2004), Dalgaard, Hansen and Tarp (2004), Moreira (2005), Werker, Ahmed and Cohen (2009) bury alia. Lensink and Morrissey (2000) incorporated a combination term in their relapses on a cross segment of 75 nations and discover an unequivocally critical, positive, straight connection among help and development. Notwithstanding, the examination further contended that vulnerabilities encompassing the size and timing of help could adversely affect on venture and financial development. Utilizing an ID methodology which inclines toward the ingenuity of help and the shortfall of direct consequences for current development from slacked help, Hansen, and Tarp (2001) tracked down a solid, non-straight effect of instrumented help development that isn't dependent upon persuasive perceptions. The examination by Lensink and White (2001), with the utilization of a two-stage least square assessor, affirms the non-direct effect of help on development in an example of 111 nations over the time frame 1975-1992. Also, in relapses instrumented with slacked help streams, Clements et al. (2004) track down a positive, genuine, nonlinear, causal connection among help and development. Despite the fact that, Dalgaard et al. (2004) perceived the huge connection between unfamiliar guide and part of land in the jungles, the investigation tracked down an unrestricted positive and nonlinear impact of help without the cooperation (Clemens et al., 2011). Moreira (2005), utilizing differenced GMM assessors for year 1998, discover a profoundly huge, positive, and non-straight effect of help in 48 nations. The gathering of studies that discovered no relationship for the guide development investigation consistently proposed a re-evaluating in the authority improvement help worldview. As indicated by Boone (1996) improvement help has no impact on speculation, development, and advancement results, making the peripheral affinity to devour help irrelevant and minor inclination to contribute zero. At the point when anomalies (powerful perceptions) are eliminated from information tests, help will in general no affect development (Dalgaard and Hansen, 2001; Dalgaard et al., 2004).

Observational investigations about the connection between unfamiliar guide and monetary development have likewise created conflicting and fairly subtle outcomes. On the significant inquiry of if help adds to advancement, the discussion is comprehensively partitioned into the individuals who trust it hurries improvement and the individuals who

trust it doesn't. Cassen and Associates (1994), Chenery and Carter (1973), Papanek (1973), Rostow (1960) and Sachs (2005), address one side of the separation that accepts that unfamiliar guide is an important condition for agricultural countries to accomplish take-off. There are, then again, the individuals who accept that unfamiliar guide has never really devastate the economies it should create, mutilate utilization, lower development rate, deteriorate disparities, incite debasement at the two closures, and so on (Bauer, 1981; Bhagwati, 1970; Boone, 1994, 1996; Dacy, 1975; Griffin and Enos 1970; and Mosley and Hudson, 1984). All the more as of late, there are essayists who are more intrigued by the political and 'world exchange' connotations of unfamiliar guide (Easterly, 2006; Chang, 2007; Moyo, 2009 and Stiglitz, 2002). They accept that, instead of assisting helpless African countries with creating, unfamiliar guide further ruins them.

## Methodology

The study adopts an Expost-facto research design using the mixed methods research approach. This means that quantitative and qualitative sources were utilized. The mixed methods approach was used for the study because the data used for the research comprises of both primary and secondary sources which include questionnaires to survey responses from respondents. The researcher administered questionnaires to individual and institutions in the selected States. These data was then complimented with secondary information obtained from documents, reports and government publications, e.t.c.

### *Population of the Study*

The study focused on Delta and Edo States in the Niger Delta Region of Nigeria with a projected population of 9,899,000 in 2018 based on the 2006 population census figure. This projection is based on 3.2% annual growth rate as determined by National Population Commission (NPC), Abuja,(2018).

**Table 1 Delta and Edo States Population based on 2006**

State	Year	Total population
Delta	2006	4,112,445
Edo	2006	3,233,366

Source: National Population Commission of Nigeria (web), National Bureau of Statistics (web).

**Table 2 Delta and Edo States Population based on 2018 projection**

State	Year	Total population
Delta	2018 Projection	5,663,400
Edo	2018 Projection	4,235,600

Source: National Population Commission of Nigeria (web), National Bureau of Statistics (web) (2018).

## Sample and Sampling Techniques

A sample of 1000 respondents was used for this study. In selecting the sample size, the researcher adopts the stratified simple random sampling method. This method was used in order to get a representative opinion of the citizens of Delta and Edo States of Nigeria. As such, 50 respondents were randomly selected from 10 local Government Areas each chosen from Delta and Edo states giving a total of 1000. According to Harper (1977) "stratification lessens the possibility of inaccurate assessment" the subjects were randomly

selected from among the stratified groups of international donor partners' members, civil servants, youth Organizations, community leaders and women groups. 10 persons were randomly selected from each of the 5 group from the 20 Local Government Areas understudy, making a total of 1000 respondents from each local government area. In the observation technique, the researcher would visit most of the project sites of the European Union (EU), World Bank, United Nation Development Programme (UNDP) and Department for International Development (DFID) in Delta and Edo states to see the real things on ground such as signposts of donors' projects, equipment and the photograph of the projects. This offered real assessment of such projects.

### Validation and Reliability of Instruments

In order to enhance the validity and credibility of the questionnaire, five independent readers including my two supervisors in the Faculty of the Social Sciences were given copies of the questionnaire including the hypotheses tested, the research questions and the objectives of the study. To ensure the questionnaire's reliability, the study adopts 10% of the 1000 sample size amounting to 100 respondents. The test – retest method was used to administer the 100 questionnaires to two groups of respondents at different occasions within a span of 2 weeks interval in Sagbama Local Government Area of Bayelsa State, which was outside the study areas of Delta and Edo States, to justify the neutrality of the test group. The responses of the two groups were tested using the Cronbach Alpha to examine its consistency before embarking on the full scale field work. Below is the table presenting the reliability test result.

**Table 3 Pilot Study: Results for Reliability Test**

Variable	Items in Scale	Alpha Value	Remarks
Promoting Development in Oil Producing States	5	0.8322	Reliable
Oil producing States Developmental Challenges	5	0.8435	Reliable
Development Focus, Rationale, Goals and Objectives of International Donor Agencies	5	0.8562	Reliable
Development Challenges Confronting International Donor Agencies	5	0.8456	Reliable
Overall	20	0.8444	Reliable

Source: Fieldwork, 2020

Table 3.3 results present the Alpha values that ranged from approximately 0.8322 (See Pomoting Development in Oil Producing States) to 0.8562 (see Development Focus, Rationale, Goals and Objectives of International Donor Partners) for the different sections of the instrument. The overall reliability coefficient value (all items/sections) is 0.8444. On this note, the study's research instrument is adjudged as reliable since the different coefficients obtained are more than the minimum threshold of 0.50.

### Method of Data Analysis

Data from secondary sources were collected as they exist in those sources and used to buttress our discussion where necessary, while the primary data was presented and



analyzed using descriptive statistics such as tables, percentages and inferential statistics such as correlation coefficient. Correlation analysis is the examination of two or more variables in order to determine the extent to which they are related. As a parametric technique of hypothesis testing, the choice of this statistical tool is based on the fact that, it summarizes not only the degree of relationship, but also the direction whether it is positive, negative or zero correlation. The Pearson's coefficient of correlation represented by the symbol 'r' was specifically used for this study. The Pearson's product moment correlation according to Sanubi (2011:148) is defined by the formula:

This formula is often shortened and written as:

$$r_{xy} = \frac{\Sigma(X - \bar{X})(Y - \bar{Y})}{\sqrt{\Sigma(X - \bar{X})^2(Y - \bar{Y})^2}}$$

This formula is often shortened and written as:

$$\frac{\Sigma xy}{\sqrt{\Sigma x^2 y^2}}$$

Where x =  $\Sigma(X - \bar{X})$  = sum of deviation of X variable  
 y =  $\Sigma(Y - \bar{Y})$  = sum of deviation of Y variable  
 $x^2$  =  $\Sigma(X - \bar{X})^2$  = sum of squared deviation of X variables  
 $y^2$  =  $\Sigma(Y - \bar{Y})^2$  = sum of squared deviation of Y variables.

X = independent variable  
 Y = dependent variable

Where x = = sum of deviation of X variable  
 y = = sum of deviation of Y variable  
 $x^2$  = = sum of squared deviation of X variables  
 $y^2$  = = sum of squared deviation of Y variables.

X = independent variable  
 Y = dependent variable

Specifically, hypotheses 1, 3 and 4 were tested using the Pearson Correlation Coefficient. Hypothesis 2 was tested using Independent T-test of equality of mean. However, the statistical package for the social sciences (SPSS 20.0) was used to compute and analyze the data that were obtained in determining the correlation coefficient.

## Results

**Table 4 Respondents' Demographic Information from Delta and Edo States**

S/N	Variables	Category	Frequency	Percentage
1	Gender of Respondents	Male	427	54.5
		Female	356	45.5
		<b>Total</b>	<b>783</b>	<b>100.0</b>
2	Age of Respondents	18 – 25 years	98	12.5
		26 – 30 years	127	16.2
		31 – 35 years	143	18.2

		36 – 40 years	154	19.7
		41 – 45 years	139	17.8
		Above 45 years	122	15.6
		<b>Total</b>	<b>783</b>	<b>100.0</b>
3	Marital Status of Respondents	Single	72	9.2
		Married	467	59.6
		Divorced	58	7.4
		Widowed	186	23.8
		<b>Total</b>	<b>783</b>	<b>100.0</b>
4	Educational Qualification of Respondents	SSCE	66	8.4
		OND/NCE	181	23.1
		B.Sc./HND/B.Ed	328	41.9
		M.Sc./MBA/Ph.D	208	26.6
		<b>Total</b>	<b>783</b>	<b>100.0</b>
5	Respondents years of residing in Delta and Edo States	1 – 5 years	134	17.1
		6 – 10 years	146	18.6
		11 – 15 years	169	21.7
		16 – 20 years	156	19.9
		Above 20 years	178	22.7
		<b>Total</b>	<b>783</b>	<b>100.0</b>

Source: Researcher's Fieldwork, 2020

*Gender of Respondents:* The table above shows that majority of the respondents are male, which are 427 in number making it a total of 54.5% of the respondents. Female respondents were 356, which consisting 45.5%.

*Age of Respondents:* Age group of 36 – 40 years which comprised of 154 (19.7%) accounted for the majority of the respondents. The remaining respondents which fell into age bracket of 31 – 35 years, 41 – 45 years, 26 – 30 years, above 45 years and 18 - 25 years accounted for 143 (18.2%) 139 (17.8%) 127 (16.2%), 122 (15.6%) and 98 (12.5%) respectively.

*Marital Status of Respondents:* Most respondents, representing 467 (59.6%) are married. 186 respondents are widowed. This group constituted 23.8% of the entire respondents. Respondents that was single were 72, representing 9.2% of the entire respondents, while respondents that have been divorced were 58, which constituted 7.4% of the total respondents.

*Educational Qualification of Respondents:* The majority of the respondents were B.Sc./HND/B.Ed. holders. These respondents accounted for 328 which constituted 41.9% of the entire respondents. Respondents with M.Sc./MBA/Ph.D degrees were 208 which represent 26.6%. Those with OND/NCE were 181 constituted 23.1% of the respondents while SSCE holders were 66, which constituted 8.4% of the total respondents.

*Respondents Years of Residing in Delta and Edo States:* Respondents with above 20 years of residing in Delta and Edo States accounted for 178 or 2.7% of the entire respondents

Test of Hypotheses

*H01: There is no significant relationship between oil producing states development challenges and promoting development in Delta and Edo States.*

**Table 5 Test of significant relationship between oil producing states development challenges and promoting development in Delta and Edo States**

		Oil producing States Developmental Challenges	Promoting Development in Oil Producing States
Oil producing States Developmental Challenges	Pearson Correlation	1	.818**
	Sig. (2-tailed)		.000
	N	783	783
Promoting Development in Oil Producing States	Pearson Correlation	.818**	1
	Sig. (2-tailed)	.000	
	N	783	783

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

Source: Fieldwork, 2020

Table 2 shows a test of linear correlation result on the relationship between oil producing states development challenges and promoting development in Delta and Edo States. The result r-value of (r {783}0.818, p=0.000) reveals that the test is significant and positive. Therefore, the null hypothesis is rejected, revealing that oil producing states development challenges has a positive and significant relationship with what promote development in Delta and Edo States.

*HO2: There is no significant difference between what constitute the development focus, rationale and objectives of international donor agencies in the development of Delta and Edo States*

**Table 6 Test of significant difference between what constitute the development focus, rationale and objectives of international donor agencies in the development of Delta and Edo States**

		Levene's Test for Equality of Variances		t-test for Equality of Means				
		F	Sig.	T	df	Sig.	Mean Diff	Std. Er D
Development Focus, Rationale, Goals and Objectives of International Donor Agencies	Equal variances assumed	3.117	.078	.791	781	.429	-.04990	.06312
	Equal variances not assumed			.794	778.068	.427	-.04990	.06284

Source: Fieldwork, 2020

Table 3 shows a t-test for the equality of mean difference between what constitute the development focus, rationale and objectives of international donor agencies in the development of Delta and Edo States. The t-test value of (t {781}0.791, p=0.429) reveals that the test of the mean difference is not significant. Therefore, the null hypothesis is accepted, revealing that what constitute the development focus, rationale and objectives of international donor agencies in the development of Delta and Edo States are the same. By implication, the development focus, rationale and objectives of international donor agencies in Delta and Edo State are the same.

*HO3: There is no significant relationship between the development goals and focus of international donor agencies and promoting development in Delta and Edo States.*

**Table 7 Test of significant relationship between the development goals and focus of international donor agencies and promoting development in Delta and Edo States.**

		Development Focus, Rationale, Goals and Objectives of International Donor Agencies	Promoting Development in Oil Producing States
Development Focus, Rationale, Goals and Objectives of International Donor Agencies	Pearson Correlation	1	.874**
	Sig. (2-tailed)		.000
	N	783	783
Promoting Development in Oil Producing States	Pearson Correlation	.874**	1
	Sig. (2-tailed)	.000	
	N	783	783

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

Source: Fieldwork, 2020

Table 4 shows a test of linear correlation result on the relationship between the development goals and focus of international donor agencies and promoting development in Delta and Edo States. The result r-value of (r {783}0.874, p=0.000) reveals that the test is significant and positive. Therefore, the null hypothesis is rejected, revealing that the development goals and focus of international donor agencies has a positive and significant relationship with the extent development is promoted in Delta and Edo States

*HO4: There is no significant relationship between the development challenges confronting international donor agencies and promoting development in Delta and Edo States.*

**Table 8 Test of significant relationship between the development challenges confronting international donor agencies and promoting development in Delta and Edo States.**

		Development Challenges Confronting International Donor Agencies	Promoting Development in Oil Producing States
Development Challenges Confronting International Donor Agencies	Pearson Correlation	1	.838**
	Sig. (2-tailed)		.000
	N	783	783
Promoting Development in Oil Producing States	Pearson Correlation	.838**	1
	Sig. (2-tailed)	.000	
	N	783	783

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

Source: Fieldwork, 2020

Table 5 shows a test of linear correlation result on the relationship between the development challenges confronting international donor agencies and promoting development in Delta and Edo States. The result r-value of (r {783}0.838, p=0.000) reveals that the test is significant and positive. Therefore, the null hypothesis is rejected, revealing that the development challenges confronting international donor agencies has a positive

and significant relationship with the extent development is promoted in Delta and Edo States

### **Discussion of Findings**

With respect to the first hypothesis of this study, the study found that oil producing states development challenges has a positive and significant relationship with what promote development in Delta and Edo States This finding is consistent with the studies of David (2004); Kenny (2008) and love and Jacob (2008). The findings also agreed with Okoh (2012) study that revealed key challenges of development to be corruption insecurity and environmental challenges. Amongst other things, the detrimental effects of corruption to an economy cannot be overemphasized (Larsson, 2006). On the one hand, aid could generate incentives which perpetuate weak institutions, ease pressure to reform inefficient institutions, fuel high and rising corruption rates as well as aid-dependency, promote inhibitive bureaucracy, all of which impacts negatively on government efficiency and economic growth (Knack and Keefer, 1995; Heller and Gupta, 2002; Bräutigam, 2004; Clements et al., 2004; Harford and Klein, 2005; Moss et al., 2006; Rajan and Subramanian, 2007).

With respect to the second hypothesis of this study, the study found that that what constitute the development focus, rationale and objectives of international donor partners in the development of Delta and Edo States are the same. This is in line with the view of Sachs, (2005), that developing countries have critically challenged the ability of foreign aid in achieving its goals and that economic theories hypothesized that foreign aid is necessary to fill the financing or investment gap in developing countries and hereby lift the countries out of poverty trap. The third hypothesis reveals that the development goals and focus of international donor partners has a positive and significant relationship with the extent development is promoted in Delta and Edo States. This finding validates the work of Doucouliagos and Paldam (2009) and Kosack (2013) who demonstrated, separately that most international donor agencies adopt same template for their developmental programmes across their country of benefactor. The findings also agrees with views of Amidt, Jones and Tarp (2007) that the growth in private and foreign investment has lead to valuable governance and economic development and also supported by the views of Burnside and Dollar (1997) that there exist a link between foreign assistance and economic development. In the same vein a UN Issue Paper (2007) also agreed that Aid has successfully supported poverty reduction and growth promotion in many countries (including Nigeria). Consequently, even if aid flows have not stimulated growth under all circumstances, they have had a positive effect on average.

With respect to the fourth hypothesis of this study, the study found that the development challenges confronting international donor partners has a positive and significant relationship with the extent development is promoted in Delta and Edo States. This finding is in agreement with previous studies conducted by Alesina and Dollar (2000); Beine, Dolquie and Rapoport (2001); Kenny (2008) and Kosack (2013), Akpomuvie (2011) and Oyediran and Nweke (2014). They all reveals that funding is critical to development and most international donor partner rely heavily on other funding partners before they can execute projects. Also, the finding of Missionary International Services News Agency, (2008), indicates that foreign aid is declining day by day. Rich countries have cut aid funds by 8.4%, in consideration of real value and inflation. Some years back,

the governments of the 22 economies that belong to the OECD donated about EUR 66 billion, which is about 0.28% of the GDP of the 22 donor countries of the organization; it was 0.31% of GDP in 2006. After rising steadily through the 1980s and peaking at \$60.9 billion in 1992, development-aid flows declined to \$59.2 billion by 1994. Members of the Organization for Economic Cooperation and Development (OECD) committed 0.30 percent of their combined GNP to development aid in 1994, the lowest rate in twenty-one years and less than half the international standard of 0.70 percent (Hook, 1996).

## **Conclusions**

The study examined the role of selected international donor agencies in the development of Delta and Edo States. From the findings of this study, we concluded that corruption and bad governance, political and ethnic interest in developmental projects, climatic factors, poor infrastructural foundations and the expanding insecurity as critical developmental challenges affecting the survival of projects and programmes in the oil producing states. And that the developments focus of these international donor agencies are the same in Delta and Edo States because their main focus is on alleviating poverty. The study also concluded that development challenges' confronting international donor agencies affect development is promoted in Delta and Edo States.

## **Recommendations**

Based on the conclusion reached in this study, the following recommendations were made.

- International donor agencies should intensify more effort to formulate policies and programmes to address developmental challenges in Delta and Edo States.
- International donor agencies should design programmes to broaden the knowledge of leaders in the states
- Delta and Edo states government should give the international donor agencies free hand to work and execute projects in the states
- Execution and citing of project should not be based on political influence, donor interest, but driven out of the crucial needs of the people
- Government should encourage donor agencies by providing the necessary basic development infrastructures, collaboration and funding for project execution

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## **THE EVOLUTION OF MANAGEMENT: A HISTORICAL PERSPECTIVE**

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**Abstract:** *Management is a challenge requiring constant adaptation to new circumstances because globalization, technological change, the importance of knowledge and collaboration across organizational boundaries have made the current business landscape different from the past decades, it is pertinent to have an understanding of the origins of management thought. It is against this backdrop that this paper examines the evolution of management thought through the decades. This paper adopted quantitative research method through textual analysis and concludes that companies, like individuals, fail or succeed for a variety of reasons. Some of these reasons are circumstantial. Most are personal and human and include the decisions managers make and the actions they take.*

**Keywords:** *Management, Manager, Evolution of Management, Efficiency, Effectiveness*

### **Introduction**

For thousands of years, managers have wrestled with the same issues and problems confronting executives today. Around 1100B.C, the Chinese practiced the four management functions planning, organizing, leading, and controlling. Between 400B.C and 350B.C, the Greeks recognized management as a separate art and advocate a scientific approach to work. The Romans decentralized the management of their vast empire before the birth of Christ. During medieval times, the Venetians standardized production through the use of an assembly line, building warehouses and using an inventory system to monitor the content. But throughout history, most managers operated strictly on a trial-and-error basis. The challenges of the industrial revolution changed that. Management emerged as a formal discipline at the turn of the century. The first University programs to offer management and business education, the Wharton school at the University of Pennsylvania and the Amos Tuck school of Dartmouth, were founded in the late 19th century. By 1914, 25 business schools existed. Thus, the management profession as we know it today is relatively new. Understanding the origins of management though will help you grasp the underlying contexts of the ideas and concepts management as a challenge requiring constant adaptation to new circumstances. The Evolution of Management may be more appropriately called “The Revolution of Management”, because it documents the wide swings in management approaches over the last 100 years. Out of the great variety of

ideas about how to improve management, parts of each approached have survived and been incorporated into modern perspectives on management. Thus, the legacy of past efforts, triumphs, and failures has become our guide to present and future management practice.

### **Early Management Concepts and Influences**

Communications and transportation constraints hindered the growth of earlier business. Therefore, improvement in management techniques did not substantially improve performance. However, the industrial evolution changed that. As companies grew and became more complex, minor improvements in management tactics produced impressive increases in production quantities and quality. The emergence of economies of scale—reductions in the average cost of a unit of production as the total volume produced increases—drove management to strive for further growth. The opportunities for mass production created by the industrial revolution spawned intense and systematic thought about management problems and was particularly efficiency, production processes and cost savings. This paper provides a timeline depicting the evolution of management thought through the decades. This historical perspective is divided into two major sections. Classical and contemporary approaches; many of these approaches overlapped as they are developed and they often had a significant impact on one another. Some approaches were a direct reaction to the perceived deficiencies of previous approaches. Others developed as the needs and issues confronting managers changed over the years. All the approaches attempted to explain the real issues facing managers and provide them with tools to solve future problems. This paper will reinforce your understanding of the key relationships among the approaches and place each perspective in its historical context.

### **Classical Approaches**

The classical period extended from the mid-19th century through the early 1950s. The major approaches that emerged during the period were systematic management, human relations and bureaucracy.

*Systematic Management:* During the 19th century, growth in U.S. businesses centered on manufacturing. Early writers such as Adam Smith believed the management of these firms was chaotic and their ideas helped to systematize it. Most organizational tasks were subdivided and performed by specialized labour. However, poor coordination caused frequent problems and breakdowns of the manufacturing processes. The systematic management approach attempted to build specific procedures and processes into operations to ensure coordination of systematic management emphasized economical operations, adequate staffing, maintenance of inventories to meet consumer demand, and organizational control. These goals were achieved through:

1. Control definition of duties and responsibilities.
2. Standardized techniques for performing these duties.
3. Specific means of gathering, handling, transmitting and analyzing information.
4. Cost accounting, wage, and production control systems to facilitate internal coordination communications.

Systematic management emphasized internal operation because managers were concerned primarily with meeting the explosive growth in demand brought about the



industrial revolution. In addition, managers were free to focus on internal issues of efficiency. In fact, this is because the government did not constrain business practices significantly. Finally, labour was poorly organized. As a result, many managers were oriented more toward things than forward people.

Systematic management did not address all the issues 19th century managers faced, but it tried to raise managers' awareness about the most pressing concern of their job. Scientific management failed to lead to wide spread production efficiency. This short coming became apparent to a young engineer name Frederick Taylor, who was hired by Miduale Steel Company in 1818. Taylor discovered that production and pay were poor, inefficiency and waste were prevalent and most companies have recommended unused potential. He concluded that management decisions were unsystematic and that no research to determine the best means of production existed. In response, Taylor introduced approach to management known as scientific management. This approach advocated the application of scientific methods to analyze work and to determine how to complete production tasks efficiently. For examples U.S. Steels' contract with the United Steel worker of America specified that sand shovels on average is pounds of river sand composed of 5.5 percent moisture. Taylor identified four principles of scientific management:

1. Management should develop a precise, scientific approach for each element of one's work to replace general guidelines.
2. Management should scientifically select, train, teach and develop each worker so that the right person has the right job.
3. Management should cooperate with workers to ensure that jobs match plans and principles.
4. Management should ensure an appropriate division of work and responsibility between managers and workers.

To implement this approach, Taylor used techniques such as time-and-motion studies. With this technique, a task was divided into its basic movement and different motions were timed to determine the most effective way to complete the task, after the "one best way" to perform the job was identified. Taylor stressed the importance of hiring and training the proper worker to do that job. Taylor advocated standardization of tools, the use of instruction cards to help worker and brakes to eliminate fatigue. Another key element in Taylor's approach was that of the differential piece rate system. Taylor assumed workers were motivated by receiving money. Therefore, he implemented a pay system in which workers were paid additional wages when they exceed a standard level of output for each job. Taylor concluded that both workers and management would benefit from such an approach.

Scientific management principles were widely embraced. Other proponent, including Henry Fran and Lilian Gilbreth, introduced many refinements and technique for applying scientific management on the factory floor. One of the most famous examples of the application of scientific management is the Factory; Henry Ford built to produce the model T. The legacy of Taylor's scientific management approach is broad and pervasive; most important, productivity and efficiency in manufacturing improve dramatically. The concept of scientific method and research were introduced to manufacturing, the scientific management gained wide acceptance because of its more closely aligned effort and reward. Taylor also emphasized the need for cooperation between management and workers. And the concept of a management specialist gained prominence.

Despite these gains, not everyone was convinced that scientific management was the best solution to all business problems. First, critics claimed that Taylor ignored many job-related social and psychological factors by emphasizing only money as a worker incentive. Second, production tasks were related to a set of routine machines producers that led to boredom, apathy and quality control problems. Third, unions strongly opposed scientific management techniques because they believed management might abuse their power to set the standard and thus exploiting workers and diminishing their importance. Finally, although scientific management resulted in intense scrutiny of internal efficiency of organization, but it did not help managers deal with broader external issues such as competitors and government regulations, especially at the senior management level.

*Administrative Management:* The administrative management approach emphasized the perspective of senior management within the organization and argued that management was a profession and could be taught. An explicit and broad framework for administrative management emerged in 1915, when Henri Fayol, a French mining engineer and executive. Fayol identified five functions and 14 principles of management. The five functions, which were very similar to the four functions mention above, are planning, commanding, coordinating and controlling. A host of other executives contributed to the administrative management literature. These writers discussed a broad specimen of management topics, including the social responsibilities of management, the philosophy of management, clarification of business terms and concept and organizational principles. Chester Bernard's and Mary Parker Follet's contribution have become classic works in this area. Bernard former president of New Jersey Bell Telephone Company published his mark book "The function of the executive" in 1938. He outlined the role of the senior executive to include emulating the purpose of the organization, hiring key individuals and maintaining organizational communications. Mary Parker Fallet's 1942 book "Dynamic Organization" extended Bernard's work by emphasizing the continually changing situation that managers face. Two of her key contributions are (1) the notion that mangers desire flexibility and the differences between motivating groups and individuals and (2) laid the ground work for the modern contingency approach.

All the writings in the administrative management area emphasize management as a profession along with fields, such as law and medicines. In addition, these authors offered many recommendations based on their personal experiences, which often included managing large corporations. Although, these perspectives and recommendations were considered sound, critics noted that they might not work in all settings. Different types of personnel, industry conditions and technologies may affect the appropriateness of these principles. Fayol 14 principles of management:

1. Division of work: Divide work into specialized task and assign responsibilities to specific individuals.
2. Authority: Delegate authority along with responsibility.
3. Discipline: Make expectations clear and punish violation.
4. Unity of command: Each employee should be assigned to only one supervisor.
5. Unity of direction: Employees' effort should be focused on achieving organizational objectives.
6. Subordination of individual interest to the general interest: The general interest must predominate.

7. Remuneration: Systematically reward effort that support the organization's direction
8. Centralization: Determine the relative importance of superior and subordinates' roles.
9. Scalar chain: Keep communication with the scale of command.
10. Order: Order jobs and materials so they support the organizations directives.
11. Equity: Fair discipline and order enhance employee commitment.
12. Stability and tenure of personnel: Promote employee loyalty and longevity.
13. Initiative: Encourage employees to act on their one in support of the organization's direction.
14. Espirit the corps: Promote a unity of interests between employees and management.

*Human Relations:* The human relations developed during the 1930s aimed at understanding how psychological and social processes interact with the work situation to influence performance. Human relations was the first major approach to emphasizing informal work relationships and workers' satisfaction. The approach owes much to other major school of thought for example, many of the ideas of the Gilberts (scientific management) and Bernard and Follet (administrative management) influenced the development of human relations from 1930 to 1955. In fact, human relation emerged from a research project that began as a scientific management study. Western Electric Company, a manufacturer of communication equipment, hired a team of Harvard researchers led by Elton Mayo and Fatz Roethlisberger. They were to investigate the influence of physical working conditions on work productivity and efficiency in one of the company's factory outside Chicago. This research project known as the Hawthorne studies provides some of the most interesting and controversial result in the history of management.

The Hawthorn studies were a series of experiment conducted from 1924 to 1932. During the first stage of the project, various working conditions to particularly the lighting in the factory were altered to determine the effects of their changes on productivity. The researchers found no systematic relationship between the factory lighting and production levels. In some cases, productivity continued to increase even when the illumination was reduced to the level of moonlight. The researchers conclude that the workers performed and reacted differently because the researchers were absenting them. This reaction is known as Hawthorn effect. This conclusion led the researchers to believe that productivity may be affected more by psychological and social factors than by physical or objective influences. With this taught in mind, they initiated the other four stages of the project. During this stage the researchers perform various work group experiment and had extensive interview with employees. Mayo and his team eventually concluded that productivity and employee behaviour were influenced by the informal work group. Another noted contributor to human relations was Abraham Maslow in 1934; Maslow suggested that humans have five levels of need. The most basic needs are the physical need for food, water and shelter. The most advanced need is for self-actualization or personal fulfilment. Maslow argued that people try to satisfy their lower levels needs and then progress upward to the higher-level needs. Managers can facilitate this process and achieve organizational goals by removing obstacles and encouraging behaviour that satisfy people needs and organizational goals simultaneously.

Human relations proponent argued that managers should stress primarily employee welfare, motivation and communication. They believed social needs and precedence are economic needs. Therefore, management must put into account the corporation of the group and promotes job satisfaction and group norms consistent with the goals of the organization. Although, the human relations approach generated research into leadership, job attitudes and group dynamics, it drew heavy criticism. Critics believed that one result of human relations – a belief that a happy worker was a productive worker was too simplistic. While scientific management overemphasized the economic and formal aspect of the workplace, human relations ignored the more rational sides of the workers and the important characteristics of the formal organization. However, human relations is a significant step in the development of management thought, because it promoted managers and researchers to consider the psychological and social factors that influence performance.

*Bureaucracy:* Max Weber, a German Sociologist, lawyer and social historian, showed how management itself could be more efficient and consistent in his book “the theory of social and economic organizations”. The ideal model for management according to Weber is the bureaucracy approach. Weber believed bureaucratic structures can eliminate the variability that result when managers in the same organization have different skills, experiences and goals. Weber advocated that the jobs themselves be standardized so that personnel changes would not disrupt the organization. He emphasized a structure; formal network of relationships among specialized positions in an organization. Rule and regulation standardize behaviour and authority resides in position rather than individual as a result, the organization need not rely on a particular individual, but will realize efficiency and success by following the rule in a routine and unbiased manner. According to Weber, bureaucracies are especially important because they allow large organization to perform the many routine activities necessary for their survival. Also, bureaucratic position foster specialized skills, eliminating many subjective judgements by managers. In addition, if the rules and controls are established properly, both customers and employers.

Many organizations today are bureaucratic; Bureaucracy is efficient and productive, however bureaucracy is not the appropriate model for every organization, organizations or department that need rapid decision making and flexibility may suffer under bureaucratic approach. Some people may not perform their best with excessive bureaucratic rules and procedures. Other short comings stem from faulty executives of bureaucratic principles rather than from the approach itself, too much authority may be vested in too few people. The procedure may become the ends than the means. Finally, one advantage of a bureaucracy is performance; it can also be a problem. Once a bureaucratic is established, dismantling it is very difficult.

### **Contemporary Approaches**

The contemporary approaches to management include quantitative management, organizational behaviour, system theory and the contingency perspective. The contemporary approaches have developed at various times since World War II, and they continue to represent the cornerstone of modern management thought.

*Quantitative Management:* Although Taylor introduced the use of science as a management tool early in the 20th century. Most organizations did not adopt the use of

quantitative techniques for management problems until the 1940s and 1950s during World War II, military planners began to apply mathematical techniques to defuse logistics problems after the War private corporations began assembling teams of quantitative experts to tackle many of the complex issues confronting large organizations. This approach referred to as quantitative management which emphasizes the application of quantitative analysis to management decisions and problems. Quantitative management helps a manager make a decision by developing formal mathematical models of the problem computers facilitated the development of specific quantitative methods. These include such techniques as statistical decision theory linear programming, queuing theory, simulation, forecasting, inventory, modeling, network modelling and break even analysis, organization apply these techniques in many areas including production quality control, marketing human resources finance, distribution, planning and research and developing. Despite the promise quantitative management holds, managers do not rely on these method as the primary approach to decision making. Typically, they use this technique as a supplement or tool in the decision process. Many managers will use results that are consistent with their experience, institution and judgement, but they often reject results that contradict their beliefs. Also, managers may use the process to compare alternatives and eliminate weaker options. Several explanation accounts for why many manager have not been trained in using these techniques, also many aspects of a management decision cannot be expressed through mathematical symbols and formulas. Finally, many of the decision managers' face are non-routine and unpredictable.

*Organizational behavior:* During 1950's, a transition took place in the human relations approach, scholars began to recognize that workers' productivity and organization success are based on more than the satisfaction of economic or social needs. The revised perspective known as organizational behaviour studies and identifies management activities that promote employee effectiveness through an understanding of the complex nature of individual, group and organizational processes. Organizational behaviour draws from a variety of disciplines including psychology and sociology to ensure the behaviour of people on the job. During the 1960's, organizational behaviorists heavily influenced the field of management. Douglas McGregor's Theory X and Y marked the transition from human relations according to McGregor's Theory X, managers assume workers are lazy and irresponsible and require constant supervision and external motivation to achieve organizational goals. Theory Y managers assume employees want to work and can direct and control themselves McGregor advocated a theory Y perspective, suggesting that managers who encourage participation and allows opportunities for individual challenge and initiative would achieve superior performance. Other major organizational behaviourists include Chris Argyris, who recommended greater autonomy and better jobs for workers and Rensis Likert, who stressed the value of participative management. Through the years, organizational behaviours has consistently emphasized development of the organization's human resources to achieve individual and organizational goals like other approaches, it has been categorized for its limited perspective, although more recent contributions have a broader and more situational viewpoint. In the past few years, many of the primary issues addressed by the organizational behaviour have experienced a rebirth with a greater interest in leadership, employee involvement and self-management.

The classical approaches as a whole were criticized because they (1) ignored the relationship between the organization and its external environment and (2) usually stressed

one aspect of the organization or its employees at the expense of other consideration. In response to this criticism, management scholars during the 1950s stepped back from the details of the organization to attempt to understand it as a whole system. These effort were based on a general scientific approach called system theory organizations are open system, dependent on input from outside world, such as raw materials, human resources and capital. They transform these inputs into outputs that (ideally) meet the market's needs for goods and service. The environment reacts to the outputs through a feedback loop. This feedback provides inputs for the next cycle of the system. The process repeats itself for the life of the system. System theory also emphasizes that an organization is one system in a series of subsystems. For instance, southwest Airlines is a subsystem of the airline industry and the flight crews are a subsystem of southwest. Systems theory points out that each subsystem is a component of the whole and is interdependent with other subsystem.

*Contingency perspective:* Building on system theory ideas, the contingency perspective refutes universal principles of management by stating that a variety of factors, both internal and external to the firm, may affect the organization's performance. Therefore, there is no "one best way" to manage and organize, because circumstance varies. Situational characteristics are called contingencies, understanding contingencies helps a manager know which set of circumstances dictate which management actions. The contingencies include:

1. Circumstances in the organization's external environment.
2. The internal strengths and weaknesses of the organization.
3. The values, goals, skills and attitude of managers and workers in the organization.
4. The type of task resources and technologies the organization uses.

In understanding contingencies, managers may categories the situation and then choose the proper competitive strategy, organization struggle or management process for the circumstances. Researchers continue to identify key contingency variable and their effect on management issues. As your read the topic covered each chapter, you will notice similarities, and differences among management situations and the appropriate responses. The perspective should represent a cornerstone of your own approach to management.

### **An Eye on the Future**

All of these historical perspectives have left legacies that affect contemporary management thought and practice. Their understanding continues to flow, even as the context and the specifics change. Times do pass, and the things do change. This may sound obvious, but it is not firms fail to adapt to changing times. Business becomes global. New technologies have change how we work, produce goods and delivers services; change continually creates both new opportunities and new demands for lowering cost and for achieving greater innovation, quality and speed. Management knowledge and practices evolve accordingly. The essential facts about change are these: First, change is happening more rapidly and dramatically than at any other time in history. Second, if you don't anticipate change and adapt to it, you and your firm will not thrive in a competitive, business world. The theme of change - what is happening now, what lies ahead, how it affects management and how you can deal with it. What are the implications of these changes for you and your cares, how can you best be readily to meet the challenge? You

must ask questions about the future, anticipate changes, know your responsibilities and be prepared to meet them head on.

## **Conclusion**

This paper provides a historical perspective of management thought as the needs and issues confronting managers changed over the years. Some of the approaches about how to improve management survived and been incorporated into modern perspectives of management. The legacies of past efforts, triumphs and failures have become our guide today and to future management practice. In conclusion therefore, there is not replacement for effective management. Companies like individuals, fail or succeed for a variety of reasons. Some of these reasons are circumstantial. Most are personal and human and include the decisions managers make and the actions they take.

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# KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL PERFORMANCE OF SELECTED DEPOSIT MONEY BANKS IN NIGERIA

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**Abstract:** *This study examined knowledge management and organizational performance of selected deposit money banks in Nigeria. Specifically it determines the relationship between them and hence the effect of knowledge acquisition, knowledge conversion, knowledge application and knowledge protection on the performance of deposit money banks in Nigeria. In pursuance of the above, the study employs the survey research design. Data was obtained from the employees of the five banks by simple random sampling technique method. Taro Yamane's formula was used to determine the sample size of 400 respondents. Proportionate representation was used to get the 400 respondents since the number of employees was not the same in each of the five banks. Data analyzed was subjected to simple percentage, descriptive statistics, and normality test. Correlation and OLS linear regression analysis was also carried out. The result revealed that knowledge acquisition practices have significant positive relationship on performance by deposit money banks in Nigeria, that knowledge conversion practices have significant positive relationship with performance of deposit money banks in Nigeria, that knowledge application practices have significant positive relationship with performance of deposit money banks in Nigeria and knowledge protection practices have significant positive relationship with performance of deposit money banks in Nigeria. The contributions to knowledge were that the study affirmed knowledge acquisition facilitates organizational performance through its increased marketing effort, that knowledge conversion enhances organizational performance by way of expertise and efficiency, that knowledge application helps in the area of better risk management and that knowledge protection enhances competitive advantage of the organization. The study demonstrated a hybrid of resourced based theory and left brain and right brain management theory. The study recommends among others that deposit money banks should encourage knowledge conversion practices so that their performance will improve.*

## Introduction

Knowledge management has assumed an important dimension in organizations today due to the fact that the major competitive advantage of these organizations lies on attracting and retaining corporate knowledge (Lee & Choi, 2006). This invariably presupposes that for organizations to prosper, they have to treat knowledge well since it contributes to their core competencies, just as they would do to any other strategic, irreplaceable assets. Therefore, managing knowledge involves the leveraging of intellectual assets to enhance organizational performance (Stankosky, 2008, Ahmed & Mohammed, 2017, Felix & Guillermo, 2017, Hayfa & Abdullah, 2018, Akram & Hilman, 2018). Deposit money banks require urgently adequate knowledge management practice to be able to stand against competition in the marketing environment.

The goal of knowledge management is to ensure that organizations are aware of the knowledge at their disposal both individually and collectively. Deposit money banks need



to find out their strengths, weaknesses, opportunities and threats available to them so as to operate profitably. This will help these organizations to make the most efficient and effective use of their knowledge for good result thereby enhancing performance. To this end, knowledge management remains one of the many strategies that successful organization seek to identify, select and organize so as to enhance employee performance and organizational competitiveness. This is why deposit money banks should key into this operational revolutionary strategy for success. Therefore, knowledge management is largely concerned with developing, depositing, extracting and sharing knowledge for subsequent retrieval which is needed to ensure smart decision for organizational growth and development (Bamgboje, Ayodele & Ellis, 2015). According to Hislop (2013), knowledge management is an umbrella term which refers to any deliberate effort made to manage the knowledge of organizational workforce, which can be achieved via a wide range of methods including the direct use of Information Communication Technology (ICT) or more indirectly through the management of social processes, structuring of organization in a particular way or via the use of particular culture and people management practices.

If deposit money banks are able to do this, they can remain afloat always. In addition the perspectives of the author identified above explored, these banks will survive. Knowledge provides superior offerings which are given to customers by way of value. Value cannot be offered without some competencies by organizations. Competencies are brought about by organization's knowledge. Only employees in organizations can provide value to customers. This can only happen if they are motivated through training, workshops, seminars, career part development, short courses, medical care, company vehicles and the creation of a good work-life balance. When these are done their skills in work activities will go up. The knowledge in an organization gives a competitive advantage if properly managed by the organization. In a sense, competitive advantage is a single key element that gives an edge to a business beyond what the competitor has and does. Competitive advantage represents a threat to competitors and weakens them if readily available such that the holder can easily rely on it.

It should be noted that the growing important role of knowledge has motivated businesses to move from general management activities to knowledge management (Cho & Korte, 2014; Tubigi & Alshawi, 2015). Many organizations accept knowledge management as a paradigm shift and hence a new orientation. This perspective suggests that knowledge infrastructures (which are technology, structure, and culture) are vital for operations. Others include knowledge process architecture for the identification, acquisition, conversion, application, and protection of knowledge. Deposit money banks need to develop in technology, structure; a good organizational culture for in them laid organizational growth and development. They need to acquire, convert, apply and protect knowledge.

Knowledge management is concerned with the entire process of discovering and the creation of knowledge, dissemination of knowledge and the utilization of knowledge. Knowledge management principles recognize that it is important for organizations "to know what they know". All businesses inherently store, access and deliver knowledge in some specific manners. Knowledge is required in other to enjoy an outstanding competitive advantage. Awan and Jabbar (2015) and (Akram & Hilman, 2018; Onyango, 2018; Ahmad & Mohamed, 2017) stated that proper knowledge management improves the performance

of organizations whether it is public or private. They also emphasized that the retention and proper training of employees not only improve their skills but also build up confidence in them.

The creation of knowledge is essential for the survival of any organization. Knowledge is an activity that happens throughout daily work activities and this is required for their survival in a competitive market. These could be by formal training or talking with those who share similar interests or by technical mechanism such as data mining activities. Knowledge creation is primarily a human process where technology can facilitate knowledge creation but cannot replace people and hence their continuous development and improvement. Therefore, it is logical to conclude that the ability to create knowledge and generate a competitive advantage is essential for any organization that wishes to remain relevant and be able to achieve wider market share that is sustainable as this will in turn produce excellent performance.

Performance involves a complex series of actions that integrate skills and knowledge to produce valuable results. Examples include designing, selling, production, playing a sport and other activities involved in solving a problem. In some instances, the performer could be an individual, a collection of people who are collaborating such as an academic department, research team and student's team. Performance is a journey and not a destination. Different locations in the journey provides for different levels of performance. Each level defines the efficiency, quality and effectiveness of performance. Quality efficiency, effectiveness in performance cannot happen if employees are not developed and therefore becomes necessary that it takes its hold.

Organization's strategy of achieving excellent performance includes actions that engage positive emotions through employees. Examples of such are setting challenging goals and allowing failure as a natural part of attaining high performance. These banks can only have good results if they are doing the right things at the right time. Beyond that, there is the need to provide conditions in which the organization feels the right amount of safety. In all of this, health and safety at work should be the watch word. Armstrong (2006) defined performance as accumulated end results of the organization's works processes and activities. It is about how effectively an organization transforms inputs into outputs and comprises the actual outputs or results as measured against its intended outputs. According to Richard (2009), organizational performance covers three specific areas of the organization; financial performance, product market performance and shareholder return. Deposit money banks should recognize that they represent the financial sector of the economy. As such certain demands are required of them by the federal government and the central bank of Nigeria, the society and other shareholders which should not be ignored. Liptons (2005) proposed that the firm's performance is the ability of the firm to prevail under certain circumstance and be able to achieve positive results.

When organizational performance is excellent, deposit money banks quality increases and as a result, services become more effective in meeting or exceeding the expectations of customers. Cost decreases as the amount of effort or financial resources to produce result and waste goes down. Capability increases as the ability to tackle more challenging performances or projects would be on course. They need to generate more revenue at minimum cost to remain in business. In addition there is also the ability to generate more revenue for the organization. As the depth and breadth of knowledge increases, skills and abilities to set goals increases and these results in improved

productivity as the increase in breadth and depth of application provide for effectiveness, identity and motivation of work activities. Individuals develop more sense of who they are as professionals in organizations to develop their essence. When productivity is high, the goal achievement is not far away. From the above, it is expected that knowledge management will be able to improve growth, innovation, productivity as efficiency is reflected in cost saving, customer relationships and decision making. Others will include corporate image building, development of new product line, employee learning, satisfaction and retention. When put together, this gives the organization a competitive advantage which results in outstanding performance.

In a vibrant economy, deposit money banks have a role to play and this makes it imperative for them to be involved in proper and focused knowledge management practices to improve the effectiveness of their operations. Although these banks have been in the forefront of business process re-engineering, there have been little evidence to indicate that they have institutionalize knowledge management practices towards organizational performance. This study examines knowledge management and organizational performance of selected deposit money banks in Nigeria.

### **Statement of the Research Problem**

With the advancement in information and technology overtime, knowledge has become a vital resource for organizations to gain a competitive advantage and improve their performance. To this end, the major source of wealth and prosperity are in the production and distribution of information and knowledge by organizations for employees and businesses to thrive. However, it has been observed that the frequent upsurge in employers turnover in these banks has led to loss of knowledge sources and experiences of employees including the casualization of workers, outright retrenchment of permanent staff and being replaced with contract staff, sudden dismissals, restructuring, job transfer and other alternative work arrangements. Beyond that, management actions have often reflected in lack of system upgrade, lack of good work structure, complex restructuring, information decay, banks' ineptitude, lack of organizational commitment and poor security information. This position has made good quality service to dwindle and customers' switching these banks was not in doubt. The combination of these observations has provided an inn road for poor performance. At some point, organizations struggle with knowledge loss in their operations. This makes it necessary for all members in the organization to generate and share knowledge such that knowledge sharing becomes a personal issue that requires personal commitment. This will not only increase profit but also improve quality, quantity, innovations, efficiency, effectiveness and competitiveness. Therefore, there is need to assess the effect of knowledge management on the performance of deposit money banks in Nigeria and this study fills this need.

Besides, the majority of individuals that work in banks are knowledge workers (Ann, Ezeobi & Human, 2015). When deposit money banks fail to improve the knowledge management process, they are hard hit if knowledgeable employees leave the organization suddenly. Before any damage is done, such organizations are advised to identify employees who have relevant knowledge and be able to tap, store and retrieve this knowledge for use profitably. Deposit money banks that are successful today are also aware of the importance of managing knowledge and therefore develop plans on how to accomplish goals and

devote time and energy for the achievement of results. In addition, KM as a growing area, the fact exists that few research works have been done in the Nigerian banking sector made available in (Nnabuiife, Onwuka & Ojukwu, 2015; Edwinah, 2014; Ugurlu, 2013). This is where the research hinged on to examine knowledge management and organizational performance of deposit money banks in Nigeria.

The research gap identified in the study has to do with content and scope. In content, the variables of knowledge could not fully address all of the situations analyzed. There were only one or two components of knowledge which then could not be generalized in the study. In scope, most of the studies were done in developed countries in which the variables used could not be the same like Nigeria – a developing country. Hence, the points identified only highlighted four major components of knowledge.

### **Objectives of the Study**

The broad objective of this study is to examine the relationship between knowledge management and organizational performance in the banking sector of Nigeria. The specific objectives are to:

- determine the effect of knowledge acquisition on the organizational performance of deposit money banks in Nigeria;
- examine the relationship between knowledge conversion and the organizational performance of deposit money banks in Nigeria;
- ascertain the effect of knowledge application on the organizational performance of deposit money banks in Nigeria and to
- examine the influence of knowledge protection on the organizational performance of deposit money banks in Nigeria.

### **Hypotheses of the Study**

The following performance hypotheses stated in the null form were formulated to guide this study:

*H1: Knowledge acquisition does not have significant effects on the organizational performance of deposit money banks in Nigeria.*

*H2: There is no significant relationship between knowledge conversion and the organizational performance of deposit money banks in Nigeria.*

*H3: There is no significant relationship between knowledge application and the organizational performance of deposit money banks in Nigeria.*

*H4: There is no significant relationship between knowledge protection and organizational performance of deposit money banks in Nigeria.*

### **Scope of the study**

The study examined the effect of knowledge management on organizational performance of deposit money banks in Nigeria. It covered selected deposit money banks in Nigeria. This became necessary because of the importance of this sector to the economy of the country. The sector is very fragile and therefore very sensitive to any economic, financial and labour crisis. It was also observed that this sector is very important as it contributes maximally to the growth and development of the Nigerian economy especially through the process of financial intermediation. The financial sector required some attention because of the need to strengthen their operations. Overtime these had been

frequent labour turnover through termination of appointment and voluntary resignations by bank employees. For the purpose of this study, five of the sixteen banks in the country also quoted at the Nigerian stock exchange were examined as a population. The time frame was three weeks to distribute and retrieve questionnaire covering knowledge acquisition, knowledge conversion, knowledge application and knowledge protection question items as variables for investigation.

### **Significance of the Study**

The findings of this work will assist the following parties.

Deposit money banks - strategic managers in the banking sector would be adequately informed of the experiences of customers with bank employees, with the aim of providing quality service to them. This will in effect improve performance.

Banking organizations- policy makers and other sectors could now learn more on how to apply knowledge management towards the enhancement of their performance in business operations. The learning outcome could go a long way to revive the banks toward better results.

Entrepreneurs- it would be as a self assessment tool on the level of adoption of knowledge management practices to push through the performance of organization positively. For this work, employees are to be informed about the value of knowledge management.

Financial institutions - The skills available could be shared such that the acquired information will provide a guide on the need to sharpen their operations in dealing with challenges in knowledge management related issues.

Professional bodies -The Nigerian Institute of Management (Chartered) and the National Institute of Marketing of Nigeria (Chartered) in understanding the sector, a memorandum of understanding (MOU) will be created to enable them review codes of Ethics in the banking sector should the need arise.

Academics - The outcome of this work could also form the basis for further studies by researchers as they may seek to replicate the study to test its result or to expand the frontier by including other variables. The study could also add to the body of knowledge management on how to assess the determinants that affect organizational performance in Nigeria.

Bank management - The study would have important implications for the banks by figuring out positive outcomes in their operations regarding performance majorly. To this end, Nigerian banks will move to a new level of re-engineering from recapitalizing and restructuring dimensions of the 1990s. Business operators will identify the urgent need on re-enforcing the essence of knowledge management as a demand call in the running of businesses today and always.

The expectation is that this study will contribute to the body of literature on knowledge management in Nigeria and hopefully encourage further research into how to deepen knowledge management in the banking sector. It will also help to awaken organizations in Nigeria and elsewhere to see the potentials of knowledge management, thereby spurring them up to invest in its execution as a business strategy to enhance their performance.

### **Conceptual Framework**

#### *Concept of Knowledge Management*

According to Odiri (2014), knowledge is the insight, understanding and practical know-how that we all possess. It is the fundamental resource that allows us to function intelligently. From the above definitions, it is clear that knowledge is an invisible or intangible asset. Its acquisition involves complex cognitive processes of perception, learning, communication, association and reasoning (Akinyemi, 2007).

Over the years, knowledge has been stored in traditional ways: such as oral traditions, clay tablets, scrolls, books and manuals. To a very large extent today managers in organizations now use the know-how of people they have hired, with skill and experience processes for effective management. The loss of intellectual assets due to downsizing of organization's workforce has resulted to a decrease in productivity, teamwork, innovation and talent. These trends can only be reversed if organizations are able to explore ways of capturing and managing knowledge of their employees effectively for result. This means that implementing an efficient knowledge practice allows for competitive advantage edge. Others will be reduction in intellectual capital, lowering costs and a decrease in redundancy in knowledge based activities.

As a discipline, knowledge management encourages organizations to focus on determining its knowledge to explain it, so that it can be shared formally for its reuse. By definition, knowledge management is a process that helps organizations find, select, organize, disseminate and transfer important information and expertise required for activities for problem solving, dynamic learning, strategic planning and decision making (Gupta, Iyer & Aronson, 1996). Even though knowledge management is dependent primarily on organization culture (due to its being shared), motivation, and policies, it requires the right technologies for its implementation to reach the goal of the firm. The creation of knowledge depends largely on the data base, active process management, knowledge centers, collaborative technologies and knowledge websites.

## **Empirical Review**

Valmohammadi and Ahmadi (2015) examined the impact of knowledge management practices on organizational performance. They presented a holistic approach regarding evaluation of knowledge management practices on organizational performance in the framework of four perspectives of balanced Scorecard (BSC). Research findings revealed that KM activities positively and meaningfully impact on overall organizational performance. Nnabufe, Onwuka and Ojukwu (2015) carried out a study on selected commercial banks in Awka, Anambra State, Nigeria on knowledge management and organizational performance. 35 respondents were involved; Pearson's product moment correlation coefficient was used to analyze the data generated. The findings revealed that knowledge identification attributes to organizational performance and that knowledge acquisition has a significant effect on organizational performance. Akpotu and Lebari (2014) examined the relationship between knowledge acquisition practices and performance of administrative employees in educational institutions in South-South Nigeria. The findings revealed a significant relationship between knowledge acquisition and administrative employees' performance. Popov and Vlasov (2014) studied knowledge generation at universities in Kuwait and compared research output of universities with transaction costs. The study results revealed that transaction cost determines research performance in terms of published research and obtaining patents. Others are participation

in conference and exhibitions which are directly proportional to the number of economic units established at the universities for promoting the application of research achievements.

Romano (2014) studied knowledge creation and exploitation in Italian universities and the factors that affect academic patent activities. The study showed that this activity is mainly influenced by the internal policies of the universities and this is seen by academics as a signal of the university inclination and attempt to develop an environment conducive to patent activities and to offer structured support to inventors in the different phases of the patenting process. Chweya, Ochieng and Riwo-Abudho (2014) did a study in Kenya to determine the extent of knowledge creation, knowledge sharing and knowledge acquisition practical in commercial banks in Kisumu City. Correlation analysis showed that over 45% of the respondents' approved effective staff development tools to support management practices. Less than 13% respondent said no, 65% agreed that their banks had formal mechanism in place which guaranteed the sharing of best practices in work activities. Odiri (2014) study on knowledge management and organizational performance in selected oil companies in Nigeria showed that tacit knowledge actually predicts organizational performance. The study further showed that motivational incentives and participative leadership contribute negatively to the relationship of tacit knowledge and organizational performance while workers competence, interpersonal relationship and organizational philosophy contribute positively to the relationship of tacit knowledge and organizational performance. Ahmad, Mohamad and Ibrahim (2013) employed a survey method in finding out the relationship between individual's absorptive capacity and knowledge acquisition behaviors by engineers in electrical and electronic sector in Malaysia. There were 305 responses for the survey. Partial least square (PLS) properties of structural equation model (SEM) were used to measure the relationship between variables. They found out that individual absorptive capacity has partial influence on employees' knowledge acquisition.

Mahammad, Mehhred, Salma and Nurizy (2013) investigated the influence of knowledge management practices on organizational performance in small and medium scale enterprises in Iran. Structural Equation model (SEM) was used. In it senior managers from these enterprises were chosen using simple random sampling technique for the sample size. The findings showed knowledge acquisition, storage creation and implementation of knowledge have a significant factor on knowledge management. He concluded that productivity and financial performance, staff performance, innovation, work relationships and customer satisfaction have significant relationship on organizational performance. The results suggest that knowledge management activities directly influence the organizations (SMEs). The study cannot be generalized to a developing country like Nigeria. Also, the knowledge acquisition was the only variable used; hence its findings may be limited. Alnaweigah (2013) discussed the impact of KM functions on the organizational excellence from the perspective of the University of Al-Taif Staff, Kuwait. The study assessed the reality of KM at the university and explored its impact on increasing excellence of its employees. The study findings showed a statistically significant impact of KM dimensions on organizational excellence among the staff of the university and a statistically significant difference in their evaluation of the level of KM which can be attributed to their functional and demographic characteristics. Adbsel, Gawater and Mohamad (2012) investigated the role of knowledge management in enhancing organization performance. Some Egyptian organizations formed the population. Questionnaire was used to collect the required information. The result showed that all elements of knowledge management capabilities

have a positive significant relationship with all measures of the performance at 1% level of significance. This means there is a great correlation between knowledge management capabilities and organizational performance. William, John and Peter (2012) carried out a research trying to fill the gap surrounding a particular knowledge management process called knowledge identification. The paper reports the findings of a survey sent to 973 Australian organizations to investigate identification practices. The survey findings showed that while organizations do perceive identification to be important, the practice of identification has not reached mainstream adoption yet. The survey findings also reveal two opposing approaches. Organizations take in practicing knowledge identification; proactive knowledge identification and reactive knowledge identification. Martin (2012) examined the knowledge acquisition strategies and company performance of Young high Technology company in Germany. The uses of quantitative and qualitative data were employed. The study revealed four discrete knowledge acquisition strategies. (Low-key, mid-range, focus and explorer) and showed that strategies differ in their relation to company performance. This was as a result of their configuration of knowledge acquisition activities and the type of knowledge acquired. Rasula and Stemberger (2012) studied Slovenia and Croatia companies to show that organizations can enhance organizational performance through creating accumulating, organizing and utilizing knowledge. The study showed empirically that information technology, organization and knowledge positively affect organizational performance. Emadzade, Mashayekhi and Abdar (2012) examined the impact of specific KM dimensions on organizational performance of 245 small size business owners and managers at a managerial level in their firms from (86) enterprises in Isfahan. The study results showed that some knowledge resources are directly related to organizational performance while others are not. Mills and Smith (2011) evaluated the impact of specific knowledge resources on organizational performance using survey data from (189) managers using structural equation modeling. The study showed that some knowledge resources are directly related to organizational performances while others though important pre-conditions for knowledge management are not directly related.

Research carried out by Tan and Narsuridin (2011) showed that Human Resources Management (HRM) practices (performance appraisal, career management, training and reward system recruitment) have a positive effect on organizational innovation. Their findings indicated that training was positively related to three dimensions of organizational innovation that is product innovations, process innovation and administrative innovation. Performance appraisal was also found to have a positive effect on administrative innovation. Additionally, their findings also showed that training and performance appraisals are positively related to knowledge management effectiveness. Alzoubi and Alnajjar (2010) studied KM architecture of Jordanian universities. He tested a set of variables relating to knowledge management. The study revealed that the pillars of KM architecture consist of strategy and commitment, information systems, culture and communications. Research by Moffet and Hinds (2010) revealed that successful knowledge management implementation emancipates employees. Knowledge workers have flexibility and freedom to conduct their work according to their own intelligence, experience and initiative. They support each other as well as by technology and information infrastructure which resultantly benefit both themselves and the organization. Stefanescus and Stefanescus (2008) discussed the factors that motivate in sharing knowledge before implementing any KM strategy to sustain the successful implementation of reengineering



projects. The study concluded that in order to achieve success with reengineering projects, organizations should possess and share knowledge about many different facets of this process. The improvement of performance of re-engineering projects comes because of coupling IT capabilities with KM strategy.

Ababneh (2008) examined the impact of knowledge management and organizational learning on organizational innovation. The study showed a strong positive correlation between knowledge, management, organizational learning and organizational innovation and that demographic variables have a significant impact on practicing each dimension while educational level and departmental size have no significant impact. Basu and Sengupta (2008) assessed success factors for learning in business schools in India. Study results showed that many successful KM initiatives were taken by business schools. These were both expensive and propositions. Sujatha (2007) explored critical success factors for implementing KM. The study highlighted barriers and challenges that face KM efforts and showed that organizations have knowledge distributed across people, technologies and organizational activities. And that they can acquire new knowledge that will enable them to stay competitive in the market place. Siretea and Grigonita (2007) examined perspective of knowledge management in Jordanian universities. The study revealed that universities can accomplish their missions as learning organizations through KM, aiming to acquire knowledge used to improve organizational performance with an accent of improving efficiency, effectiveness and innovation. From the research carried out by Hoegi and Schulze (2005), the results obtained were that companies that used knowledge management methods in the creation of New Product Development have accrued a lot of benefits. For instance, employees at British Petroleum (BP) Amoco used experience workshop which is one of the knowledge management methods. With this method, employees gather a vast amount of experience and tacit knowledge which comprises both technical knowledge and personal knowledge about relationship and team structure. Maponya (2004) highlighted knowledge management in academic libraries in South Africa. The study found that the role of academic libraries is changing to provide a competitive advantage for the parent universities and their success depends on their ability to utilize information and knowledge of its staff to better serve the needs of the academic community.

### **Brief History and Development Deposit Money Banking in Nigeria**

The banking in Nigeria could be traced to the period between 1892 and 1894. It was at that time that African Corporation and First Bank of Nigeria formerly known as the Bank of British West Africa (BBWA) were established in 1894. The colonial banks came into Nigeria at the time. Their presence affected financial activities including their influence on trade and other commercial transactions throughout West Africa. Backlays Bank for example entered into financial operations in Nigeria around 1925.

By way of reforms after many years in the system, the British government in 1952 received a report from Mr. Paton G. D. of the bank of England from the inquiry instituted by government and on the extent of control to be introduced as the banking sector. The outcome of the inquiry provided the platform for the first banking ordinance in 1952. The ordinance was to ensure the orderliness in commercial banking and to prevent the establishment of unviable banks and unregulated banking transactions. Between 1959 and

1989 there was deregulation. The financial and banking sector was technically in place through the creation of Structural Adjustment Programme (SAP). It was inspired by the Breton Wood's conference.

In order to safeguard the depositors' money, in 1988, the government established the Nigeria Deposit Insurance Corporation (NDIC). It was charged with the responsibility of carrying out some sort of financial reforms and assisting the Central Bank of Nigeria in formulating policies in the areas of ensuring safe and banking services and supervisory role with the Central Bank that the NDIC act was aimed at.

### **Supervisory Mechanisms in Nigerian Banks and their Roles**

The Nigeria Banking sector is primarily regulated by two bodies. The first is the Central Bank of Nigeria (CBN) which has the superior regulatory power. It was established by the Central Bank of Nigeria Act of 1958. It commenced operations on 1st July, 1959. As one of its primary functions, the bank promotes monetary stability and ensures a sound financial system, and acts as banker and financial adviser to the Federal Government. It is the banker of the last resort to commercial banks. It encourages the growth and development of financial institutions. It has a feasible role in the areas of policies formulation, establishment of specific administrative or bureaucratic procedures which must be adhered to by all banks and financial institutions in Nigeria.

*The Nigeria Deposit Insurance Corporation (NDIC).*

The NDIC compliments the regulatory and supervisory role of the CBN. It is autonomous of the CBN but reports to the Federal Ministry of Finance. The NDIC is responsible for insuring financial institutions, paying and controlling deposits in accordance with its mandate in the event of bank failure of an insured financial institution. It is empowered to examine the banks' books and affairs of insured banks and other deposit-taking financial institutions. By this arrangement, licensed banks are mandated to pay 15/16 of 1% of their total deposit liabilities as insurance premium to the NDIC. As a result, a depositor's claim is certified to a maximum of N50,000 in the event of a bank failure. It helps to protect depositors and their deposits.

Three ways by which NDIC supervises the banking system

- Transaction-based supervision
- Risk-based supervision
- Consolidated supervision

You also have external auditors often drawn from private companies. They provide periodic audits of the financial books and records of the banks. In order to strengthen the banking sector there is the corporate governance policy in Nigeria located at the Central Bank of Nigeria. This is called the Bank code of governance. It deals mainly with ethics and efficiency in services rendered by the regulated banks. To this end in 2009 the CBN's hammer fell on eight banks and their CEOs were removed and their directors were scrutinized, to ensure sanity in the system. Interest rate has been a major concern to CBN, as it slows down the ability to borrow from banks. There are challenges facing regulations in Nigeria. These regulations are anti-developmental and against the good conduct of business in the country. This results to inefficiencies, inadequacies and bureaucratic confusion in the Nation's banking sector. This situation has resulted to deficit financing, total confusion, reckless fiscal guidelines operations and unrealized objectives. The CBN

is seen as being controlled by the federal ministry of finance as proposals are sent to it on monetary policies for scrutiny and assessment by the ministry. From this standpoint, it becomes obvious that politics is reflected in policies under the guise of state intervention as a method of economic control.

Eclecticism as a political concept has affected the foundation of regulation and other supervisory laws of the CBN. In it, there is the notion that certain group of people be favored and treated and that as a result of perceived superiority in terms of intellect, social status or financial resource, they deserve to be honored. This becomes obvious when state intervention is being used as an instrument of economic regulation. For example the selection of the governor of the Central Bank is more of political issue than qualification, though there could be some qualification components. As politics, wealth, power, position and status are not permanent, changes are provided in administration and personnel to make a difference in ways things should be done by providing rules and policies differently to do government business.

In the sector therefore continuity is not sustained. This position gives rise to internal politics, confusion based bureaucracy and bottlenecks are at play. Beyond that is the compulsory submission of proposals by the central Bank of Nigeria on monetary policies and other fiscal matters to the federal ministry of finance for security and assessment at the end of each year. The outcome of this is that the CBN is constrained to make policies which may be either politically motivated or at variance with the tenets of adequate and effective banking supervisory policies as a matter of national policy. The frequent change in the top management has also created inconsistencies in its laws and its regulatory framework. For example, in the year 2000 the universal banking guidelines came up. The CBN Authorized banks to engage in non-core banking financial activities, either directly as part of banking operations, or through designated subsidiaries but nine years later this was repealed by the power conferred on the CBN governor. To this end, there was the downplay of facts relating to the influence of political groups on financial and monetary policies, the Nigerian Banking policies, laws and regulation are not in doubt. This position is supported by the leading lawyer and economic scholar Richard Posner who submitted that “Ultimate premises of law are political” and the Nigerian financial laws, regulatory policies and supervisory structures reflect this position.

### **Research Gap**

The gap identified in the study has to do with content and scope. In content, the variables of knowledge could not fully address all of the situations analyzed. There were only one or two components of knowledge which then could not be generalized in the study. In scope, most of the studies were done in developed countries in which the variables used could not be the same like Nigeria – a developing country. Hence, the points identified only highlighted four major components of knowledge.

### **Methodology**

#### *Research Design*

Survey research design was used to conduct this research. Specifically, we adopted the cross sectional survey research design due to the large number of respondents who participated through questionnaire administration within a particular period of time and where evidence was evaluated and hypotheses generated. Because it was a survey, the

researcher distributed the questionnaire (structured form) to respondents to ensure the collection of data and to make appropriate conclusions after analysis.

### Population, Sample Size and Sampling Technique

The population of the study was 70,371 employees in the sixteen (16) listed banks on the Nigerian Stock Exchange as at March, 2019. From this population five banks were selected by simple random sampling technique method to determine the sample size from the five (5) banks selected namely; Eco-bank, (19142), First Bank (7616), Access bank (3192), Diamond bank (4731) and Polaris bank ltd (2804) constituted the sample banks of this study with a total of 37485 employees (Annual Account of Sampled banks, 2019). The employees were selected from senior management and staff of each bank to give a total sample size of 400 participants by proportionate representation. The unit of analysis was the number of employees as respondents from the five (5) selected banks as indicated above.

### Reasons for the Choice

- The banks represent five of the biggest banks in total assets of the deposit money banks.
- They are quoted at the stock exchange
- They represent one-third of the sixteen quoted deposit money banks which in the opinion of the researcher was adequate.
- They formed a fair representation of the quoted banks.

The sample size of the study was obtained by using the Taro Yamane formula, stated thus

$$n = \frac{N}{1 + Ne^2}$$

Where n = sample size  
N = Population  
e = Level of significance (5% i.e. 0.05)

$$\begin{aligned} n &= \frac{37485}{1 + 37485(0.05)^2} = \frac{37485}{1 + 37485(0.0025)} \\ &= \frac{37485}{93.7125} = 400 \end{aligned}$$

Sample Size = 400 respondents

The employees were selected from senior management and staff of each bank to give a total sample size of four hundred participants for the questionnaire administration by proportionate representation of the five banks in the following order.

$$\text{Eco bank } \frac{19142}{37485} \times \frac{400}{1} = 204 \text{ respondents}$$

$$\text{First bank } \frac{7616}{37485} \times \frac{400}{1} = 81 \text{ respondents}$$

$$\text{Access bank } \frac{3192}{37485} \times \frac{400}{1} = 34 \text{ respondents}$$

$$\text{Diamond bank } \frac{4731}{37485} \times \frac{400}{1} = 51 \text{ respondents}$$

Polaris bank Ltd  $\frac{2804}{37485} \times \frac{400}{1} = 30$  respondents  
Total = 400 respondents

### Sampling Technique

Questionnaire was administered to the respondents to generate the primary data needed for analysis. The questionnaire contained structured questions placed on the modified Likert five point scales. The responses scoring weights were strongly agree 5 points, agree 4 points, strongly disagree 3 points, and disagree 2 point, undecided 1 point.

### Model Specification

The functional relationship of the dependent and independent variables is expressed as:

$$OGPEF = f(KM)$$

$$OGPEF = \alpha_1 + b_1KACQN + e_i \quad (1)$$

$$OGPEF = \alpha_2 + b_2KCONV + e_i \quad (2)$$

$$OGPEF = \alpha_3 + b_3KAPPL + e_i \quad (3)$$

$$OGPEF = \alpha_4 + b_4KPROT + e_i \quad (4)$$

Where KM is proxies by KACQN, KCONV, KAPPL and KPROT

$b_1 > 0$ , An increase in knowledge acquisition would lead to an increase in organizational performance.

$b_2 > 0$ , An increase in knowledge conversion would lead to an increase in organizational performance

$b_3 > 0$ , An increase in knowledge application would lead to an increase in organizational performance.

$b_4 > 0$ , An increase in knowledge protection would lead to an increase in organizational performance

### Validity Test of the Instrument

The instrument was validated through face and content validity. To ensure this, all questions items were given to my supervisors and other experts in the field of management discipline for their observations and corrections. Also, copies of the questionnaire was given to management consultants to vet and advised respectively. This was to ensure the validity of the instrument, to ensure the relevance of the research questions set up in chapter one.

### Reliability Test of the Instrument

To ensure the reliability of the instrument, a pilot study was conducted. A total of 46 copies of the questionnaire were used. They were distributed to the employees as respondents of the five (5) selected banks by simple random sampling method. These banks were Guarantee Trust Bank (3711), First City Monument Bank (2000), Zenith Bank (6275), UBA Bank (7427), and Sterling Bank (2243) with a total of 21656 as population which was outside the population where the sample size was determined above. Proportionate representation was used to determine the 46 copies distributed.

$$\begin{aligned} \text{Guarantee Trust} & \frac{3711}{21656} \times \frac{46}{1} = 8 \\ \text{First City Monument} & \frac{2000}{21656} \times \frac{46}{1} = 4 \\ \text{Zenith Bank} & \frac{6275}{21656} \times \frac{46}{1} = 13 \\ \text{United Bank for Africa (UBA)} & \frac{7427}{21656} \times \frac{46}{1} = 16 \\ \text{Sterling Bank} & \frac{2243}{21656} \times \frac{46}{1} = 5 \\ \text{Total} & = 46 \end{aligned}$$

The 46 copies of the questionnaire were administered, collected and analyzed which were not part of sample size but from the population of 21656. This was also suggested to Cronbach Alpha test and mean value of 0.79 was obtained which demonstrated the reliability of the instrument as indicated below

**Table 1 Reliability Test**

Constructs	No of Items	Cronbach's Alpha
Knowledge Acquisition	7	0.793
Knowledge Conversion	7	0.812
Knowledge Application	7	0.811
Knowledge Protection	7	0.712
Organizational Performance	7	0.823
Mean		0.79

Source: Stat. version (13) output, 2019

### Method of Data Analysis

Percentages, mean, correlation and OLS regression techniques were used to analyze the data generated. All tests were carried out at 5% level of significance and the analytical tool used was STATA Version 13.0 to examine the relationships.

### Data Presentation, Analysis and Discussion of Results

The data presented and analyzed in the study includes: first the descriptive analysis of respondents profile. The second is the correlation, regression analysis and then the testing of hypotheses formulated for the study. The questionnaire response rate was  $300/400 \times 100/1 = 75\%$

**Table 2 Demographic Profile of Respondents**

Options	Frequency	Percentage
Sex		
Male	267	89
Female	33	11
Total	300	100

Age		
Bellow 30 years	18	6
30-40 years	120	40
41-50 years	150	50
Above 50years	12	4
Total	300	100
Marital Status		
Married	241	80.3
Single	53	17.7
Widow	2	0.7
Divorced	4	1.3
Total	300	100
Highest Educational Qualification		
WAEC/GCE/NECO	-	-
OND/NCE	33	11
HND/B.Sc.	85	28.3
MBA/M.Sc.	175	58.4
Ph.D.	3	1
Others	4	1.3
Total	300	100
Years of Experience		
Below 11 years	20	6.7
11-15 years	101	33.7
16-20 years	112	37.3
21-25 years	61	20.3
Above 26 years	6	2
Total	300	100

Source: Field Survey, 2019

Four hundred (400) copies of the validated questionnaire were administered. Three hundred and nine (309) copies were returned, nine copies of the questionnaire were rendered void therefore not usable because of unanswered questions, while three hundred (300) copies of questionnaire (75%) used for analysis in the study. From the result of demographic profile of respondents in Table 4.1, it was observed that the respondents were made up of 267 males, representing 89% of total responses, while 33 respondents are female, representing 11% of total responses. The age distribution of respondents shows that 18 respondents representing 6% are below the ages of 30, 120 respondents representing 40% are within the ages bracket of 30-40 years, 150 respondents representing 50% are within the ages of 41-50 years, while 12 respondents representing 4% are above 50 years of age, implying the dominance of middle age workers in the service sector. 241 respondents representing 80.3% are married, 53 representing 17.7% of the total respondents are not married. This is in alignment with the age distribution of the employees, with 94% of the respondents above the age of 30 years.

On highest educational qualification of respondents, none had WAEC/GCE/NECO as their highest qualification, 33 respondents representing 11% had OND/NCE, 85 respondents representing 28.3 had HND/BSC, 175 respondents representing 58.4% had MBA/M.Sc. as their highest qualifications, and only 3 respondents representing 1% had Ph.D. while 4 respondents representing 1.3 % had other. Qualifications aside the ones mention. This indicates that the highest number of respondents sampled has MBA/M.Sc.

qualifications. With respect to the years of experience, 20 of the respondents representing 6.7% has work below 11 years, 101 of the respondents representing 33.7% has worked between 11-15 years, 112 representing 17.3% has worked between 16-20 years, 61 respondent representing 20.3% has worked between 21-25 years. While, 6 respondents representing 2% has worked above 26 years. Thus we can say that the respondents sampled are experience workers.

**Analysis of Data**

This section is concerned with analyzing the primary data sourced from the field survey in order to report the pattern of responses using simple percentage, correlation to examine the relationship that existed among variables and regression analysis to test the formulated hypotheses.

**Table 3 Knowledge Acquisition**

S/N	Questionnaire Items	U (1)		SD (2)		D (3)		A (4)		SA (5)	
		Nos.	%	Nos.	%	Nos.	%	Nos.	%	Nos.	%
1	There is need to obtain new knowledge for my organizations	-	-	29	9.7	39	13	144	48	88	29.3
2	There is reliance on experiences, skills and knowledge in my organization	26	8.7	48	16	41	13.6	39	13	146	48.7
3	There is need for new knowledge from external sources	10	3.3	27	9	19	6.3	155	51.7	89	29.7
4	Knowledge is shared through formal procedures	20	6.7	20	6.7	49	16.3	117	39	94	31.3
5	Organizational members share knowledge orally at formal or informal meetings	-	-	9	3	29	9.7	174	58	88	29.3

*Source: Analysis of Field Survey, 2019*

The descriptive pattern of response in Table 4.2 for knowledge acquisition sub-scale indicated that on the first questionnaire item, 232 (77.3%) of the respondents strongly disagree to the construct (There is need to obtain new knowledge for my organizations and 68 (22.7%) disagree. On the second item, 185 (61.7%) respondent disagree that There is reliance on experiences, skills and knowledge in my organization, 89 (29.6%) disagree and 26 (8.7%) were undecided. On the third item sub-scale, 244 (81.4%) respondents agree that There is need for new knowledge from external sources, 46 (15.3%) disagree, while 10(3.3%) of the total sample respondents undecided. On the fourth construct in the sub-scale, 211 (70.3%) agree that knowledge is shared through formal procedures, 19 (2.3%), while 20 (6.7) where undecided. With regards to the fifth question, 262 (87.3%) of the respondents agree that organizational members share knowledge orally at formal or informal meetings, 29 (9.7) disagree to the question. 235 (78.4%) of the respondents disagree. 59 (19.7%) disagree while 6 (2%) were undecided about the question that Performance management is used as a measure for efficiency in an organization.



**Table 4 Knowledge Conversion**

S/N	Questionnaire Items	U (1)		SD (2)		D (3)		A (4)		SA (5)	
		No	%	No	%	No	%	No	%	No	%
1	Ability to convert knowledge into the design of new product/service	10	3.3	27	9	19	6.3	155	51.7	89	29.7
2	Organizational knowledge can be transferred to employees	-	-	28	9.3	40	13.4	88	29.3	144	48
3	Knowledge from business partners can be brought into the organization	25	8.3	49	16.3	41	13.6	39	13	146	48.7
4	Conversion of knowledge increases productivity	27	9	10	3.3	10	3.3	164	54.7	89	29.7
5	Knowledge conversion reduces redundancy	20	6.7	20	6.7	49	16.3	117	39	94	31.3

Source: Analysis of Field Survey, 2019

The descriptive pattern of response in Table 4.3 for knowledge conversion sub-scale indicated that on the first questionnaire item, 244 (81.4%) of the respondents agree to the construct that their organization has the ability to convert knowledge into the design of new product/service, 46 (15.3%) disagree, while 10 (3.3) of the respondents were undecided. On the second item, question 10, 232 (77.3%) of the respondent agree, 68 (22.6%) disagree. The third item on the sub-scale, 185 (61.7%) respondents agree that organizational knowledge can be transferred to employees, 90 (29.9%) disagree, while 25 (8.3%) of the total respondents were undecided. On the fourth construct in the sub-scale, 253 (84.4%) agree, 20 (6.6%) of the respondents disagree, while 27 (9) were undecided. The same high agreement rate was recorded for question 5 in Table 4.2.

**Table 5 Knowledge Application**

S/N	Questionnaire Items	U (1)		SD (2)		D (3)		A (4)		SA (5)	
		Nos.	%	Nos.	%	Nos.	%	Nos.	%	Nos.	%
1	Allows for the application of knowledge learned from mistakes and experiences	10	3.3	27	9	18	6	156	52	89	29.7
2	Knowledge is applied to solve new problems	-	-	29	9.7	39	13	88	29.3	144	48
3	Knowledge is made available to those who need it.	26	8.7	39	13	39	13	50	16.7	146	48.7
4	Availability of Knowledge can be used to develop new product or service	10	3.3	27	9	19	6.3	155	51.7	89	29.7
5	Use knowledge to improve efficiency.	20	6.7	12	4	39	13	117	39	111	37

Source: Analysis of Field Survey, 2019

The descriptive pattern of response in Table 4.4 for organizational work systems sub-scale indicated that on the first questionnaire item, 245 (81.7%) of the respondents agree to the construct (Spacious office with modern facilities enhances productivity) and 45 (15%)

disagree and 10 (3.3) were undecided. On the third item on the sub-scale, 196 (65.4%) respondents agree, 78 (26%) disagree, while 10 (3.3%) of the total sample respondents undecided. On the fourth construct in the sub-scale, 211 (70.3%) agree that availability of Knowledge can be used to develop new product or service, 19 (2.3%), while 20 (6.7) where undecided. With regards to the fifth question, 262 (87.3%) of the respondents agree that their organization used knowledge to improve efficiency, 29 (9.7) disagree to the question.

**Table 6 Knowledge Protection**

S/N	Questionnaire Items	U (1)		SD (2)		D (3)		A (4)		SA (5)	
		No	%	No	%	No	%	No	%	No	%
1	Knowledge leakage can be protected both inside and outside the organization	-	-	9	3	29	9.7	174	58	88	29.3
2	Designs incentives that will encourage the protection of knowledge	-	-	29	9.7	39	13	144	48	88	29.3
3	Provides technology that can restrict easy access to some source of knowledge.	26	8.7	48	16	41	13.6	39	13	146	48.7
4	Blocks knowledge from theft within or outside the organization	10	3.3	27	9	19	6.3	155	51.7	89	29.7
5	Detection of leakage of knowledge by employees is rewarded	-	-	40	13.4	49	16.3	94	31.3	117	39

Source: Analysis of Field Survey, 2019.

The descriptive pattern of response in Table 4.5 for employee’s compensation and benefit sub-scale indicated that on the first questionnaire item, 232 (77.3%) of the respondents strongly agree to the construct (Compensation is strategic to be organization goal and should be able to enhance employees satisfaction) and 68 (22.7%) disagree. On the second item, 185 (61.7%) respondent agree that because of strong relationship between, the components of compensation packages, performance are affected positively, which is a strong predictor of employees retention, 89 (29.6%) disagree and 26 (8.7%) were undecided. On the third item, on the sub-scale, 244 (81.4%) respondents agree, 46 (15.3%) disagree, while 10(3.3%) of the total sample respondents undecided. On the fourth construct in the sub-scale, 211 (70.3%) agree, 19 (2.3%), while 20 (6.7) where undecided.

**Table 7 Performance**

S/N	Questionnaire Items	U (1)		SD (2)		D (3)		A (4)		SA (5)	
		No	%	No	%	No	%	No	%	No	%
1	Progressively, my organization has increased its marketing effort	-	-	-	-	25	8.3	129	43	146	48.7
2	There is better risk management in my organization	-	-	29	9.7	39	13	144	48	88	29.3
3	There is increase in market share by percentage point, thereby increasing profitability	26	8.7	48	16	41	13.6	39	13	146	48.7
4	There is reduction in administrative costs.	10	3.3	27	9	19	6.3	155	51.7	89	29.7

5	My organization has the ability to provide quality service to customers	20	6.7	20	6.7	49	16.3	117	39	94	31.3
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Source: Analysis of Field Survey, 2019

The descriptive pattern of response in Table 4.6 for performance sub-scale indicated that on the first questionnaire item, 275 (91.7%) of the respondents strongly disagree to the construct (Progressively, my organization has increased its marketing effort) and 25 (8.3%) disagree. On the second item on the sub-scale, 232 (77.3%) respondent disagree, 68 (22.8%) disagree. On the third item on the sub-scale, 185 (68%) respondents disagree, 46 (15.3%) disagree. On the fourth construct in the sub-scale, 211 (70.3%) agree, 19 (2.3%), while 20 (6.7) where undecided. With regards to the fifth question, 262 (87.3%) of the respondents disagree, 29 (9.7) disagree to the question. 235 (78.4%) of the respondents agree 59 (19.7%) disagree while 6 (2%) were undecided about the question. The same high agreement rate was recorded for question 4 and 5 as shown in Table 4.6.

**Table 8 Descriptive Statistic**

variable	mean	p50	max	min	sd	N
kacqn	3.793333	4	5	1	.9202055	300
kconv	3.846667	4	5	1	.9161258	300
kapp1	3.88	4	5	1	.8334158	300
kprot	4.07	4	5	1	.91719	300
ogpef	3.93	4	5	1	.8450723	300

Table 4.7 shows the descriptive properties of the data set used for the analysis, the constructs has a maximum value of 5 indicating that the respondents strongly agree at some point for all the questions asked, while the minimum of 1 for all the constructs. On the average the respondent chooses 4 (Disagree). The descriptive statistics Table further shows that the sample size of 300 respondents were sampled (n = 300)

**Table 9 Normality Test**

variable	Skewness/Kurtosis tests for Normality				
	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	joint Prob>chi2
kacqn	300	0.0000	0.3819	22.06	0.0000
kconv	300	0.0000	0.0007	45.07	0.0000
kapp1	300	0.0000	0.0007	42.28	0.0000
kprot	300	0.0000	0.2271	26.71	0.0000
ogpef	300	0.0000	0.0007	42.67	0.0000

Source: Researcher's computation (using stat. version 13.0)

The result of Jacque Bera normality test was showed in Table 4.8; shows that all the variables are normally distributed at 5% level of significance. Hence, any recommendations made to a very large extent would represent the characteristics of the through population of the study.

**Correlations among the variables of knowledge management dimensions and employees' performance**

	kacqn	kconv	kapp1	kprot	ogpef
kacqn	1.0000				
kconv	0.3511	1.0000			
kapp1	0.5083	0.4314	1.0000		
kprot	0.4888	0.5621	0.5929	1.0000	
ogpef	0.3469	0.4224	0.3632	0.4594	1.0000

Correlation is significant at the 0.05 level (2-tailed)  
 Source: Researcher's computation (using stat. version 13.0)

The result in Table 4.9 reveals that there is positive correlation involving the dimensions of knowledge management and organizational performance. The result shows a positive correlation among the variables under study ranging from 0.3469 low to 0.5929 high.

**Test of Hypotheses**

*Decision Rule*

The null hypothesis shall be accepted if the p-value (calculated value) is greater than (>) the established level of significance (critical value) and we are to reject the null hypothesis if otherwise (less than (<) the critical value). The level of significance that is above 0.05 is a condition for accepting the null hypothesis (Ho). But if otherwise, that is p-value less than 0.05 is the condition for rejecting the null hypothesis (Ho) (Gujarati & porter, 2009).

*Post Regression Diagnostic Test (PRDT)*

Post regression test was performed after the regression analysis to certify the regression model before testing for the formulated hypotheses.

**Table 10 Test for Variance Inflation Factor**

variable	VIF	1/VIF
kprot	1.97	0.506797
kapp1	1.73	0.577110
kconv	1.50	0.666483
kacqn	1.46	0.684684
Mean VIF	1.67	

VIF must be less than 10. (Marks, Philip & Adrea, 2009)  
 Source: Researcher's computation

The result in Table 4.10 shows the test for variance inflation factor test; the mean VIF value is 1.67 which is less than the benchmark value of 10 indicates the absence of multicollinearity. Hence, we go ahead to test for the hypotheses.

**Ramsey Regression Equation Specification Error Test (RESET)**

Ramsey RESET test using powers of the fitted values of ogpef  
 Ho: model has no omitted variables  
 F(3, 292) = 1.75  
 Prob > F = 0.1577

Source: Researcher's computation

Table 4.11 shows the results obtained from the test for Ramsey regression equation specification error test, the probability value of 0.1577 means that the model has no omitted variables.

**Table 11 Test for Heteroskedasticity**

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity  
H0: Constant variance  
Variables: fitted values of ogpef  
  
chi2(1) = 2.82  
Prob > chi2 = 0.0930

Source: Researcher’s computation (using stat. version 13.0)

The result in Table 4.12 for the test for heteroskedasticity, shows that the variation between the dependent and independent variables are homoskedastic implying that there is no heteroskedasticity problem (2.82(0.0930)). This means that, the model is free from presence of unequal variance. This further indicates that our probability values for drawing inference on the level of significant are reliable and valid. Thus, validating the OLS results and implying we should go ahead and test the hypotheses and that there is no need for robust regression. Hence, the regression results can be used to test the formulated hypotheses.

*H1: Knowledge acquisition does not have significant effects on the Organizational performance of deposit money banks in Nigeria.*

**Table 12 OLS Regression Result of Knowledge acquisition (Independent Variable) and Organizational performance (Dependent Variable)**

Variables.	B	Std. Err.	T	P>/t/
Knowledge Acquisition	.3185792	.0498951	6.38	0.000
Cons.	2.721523	.1947401	13.98	0.000
R-squared	0.1203			
Adj. R-squared:	0.1174			
F	40.77			
Prob.>F.	0.0000.			

Source: Researcher’s computation (using Stat, version 13.0 see Results in appendix 2)

The regression result output shows that Knowledge acquisition has a significant positive effect on organizational performance with ( $\beta = 0.3185 (0.000)$ ). Generally the p-value of Knowledge acquisition is less than ( $p = 0.000$ ) is less than 0.05; hence, we reject the null hypothesis and accept the alternate, which state that Knowledge acquisition has significant positive relationship with performance. The F-statistic value of 40.77 and its associated P-value of 0.000 shows that the regression model on the overall is statistically significant at 1% level, this means that the regression model is valid. Hence:

$$\text{Model 1: OGPEF} = 2.721 + 0.318 \text{ KACQN} + U$$

As indicated in Table 4.13, Adj. R-Squared of the models is 0.117 implying that 11.7% change in the dependent variable (organizational performance) on the overall is brought about by the independent variable (knowledge acquisition)

*H2: There is no significant relationship between knowledge conversion and the organizational performance of deposit money banks in Nigeria.*

**Table 13 OLS Regression Result of knowledge conversion (Independent Variable) and Organizational performance (Dependent Variable)**

Variables.	B	Std. Err.	T	P>/t/
Knowledge conversion	.3896445	.0484344	8.04	0.000
Cons.	2.431167	.1915048	12.70	0.000
R-squared	0.1784			
Adj. R-squared:	0.1757			
F	64.72			
Prob.>F.	0.0000.			

Source: Researcher's computation (using Stat. version 13.0 see Results in appendix 2)

The regression result output in table 4.14 shows that knowledge conversion has a significant positive effect on organizational performance with ( $\beta = 0.389$  (0.000)). Generally the p-value of knowledge conversion is less than ( $p = 0.000$ ) is less than 0.05; hence, we reject the null hypothesis and accept the alternate, which state that knowledge conversion has significant positive relationship with organizational performance. The F-statistic value of 64.72 and its associated P-value of 0.000 shows that the regression model on the overall is statistically significant at 1% level, this means that the regression model is valid. Hence:

$$\text{Model 2: OGPEF} = 2.431 + 0.389 \text{ KCONV} + U$$

As indicated in Table 4.14, Adj. R-Squared of the models is 0.175 implying that 17.5% change in the dependent variable (organizational performance) on the overall is brought about by the independent variable (knowledge conversion).

*H3: There is no significant relationship between knowledge application and the organizational performance of deposit money banks in Nigeria.*

**Table 14 OLS Regression Result of knowledge application (Independent Variable) and Organizational performance (Dependent Variable)**

Variables.	B	Std. Err.	T	P>/t/
knowledge Application	.3682589	.0547279	6.73	0.000
Cons.	2.501156	.2171718	11.52	0.000
R-squared	0.1319			
Adj. R-squared:	0.1290			
F	45.28			

Prob.>F.	0.0000.
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Source: Researcher’s computation (using Stata version 13.0 see Results in appendix 2)

The regression result output in table 4.15: shows that knowledge application has a significant positive effect on organizational performance with ( $\beta = 0.368 (0.000)$ ). Generally the p-value of knowledge application is less than ( $p = 0.000$ ) is less than 0.05; hence, we reject the null hypothesis and accept the alternate, which state that knowledge application has significant relationship with organizational performance. The F-statistic value of 45.28 and its associated P-value of 0.000 shows that the regression model on the overall is statistically significant at 1% level, this means that the regression model is valid. Hence:

$$\text{Model 3: OGPEF} = 2.501 + 0.368 \text{ KAPPL} + \square$$

As indicated, Adj. R-Squared of the models is 0.129 implying that 12.9% change in the dependent variable (organizational performance) on the overall is brought about by the independent variable (knowledge application)

*H4: There is no significant relationship between knowledge protection and organizational performance of deposit money banks in Nigeria.*

**Table 15 OLS Regression Result of knowledge protection (Independent Variable) and Organizational performance (Dependent Variable)**

Variables.	B	Std. Err.	T	P>/t/
knowledge Protection	.4232895	.0474076	8.93	0.000
Cons.	2.207212	.1977719	11.16	0.000
R-squared	0.2111			
Adj. R-squared:	0.2084			
F	79.72			
Prob.>F.	0.0000.			

Source: Researcher’s computation (using Stata version 13.0 see Results in appendix 2)

The regression result output in table 4.16 shows that knowledge protection has a significant positive effect on organizational performance with ( $\beta = 0.423 (0.000)$ ). Generally the p-value of knowledge protection ( $p = 0.000$ ) is less than 0.05; hence, we reject the null hypothesis and accept the alternate, which state that knowledge protection has significant positive relationship with organizational performance. The F-statistic value of 79.72 and its associated P-value of 0.000 shows that the regression model on the overall is statistically significant at 1% level, this means that the regression model is valid. Hence:

$$\text{Model 4: OGPEF} = 2.207 + 0.423 \text{ KPROT} + \square$$

As indicated in Table 4.16, Adj. R-Squared of the models is 0.208 implying that 20.8% change in the dependent variable (organizational performance) on the overall is brought about by the independent variable (knowledge protection).

*Justification for Small r2*

The reported  $r^2$  calls for mediating variables, or moderating / intervening variables. Gold et al. (2001) stressed that the presence of knowledge management infrastructure (cultural, structural and technological knowledge management infrastructure) will facilitate the activities of knowledge management practices. Hence further studies should include these infrastructures to improve the  $r^2$  value or including them as control variables. Moreso, there are many dimensions of knowledge management but the present study only considered four dimensions leaving the rest unexplored.

## **Discussion of Results**

The regression result output shows that Knowledge acquisition has a significant positive effect on organizational performance with ( $\beta = 0.3185 (0.000)$ ). Generally the p-value of Knowledge acquisition is less than ( $p = 0.000$ ) is less than 0.05; hence, we reject the null hypothesis and accept the alternate, which state that Knowledge acquisition has significant positive relationship with performance. This is in consonance with the findings of (Martin, 2012; Valmohammadi & Ahmadi, 2015; Nnabufe, Onwuka & Ojukwu, 2015; Akpotu & Lebari, 2014; Popov & Vlasov, 2014; Felis, 2017, Salman, 2017; Gangaram, 2018; Eric-Nielsen & Aleksandra, 2018) that knowledge acquisition has a significant effect on organizational performance. The regression result output in table 4.14 shows that knowledge conversion has a significant positive effect on organizational performance with ( $\beta = 0.389 (0.000)$ ). Generally the p-value of knowledge conversion is less than ( $p = 0.000$ ) is less than 0.05; hence, we reject the null hypothesis and accept the alternate, which state that knowledge conversion has significant positive relationship with organizational performance. This finding aligned with (Mahammad, Mehhred, Salma & Nurizy, 2013; Adbsel, Gawater & Mohamad, 2012; Felix, 2017; Akram & Hilman, 2018; Onyango, 2018) that knowledge management dimensions has a significant positive effect on organizational performance. Moreso, Godfrey, Stephen and James (2015) supported the view that knowledge creation promotes organizational performance.

The regression result output in table 4.15: shows that knowledge application has a significant positive effect on organizational performance with ( $\beta = 0.368 (0.000)$ ). Generally the p-value of knowledge application is less than ( $p = 0.000$ ) is less than 0.05; hence, we reject the null hypothesis and accept the alternate, which state that knowledge application has significant relationship with organizational performance. The finding is in consonant with (Miguel, Saavedra & Lindemann, 2016; Hayfa & Abdullah, 2018; Akram & Hilman, 2018; Onyango, 2018; Aygul & Bahtisen, 2017) that knowledge application has significant relationship with organizational performance. This is further supported by (Seyed, 2015) that information management and intelligence gathering are relevant to knowledge application.

The regression result output in table 4.16 shows that knowledge protection has a significant positive effect on organizational performance with ( $\beta = 0.423 (0.000)$ ). Generally the p-value of knowledge protection ( $p = 0.000$ ) is less than 0.05; hence, we reject the null hypothesis and accept the alternate, which state that knowledge protection has significant positive relationship with organizational performance. This is in accord with (Keren Elliot, Andrea, Joes & Walter Julian, 2016; Stefan & Markus, 2015; Hayfa & Abdullah, 2018; Onyango, 2018; Lekhanath, 2017) that protecting knowledge leads to competitive advantage which results to optimum performance. They recommended that



information should be protected to ensure and enhance competitive advantage. That information should not be lost through employees trust worthiness.

## **Conclusion**

In a knowledge driven economy, deposit money banks that manage and sustain knowledge are always very successful. Better still; companies that are using their knowledge in right way, and managing it effectively to their gain in terms of strategy that is significant to the organization could be more successful. Identifying and leveraging the individual and collective knowledge in an organization to support the organization in becoming more competitive is the essence of knowledge management. Because employees in the workplace are drivers, their knowledge should be managed and pooled together so that the organization can use it to build unique knowledge to enhance the organization's activities. Knowledge management has assumed an important dimension in organizations today because the major competitive advantage for an organization lies in the corporate knowledge. This implies that for organizations to prosper, they have to treat knowledge well since it contributes to their core competencies, just as they would do to any other strategic, irreplaceable assets. Knowledge management is concerned with the entire process of discovering and creation of knowledge, dissemination of knowledge, the utilization of knowledge and protection of knowledge.

The goal of knowledge management is for an organization to become aware of its knowledge both individually and collectively. Knowledge provides superior offerings which are given to customers for value. Value cannot be offered without some competencies by organizations. Competencies are brought about by organization's knowledge. The knowledge gives a competitive advantage if properly managed by organizations. Knowledge management yields competitive advantage giving an edge to a business beyond what the competition has and does. Competitive advantage represents a threat to competitors and weakens the effort of rival organizations. Effective knowledge management practice will help organizations gain competitive advantage and improve performance in the business environment, beyond that, its marketing effort will also go up and better risk management in the organization, reduction in administrative costs, provide quality service to customers in the organization and this will help in achieving higher customers satisfaction and deposit money banks will able to solve the persisting problems in the sector.

## **Recommendations**

In the light of the findings of this study, the following recommendations were made. Deposit money banks should encourage knowledge conversion practices so that their performances will improve. This means that as a group of people having common identity, professional interest to undertake share, participate and establish a fellowship in their line of trade, their interaction with one another will improve the use of information and communication techniques to enrich their knowledge and expertise for proper development in their banking operations.

Banks should ensure the protection of their acquired knowledge within the organization so as to gain better performance. Knowledge protection is required to ensure the promotion of competitive advantage in their operation. Banks should come up with

policies that will encourage knowledge management practices in other to improve their performance through their organizational learning and training on the part of employees. This is necessary to influence employee to participate in knowledge management activities. Their competencies will provide for steering the change effort and convey the importance of knowledge management to employees.

Appropriate technological infrastructure should be provided to facilitate knowledge storing and knowledge protection within the firm. Deposit money banks should be IT driven. This is necessary in the area of information systems and other related terms. Its capability has evolved key enablers for implementing knowledge management through its information technology as a connector of human to information and of one human to another. IT provides for rapid search, access and retriever of information and can support collaboration and communication between organizational members.

### **Contributions to Knowledge**

As a result of the outcome of the research, the following novel/unique contributions to knowledge:

- The study affirmed that knowledge acquisition facilitate organizational performance through its improved marketing effort.
- The study indicated that knowledge conversion enhances organizational performance in the areas of expertise and efficiency in the conduct of business.
- The knowledge application enhances organizational performance in the area of better risk management to minimize losses.
- Knowledge protection showed knowledge required security so as to achieve competitive advantage towards better quality service delivery to customers against competitors.
- Knowledge management and organizational performance of deposit money banks demonstrated a hybrid of resource-based theory and the left brain and right brain management theory.

### **Suggested areas for further Study**

The present study is centered on knowledge management and organizational performance in selected Banks in Nigerian using a sample size of three hundred (300). Future studies should expand the sample size to accommodate more Bankers in Nigeria and the manufacturing sector as well.

The present study made use of four (4) dimensions of knowledge management practices, without any dimension of knowledge management infrastructure, no control variable or moderating variable, future studies should include dimensions of knowledge management such as knowledge sharing, knowledge storing along with other knowledge management infrastructures and mediating variables.

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## **MONETARY POLICY SHOCKS AND ECONOMIC GROWTH IN NIGERIA**

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**Abstract:** *This study examines monetary policy shocks and economic growth in Nigeria. This study following ex post facto research design employed a regression model where economic growth was the dependent variable while money supply, inflation and interest rate were the explanatory variables. Time series data over the period of 1986 to 2018 sourced from Central Bank of Nigeria (CBN) Statistical Bulletin and World Bank Development Index (WDI) was utilized. The study employed the Vector Autoregression (VAR) techniques in the analysis. The result of the vector autoregression estimation shows that money supply exert a significant positive effect on economic growth in Nigeria while inflation and interest rate exert an insignificant positive effect on economic growth in Nigeria. The result proves that monetary policy shocks exert a significant effect on economic growth in Nigeria while interest rate and inflation do not show any effect. It was recommended that the CBN should ensure the downward review of the Monetary Policy Rate of 12% to 9 percent so as to enhance more financial accessibility.*

**Keywords:** *Monetary policy, Economic growth, Inflation, Interest rate, Vector autoregression*

**JEL Classification:** *E52, F43*

### **Introduction**

Economic growth is a key policy objective of any government because it is essential in reducing the poverty level, creation of employment opportunities and bridging the inequality gap (Anowor & Okorie, 2016). Economic growth raised the general standard of living of the populace, makes income distribution easier to achieve, enhance time frame of accomplishing the basic needs of man to a substantial majority of the populace (Uwakaeme, 2015). When stated in terms of per capital income, economic growth is defined as aggregate output of goods and services of a country produced within a given year divided by the population (Uwakaeme, 2015). However, this output is determined by the country economic resources, the size and skill of its workforce and technological productivity of its capital stock. The growth rate of economy therefore will depend on the growth rate of these resources; physical capital and human capital as well as changes in the underlying productivity of these general inputs in the economy (Okwo, Eze & Nwoha, 2012). Although monetary policy is one of the core drivers of economic growth and development through its impact on economic variables (Anowor & Okorie, 2016), the role money in an economy is a subject of great controversy among contemporary Economists.

Money on one hand affects the volume of aggregate expenditure directly through the availability of credit and on the other hand it affects the volume of aggregate expenditure indirectly through its effect on the level of interest. Besides, low interest rates leads to growth of money supply and this growth is correlated with high inflation (Okwo, Eze & Nwoha, 2012). Accordingly, demand for money changes interest rate and changes in interest rates affect demand for investment which in turn determines income variation (Okwo, Eze & Nwoha, 2012). Monetary policy was regarded as the major economic stabilization instrument that is used to measure, regulate, control the volume, cost, availability, and direction of money and credit within an economy in order to achieve some specified macro-economic policy objectives (Obadeyi, Okhiria & Afolabi, 2016).

Interest rate has long been known as the most prominent transmission channel through which monetary policy affect aggregate demand in an economy. This connected with the fact that, an increase in interest rate leads to increase in the cost of capital which in turn translates to a fall in the interest rate sensitive components of aggregate demand. Equally, an increase in short-term interest rates reduces the prices of assets, which then translates to a reduction in consumption through wealth effects, and investment expenditure through Tobin's q-effects (Ridhwana, Henri, Groota, Nijkampa & Rietvelda, 2014). Another important channel through which a tightening of monetary policy tends to depress economic activity is the credit channel. In the credit view, the contractionary effects of monetary policy are transmitted to a large extent through lower bank lending. Also, the exchange rate channel of monetary policy is crucial, especially in small open economies. The monetary tightening causes the nominal exchange rate to appreciate (Ridhwana, et al., 2014).

In Nigeria, government has always relied on monetary policy as a way of achieving certain economic objectives including employment, economic growth and development, balance of payment equilibrium and relatively stable general price level. Despite the increasing emphasis on manipulation of monetary policy in Nigeria, the problem surrounding economic growth in the county still persists. These problems include high unemployment rate, low investment, high rate of inflation and unstable foreign exchange rate all of which have affect the growth prospects and economic prosperity in the country (Nwoko, Ihemeje & Anumadu, 2016). Against the background of sluggish and volatile rate of economic growth accompanied with declining productivity signals, and Nigeria being a developing economy characterized by significant debt burden, structural imbalance and uncertainties. Though a large body of literature linked monetary policy and growth by examining the monetary policy-growth nexus within both bivariate and multivariate frameworks, but the nexus between growth and monetary policy shocks have not been thoroughly addressed. This study intends to contribute to the existing literature by investigating the impact of monetary policy shocks on economic growth within a multivariate approach. The broad objective of this study is to examine the relationship between monetary policy shocks and economic growth in Nigeria. The research project focuses on specific objective which include:

- Examine the trend of monetary policy instruments and economic growth in Nigeria.
- Analyse the association between money supply and economic growth in Nigeria.
- Investigate the effect of monetary policy shocks on economic growth in Nigeria.

This study would be of great importance to the government in achieving the macroeconomic objectives of price stability and a well sustained economic development.

It will equally be of ultimate importance to banks and financial institutions in carrying out the macroeconomic objectives of the country where they are operating. This research work proffer evidenced based recommendations through which the regulatory authorities can manipulate interest rates and other monetary policy tools to achieve the desired economic growth objectives. The study also adds to already existing literature on the link between monetary policy and economic growth

The study is structured into four sections. Section one as presented above is on the introduction to the subject matter. The second section focused on the review of relevant literatures while section three was devoted to the data analysis and discussion of results. The fourth section presents the conclusion and recommendations.

## **Literature review**

Economic growth as one of the macroeconomic objective is referred as the steady course of action through which the productive and fruitful capacity of an economy is improved in due course of time to bring about increasing levels of national output and income (Todaro and Smith, 2005). According to Kuznets (1966), it is defined as a long term rise in capacity to supply increasingly diverse economic goods to its population, with the growing capacity based on advancing technology and institutional and ideological adjustments that it demands. Kindlebenger (2008) defined growth as more output derived from greater amount of input and efficiency. It is usually related to growth of potential output that is production at "full employment and economic growth is the major foundation of enhancement in level of literacy, improvement in technology and increase in the capital stock. According to Lipsey (1986), economic growth is the positive trend in the nations' total output over a long period of time. On the other end, monetary policy is policy options used deliberately by the monetary authority to control the money supply and credit condition for the purpose of achieving certain broad economic objective (Onouorah, Shaib & Oyathelemi, 2011). It is also defined as the art of controlling the volume of money and bank credit thereby regulating cost of credit such a way it will affect aggregate demand in a direction that would bring about healthy balance of payment, price stability and job opportunity (Anyawu 1993). According to Folawewo and Osinubi (2006), monetary policy is a mixture of premeditated methods to control the cost, supply, value and of the stock of money in an economy, in line with the estimated economic activity level. Shaw (1999) defines it as "any conscious action undertaken by the monetary authorities to change the quantity, availability or cost of money. In the view of Ranlett (2005), monetary policy is the deliberate management of money supply for the explicitly purpose of attaining specific objectives or set of objectives. Monetary Policy in Nigeria is refers to the combination of measures designed to regulate the value, supply and cost of money in an economy, to match with the level of economic activities. It can also be described as the act of controlling the direction and movement of monetary policy and credit facilities in pursuance of stable price and economic growth in an economy (CBN, 1992). According to Ogunjimi (1997) three basic kinds of monetary policy decision can be made - the amount of money in circulation; the level of interest rate; and the functions of credit markets and the banking system. Abeng (2006) explained that monetary policy is valid only for a highly monetized economy. If the economy is not monetized, the efficacy of monetary policy is restricted.



Among the core theories linking monetary policy to economic growth are the classical theory of money and Keynesian liquidity preference theory. The general classical theory of money believed that changes in the volume of money in an economy bring about changes in the price level. However, Fischer in his own submission argued that how much money is held by individual is a function of the given amount of money supply for the given time period. In the vein, the Cambridge version employed the same Fischer's money demand equation but in contrast to Fisher, submitted that money demand that is the amount of individual are will to hold is affected by wealth of people; as wealth increases then people tend to hold more money. They concluded that the demand for money is in proportion with income and  $k$  is the coefficient (Mishkin, 1998). In Keynes liquidity preference theory, interest rate was related with income. He affirmed that exogenous variation in money leans steadily to stimulate changes in both the velocity of money  $V$  and output or growth  $Y$ . Consequently, he argued that an increase in money tends to lower the interest rate by stimulating investments to grow. Also, the velocity will decrease. Keynes stated that a normal state under employment will increase the spending and the previous effects will not be temporary, so inflation will be the case (Batiz & Batiz, 1985)

Though there several studies on the link between money and growth, limited literature abound on the implication of monetary policy shocks on growth. Among the few evidence on the monetary policy shocks and growth, Kutua and Ngalawab (2016) study how monetary policy shocks affect industrial output in BRICS countries based on Panel Structural Vector Autoregressive model. The study finds that variations in the exchange rate have the largest impact on industrial output in the BRICS countries. It is also observed that inflation rates significantly increase industrial output, peaking after about eleven months. In a similar study, Bungin (2013) assessed the impact of fiscal and monetary shock to macroeconomic variables in Serbia in period between the years 2007-2016. The structural vector autoregression results showed that both fiscal and monetary shocks affect Serbian economy. In the same direction, Adediran, Matthew, Olopade and Adegboye (2017) investigate the relationship between monetary policy shocks and inclusive growth in Nigeria based on VAR. The study found new evidence that monetary policy affect inclusive growth; inflation and macroeconomic stability in the economy. In another study, Adeoye and Saibu (2014) study the effects of monetary policy shocks using changes in various monetary policy instruments on exchange rate volatility in Nigeria. The result of the ordinary least square and Engle-Granger approach to error correction mechanism model show that both real and nominal exchange rates in Nigeria have been unstable during the period under review. In the short, the variation in the monetary policy variable explains the movement/behaviour of exchange rate through a self-correcting mechanism process with little or no intervention from the monetary authority (CBN).

On the link between monetary policy and growth, Njimanted, Akume and Mukete (2016) study the impact of key monetary policy variables on the economic growth in the CEMAC zone from the period of 1981 to 2015 based on the (VAR) methodology. The study reveals that key monetary policy variables influence economic growth of the CEMAC zone in different ways with inflation rate as the impact factor. In the same vein, Sargolzaei and Ahmadi (2012) examined unexpected asymmetric effects of money on production and inflation using annual data from 1973 to 2008 in Iran. The result showed that unexpected monetary decrease has influenced on economic growth to great extent (compared with unexpected monetary increase) and unexpected monetary increase has

largely influenced inflation (compared with unexpected monetary decrease). Similarly, Ridhwana, Henri, Groota, Nijkampa and Rietveld (2014) study the causes of variation in the impact of monetary policies on economic development. The Vector Autoregressive (VAR) models reveal that capital intensity, financial deepening, the inflation rate, and economic size are important in explaining the variation in outcomes across regions and over time. Also, Udude (2014) examined the impact of monetary policy on the growth of Nigeria economy between the period of 1981 and 2012. The study submitted that monetary policy did not impact significantly on economic growth of Nigeria and that the inability of monetary policies to effectively maximize its policy objective most times is as a result of the shortcomings of the policy instruments used in Nigeria as such limits its contribution to growth.

### Data analysis and discussion of results

This study used the quasi-experimental research design, by combining theoretical consideration (a prior criterion), and empirical observations in analyzing the effects of predictor variables on the criterion variables (Juselius, 2006). The theoretical framework for this study was anchored on the quantity theory of money first developed by Irving Fisher (Geoff, 2012). Irving Fisher, (1932) opined like other classical writers that in the short-run money control was dictated by interest rates which were sticky but in the long-run the demand for money is influence by real cash balance. He formulates his equation of exchange and specified that:

$$MV=PT \tag{2.1}$$

where  $m$  is the actual money stock,  $V$  is the transaction velocity of circulation of money,  $p$  is the average price level and  $T$  is the number of transaction made per the period. Fisher, imposes the assumption that the equilibrium values of  $V$ , and  $T$  will be fairly constant in the short run and invariant with respect to change in the quality of money. Given the assumption, equation (1) can be re-written as:

$$M\bar{V}=P \bar{T} \tag{2.2}$$

where bars (-) signify that  $v$  and  $t$  are constant. Given that  $m$  is exogenous, there must be proportional relationship in equilibrium between money supply ( $m$ ) and the general price level (Okafor, 2009).  $M$  is related to  $p$  with a factor of proportionality  $k$ , the relationship is given by:  $M=kPY$  (2.3)

$$M/p=KY \tag{2.4}$$

$K$  is assumed to be constant Equation (2) can actually be written as;

$$MV=PY \tag{2.5}$$

where  $V=1/k$  and this is the income velocity of money, the ratio of money income (nominal GDP) to the number of times the stock of money turns over in a given period in financing the flow of nominal income. Therefore,  $V$  is a useful concept on policy making. Equation (3) can be written in growth form:

$$M = P + Y - V \tag{2.6}$$

If V is constant then V=0 so that equation (4) yields

$$M = P + Y \tag{2.8}$$

This is the fulcrum of CNB monetary targeting.

In an attempt to analyze the effect of monetary policy shocks on economic growth in Nigeria, this study adapted the model used in the study conducted by Nasko (2016) on the impact of monetary policy on economic growth in Nigeria where economic growth proxy by gross domestic product was the dependent variable while money supply, interest rate and ratio of broad money supply to gross domestic product are the explanatory variables. In line with the objective of this study, economic growth proxy by gross domestic product is the dependent variable while money supply, interest rate and inflation were used as the explanatory variables in the model. The model in functional form is stated as follows:

$$RGDP = F(MS, INTR, INFL) \dots\dots\dots(2.9)$$

The transformation of the model into a VAR model is expressed in a system as:

$$RGDP_t = c_1 + \sum_{i=1}^p \pi_{11,i} RGDP_{t-i} + \sum_{i=1}^p \pi_{12,i} MSt_{t-i} + \sum_{i=1}^p \pi_{13,i} INTR_{t-i} + \sum_{i=1}^p \pi_{14,i} INFL_{t-i} + \mu_{1,t} \dots (2.10)$$

$$MSt_t = c_1 + \sum_{i=1}^p \pi_{11,i} MSt_{t-i} + \sum_{i=1}^p \pi_{12,i} RGDP_{t-i} + \sum_{i=1}^p \pi_{13,i} INTR_{t-i} + \sum_{i=1}^p \pi_{14,i} INFL_{t-i} + \mu_{1,t} \dots (2.11)$$

$$INTR_t = c_1 + \sum_{i=1}^p \pi_{11,i} INTR_{t-i} + \sum_{i=1}^p \pi_{12,i} RGDP_{t-i} + \sum_{i=1}^p \pi_{13,i} MSt_{t-i} + \sum_{i=1}^p \pi_{14,i} INFL_{t-i} + \mu_{1,t} \dots (2.12)$$

$$INFL_t = c_1 + \sum_{i=1}^p \pi_{11,i} INFL_{t-i} + \sum_{i=1}^p \pi_{12,i} RGDP_{t-i} + \sum_{i=1}^p \pi_{13,i} MSt_{t-i} + \sum_{i=1}^p \pi_{14,i} INTR_{t-i} + \mu_{1,t} \dots (2.13)$$

The VAR (p) system equation (2) to equation (5) can be represented in a reduced form within a matrix framework as:

$$\begin{pmatrix} RGDP_t \\ c_2 \\ INTR_t \\ \mu_{3,t} \\ INFL_t \\ \mu_{3,t} \end{pmatrix} = \begin{pmatrix} \pi_{11} \\ \pi_{21} \\ c_3 \\ c_4 \end{pmatrix} + \sum_{i=1}^p \begin{pmatrix} \pi_{13} & \pi_{14} \\ \pi_{23} & \pi_{24} \\ \pi_{31} & \pi_{32} \\ \pi_{41} & \pi_{42} \end{pmatrix} \begin{pmatrix} RGDP_{t-i} \\ MSt_{t-i} \\ INTR_{t-i} \\ INFL_{t-i} \end{pmatrix} + \begin{pmatrix} \mu_{1,t} \\ \mu_{2,t} \\ INTR_{t-i} \\ INFL_{t-i} \end{pmatrix} + \begin{pmatrix} MSt \end{pmatrix}$$

The expected signs of the coefficients of the explanatory variables are summarized in terms of differentials as follows: Money supply is expected to exert a positive effect on economic growth in Nigeria as proxy by RGDP i.e.  $\frac{\partial RGDP}{\partial MS} > 0$ ; interest rate is expected to exert a negative effect on economic growth in Nigeria as proxy by RGDP i.e.  $\frac{\partial RGDP}{\partial INTR} < 0$ , inflation

is expected to exert a negative effect on economic growth in Nigeria as proxy by RGDP i.e  $\frac{\partial RGDP}{\partial INFL} < 0$ .

The data series for each of the variables which covered the periods between 1986 and 2018 for the variables in the model were obtained from the publication of central Bank of Nigeria, (CBN Annual Report), Statistical Bulletin, National Account and Bureau of Statistics. In the analysis of data, the commonly used Vector Autoregressive (VAR) approach for the analysis of the effect of shocks associated with a variable on the other variable(s) was used in the analysis.

## Results and Discussion

This includes descriptive statistic and correlation as follows:

**Table 1: Descriptive statistics**

	RGDP	MS	INTR	INFL
Mean	34530.04	4842.205	12.70323	18.10000
Median	25267.54	1269.320	11.88000	12.70000
Maximum	69023.93	21607.68	28.02000	57.20000
Minimum	15237.99	23.81000	6.300000	-14.10000
Std. Dev.	18086.69	6626.223	5.276541	17.65514
Skewness	0.708861	1.235272	1.134955	1.076240
Kurtosis	2.026670	3.133355	3.789054	3.424282
Jarque-Bera	3.819854	7.906774	7.459496	6.217035
Probability	0.148091	0.019190	0.023999	0.044667
Sum	1070431.	150108.4	393.8000	561.1000
Sum Sq. Dev.	9.81E+09	1.32E+09	835.2567	9351.120
Observations	31	31	31	31

Source: Author, 2019

In Table 1, the mean of economic growth, money supply, interest rate and inflation greater than their medians implying that the variables are positively skewed. The skewness coefficient of money supply, interest rate and inflation are greater than one indicating that these variables are highly symmetrical except for economic growth. The Jarque-Bera statistics shows that except for economic growth all other variables in data set are normally distributed since their p-values are statistically significant at 5% level of significant.

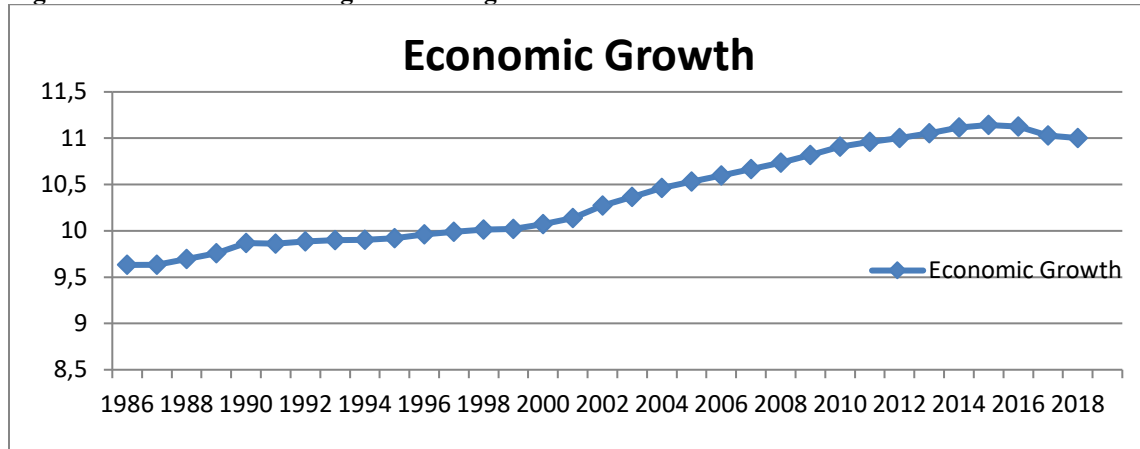
**Table 2: Correlation analysis matrix**

	RGDP	MS	INTR	INFL
RGDP	1			
MS	0.666200	1		
INTR	-0.609105	-0.536915	1	
INFL	-0.333267	-0.268072	0.551465	1

Source: Author, 2019

In Table 2 there was statistical evidence that money supply have a positive association with economic growth while interest rate and inflation have a negative association with economic growth in Nigeria. The result also showed that the association among the variables is not very strong indicating the absence of the problem of multicorrelation among the independent variables. The trend of monetary policy variables and economic growth in Nigeria is presented using the line graph as follows

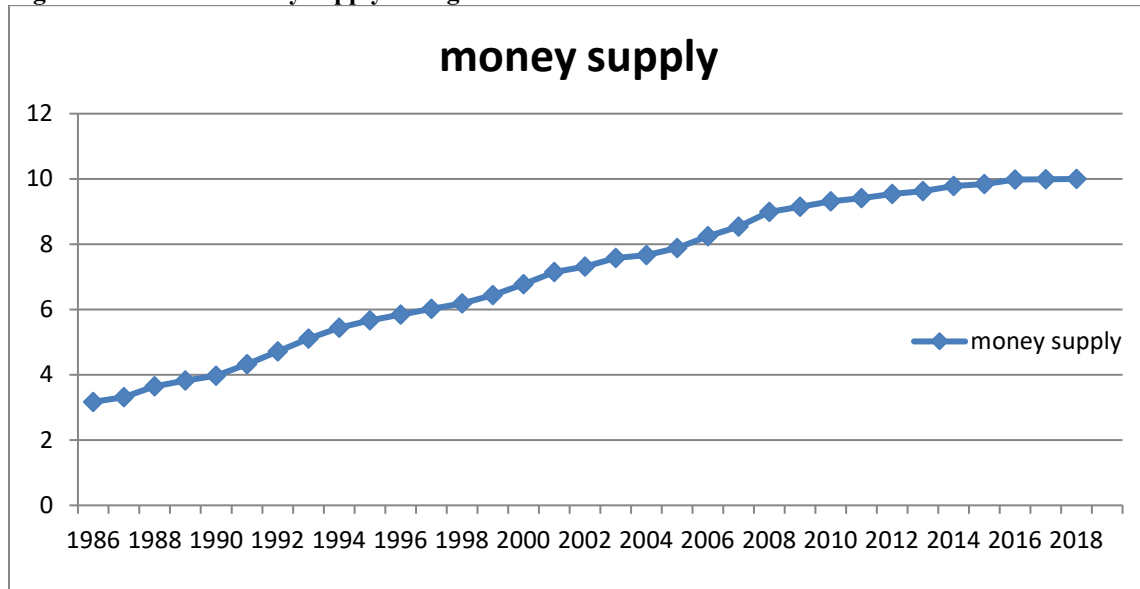
Figure 1: Trend of economic growth in Nigeria 1986-2018



Source: Author, 2019

Figure 1 showed that over the entire period, economic growth has been growing sluggishly in Nigeria. In addition, for some years, there was an increase in the pace of economic growth and for other years the trend of economic growth falls. The rise and fall in economic growth in Nigeria for some years can be attributed to the rise and fall in international oil price since the economy is dependent on oil revenue.

Figure 2: Trend of money supply in Nigeria 1986-2018



Source: Author, 2019

Figure 2 showed that over the entire period, money supply has been growing rapidly in Nigeria. The continuous increase in money supply suggest that the monetary authority has been doing all within her capacity to ensure a sound financial system through the supply of money and regulatory policy.

The model is estimated using VAR estimates. In VAR methodology, much interest is not on the coefficients of VAR, because it does not make much meaning in economics; rather the focus is on the variance decomposition and the impulse functions. The coefficient of VAR estimates and variance decomposition is presented in table 4 while the variance decomposition is reported in table 5 as follows:

**Table 4: Result of VAR estimates**

Dependent Variables	M2 t-1	INFL t-1	EXCR t-1	INTR t-1
LOG(RGDP(-1))	0.899452 (0.04283) [ 17.0250]	-0.158316 (0.13942) [1.13557]	6.388833 (4.95420) [ 1.28958]	23.74957 (22.3305) [ 1.06355]
LOG(MS(-1))	0.025985 (0.01263) [ 2.05722]	1.026659 (0.03333) [ 30.8008]	-2.713553 (1.18448) [-2.29093]	-6.849340 (5.33891) [-1.28291]
INTR(-1)	-0.000579 (0.00184) [-0.31516]	0.011526 (0.00485) [ 2.37621]	0.242748 (0.17237) [ 1.40830]	0.971990 (0.77694) [ 1.25106]
INFL(-1)	0.000309 (0.00044) [ 0.70100]	-0.002424 (0.00116) [-2.08360]	0.043696 (0.04134) [ 1.05696]	0.210257 (0.18634) [ 1.12834]
C	0.909759 (0.46231) [ 1.96784]	1.571642 (1.21998) [1.28825]	-38.39959 (43.3528) [-0.88575]	-195.6112 (195.408) [-1.00104]
R-squared	0.997757			
Adj. R-squared	0.994553			
F-statistic	0.060025			
Log likelihood	0.092601			
Akaike AIC	311.3829			
Schwarz SC	25.78946			

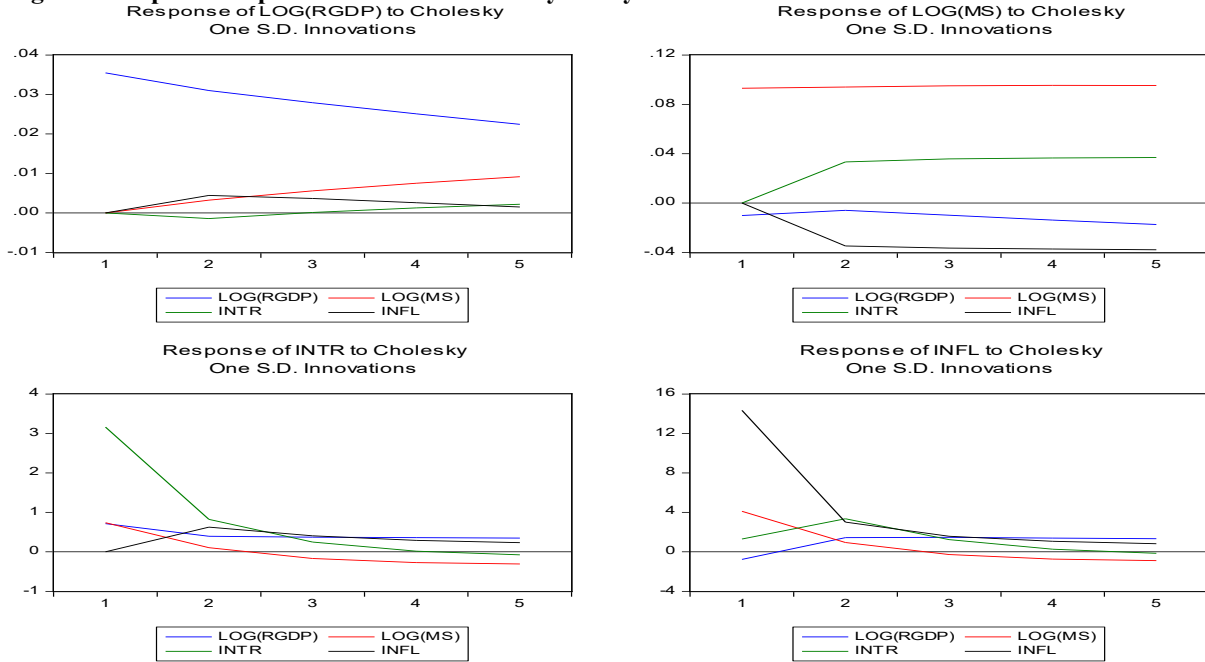
Standard errors in ( ) & t-statistics in [ ]

Source: Author, 2019

The VAR estimates presented in Table 4 showed that there is statistical evidence that changes in economic growth is influence positively by changes in money supply ( $\beta = -12.34828$ ,  $t = -2.33651$ ,  $p < .05$ ) and its own shocks ( $\beta = 0.04283$ ,  $t = 17.0250$ ,  $p < .05$ ) while changes in inflation and interest rate do not influence changes in economic growth in Nigeria. The implication of this result is that, it is only changes in money supply that influence changes in economic growth in Nigeria.

The impulse response function was used to investigate how economic growth respond to shocks in monetary policy. The results of the impulse response between economic growth and monetary policy variables are presented in figure 3 below:

**Figure 3: Impulse Response Function: Monetary Policy Variables and Economic Growth**



Source: Author, 2019

Shocks in money supply lead to a long term decrease in economic growth as shown in the figure 3 above. The improvements in money supply resulted in a sharp decrease in economic growth in the second year to the third year, but later remains under the steady state with a new equilibrium state implying permanent effect from the third to the fourth year after which there was a sharp increase in stock market capitalisation in the fifth year. Shock money supply also leads to a rise in inflation and a decline in interest rate below the steady state.

The variance decomposition in VAR separates the variation in an endogenous variable into component. Thus, variance provides information about the relative importance of each random innovation in affecting the variables in the VAR. The reduced form of the VAR obtained using Sims's recursive Choleski decomposition method is reported as follows:

**Table 4: Results of Variance Decomposition of Economic growth from VAR**

**Response of LOG(RGDP):**

Period	LOG(RGDP)	LOG(MS)	INTR	INFL
1	0.035461 (0.00458)	0.000000 (0.00000)	0.000000 (0.00000)	0.000000 (0.00000)
2	0.030981 (0.00477)	0.003259 (0.00254)	-0.001430 (0.00566)	0.004431 (0.00635)
3	0.027932 (0.00531)	0.005605 (0.00331)	0.000136 (0.00632)	0.003651 (0.00654)
4	0.025103	0.007524	0.001294	0.002591

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	(0.00607)	(0.00367)	(0.00628)	(0.00647)
5	0.022444	0.009176	0.002184	0.001525
	(0.00685)	(0.00391)	(0.00596)	(0.00631)

Source: Author, 2019

The result of the impulse response in figure 3 and variance decomposition in Table 4 reveals that at 5 horizon, 0.07% of the variance in economic growth is explained by its own shocks while money supply contributed 0.03%, interest rate contributed 0.06% and inflation rate 0.06%. The result comes into alignment with theoretical study that causation monetary policy and economic growth in Nigeria is significant, and as such, changes in money supply predicted changes in inflation.

### Discussion of results

The result of the vector autoregression estimation shows that money supply exert a significant positive effect on economic growth in Nigeria while inflation and interest rate exert an insignificant positive effect on economic growth in Nigeria at 5% level of significance. The implication of this result is that, it is only changes in money supply that influence changes in economic growth in Nigeria. By and large our result established that monetary policy shocks exert a significant effect on economic growth in Nigeria. This result corroborated the findings of Ismail, Adegbemi and Mariam (2013) on the impact of monetary policy on economic growth in Nigeria where a long run relationship was established among the variables and inflation rate, exchange rate and external reserve were found to be monetary policy instruments that significantly drive growth in Nigeria. It also gave credence to the findings of Adeoye and Saibu (2014) on the effects of monetary policy shocks using changes in various monetary policy instruments on exchange rate volatility in Nigeria where it was found that variation in the monetary policy variable explains the movement/behaviour of exchange rate through a self-correcting mechanism process with little or no intervention from the monetary authority (CBN). However, the result was in contrast to the findings of Udude (2014) on the impact of monetary policy on the growth of Nigeria which established that only exchange rate exerted significant impact on economic growth in Nigeria while other variables did not.

### Conclusion and recommendations

This study concluded that monetary policy shocks exert a significant effect on economic growth in Nigeria while interest rate and inflation do not show any effect on economic growth in Nigeria. The implication of this result is that, it is only changes in money supply that influence changes in economic growth in Nigeria. This result is attributed to the ability of the Nigerian government to effectively regulate some other important macroeconomic variables which can infuriate interest rate which has thereby helped curtail the effects of interest rate and inflation during the study period. This is an indication that monetary authorities might have initiated policies that helped absorb the influence of macroeconomic instability on economic growth in Nigeria.



Following the empirical findings, the following recommendations are made for effective policy formulations: that the Central Bank of Nigeria should promote financial inclusion and accessibility of finance to the economically active poor and the micro entrepreneurs. Also the CBN should ensure the downward review of the monetary policy rate of 12% to 9 percent so as to enhance more financial accessibility and inclusion with a low interest rate, thereby encouraging borrowing for potential entrepreneurs and the economically active poor. Equally, government through collaborative effort with the organized private sector must work to ensure stable price level through the use of monetary policy.

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## **BANKER – CUSTOMER RELATIONSHIP DURING THE PANDEMIC**

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**Abstract:** *the banking system in romania like all the other financial sectors was stricken by the SARS-COV2 pandemic. the most stricken banks were the commercial ones which effectively depended on the businness of small storekeepers who tried to overcome this period in order not to go bankrupt.*

**Keywords:** *banking system, banker-customer relationship, banking services*

### **Introduction**

The relationship between the banking system, the economy and the real situation is, in the final instance, a relationship between a customer and a bank. This relationship is a two-way relationship and, as a consequence, it must be concomitantly and permanently regarded from the bank's point of view as well as from the customer's point of view. The bank industry became a strongly competitive sector, where the participants on the market have to permanently innovate and offer to customers new products. In the search of profit, the banks must not therefore forget that they have ethical obligations towards customers as well as towards the society as a whole, they holding a privileged position because the members of the society need their services in many cases, and that is why they appeal to them.

The idea that one wins and the other loses cannot be promoted, because in the end both parties lose. A healthy bank system must ensure, in standard conditions from the point of view of opportunity, legality and effectiveness, the profit expected by both parties.

### **The value of banks during the pandemic**

The banking system in Romania like all the other financial sectors was stricken by the SARS-COV2 pandemic. "The amount of paid interests, all the expenses relating to issuing shares and bonds, the commissions and bank expenses etc. are the elements which decisively influence the cost of the capital" (Gabriel Ionel Dobrin, *Economia și evaluarea riscului în lumea afacerilor*, Editura Universității "Lucian Blaga", Sibiu, 2013, page 152).

The digitization imposed by the present situation made the banks have a rather difficult life. It led either to reorganisations, agency closures, either to investments in

technology in order to maintain the interaction with the customers. The most stricken banks were the commercial ones which effectively depended on the business of small storekeepers who tried to overcome this period in order not to go bankrupt.

Due to the situation created by the pandemic, the expenses increased and the investments drastically decreased. "The everyday life permanently proves the limited and not perfect character specific to market mechanisms, taking also into account the set of consequences which result from this situation" (Gabriel Ionel Dobrin, *Analiza și evaluarea riscurilor specifice mediului de afaceri românesc*, Editura Universității "Lucian Blaga", Sibiu, 2014, page 76).

During this period at global level the people tried to be more wise, to spend less money and to avoid borrowing, which influenced the banks activity. The 34 banking institutions in Romania closed the balance sheet for year 2020 with total assets in a value higher than 560 billion lei, Banca Transilvania being the market leader with assets higher than 100 billion lei. The top of most valuable banks in Romania remains unchanged, being composed by: Banca Transilvania, BCR and BRD. The market leader, Banca Transilvania, exceeds the assets threshold of 100 billion lei, having a visible ascending tendency, even during a pandemic.






**Tabel 1. The evolution of bank assets of the main Banks in Romania**

Top	Bank	31 Dec. 19	30 Jan. 20	31 Jan. 20
1	Transilvania Bank	17,71%	18,12%	18,46%
2	BCR	14,43%	14,11%	14,20%
3	BRD	11,28%	11,26%	11,00%
4	ING Bank	9,01%	9,43%	9,55%
5	Raiffeisen Bank	8,66%	8,89%	9,17%
6	UniCreditBank	8,99%	8,43%	8,11%
7	CEC Bank	6,64%	6,98%	7,37%

Source: BNR

The accumulated profits of the three banks on the podium came close to 3 billion lei in 2020, representing approximately 58% of the net profit in the banking system. The profit of the largest nine banks exceeded 5 billion lei. The entire Romanian banking system, made of 34 banks, closed the year 2020 with a net profit of 5.14 billion lei, a decrease of 19.5% compared to 2019. Most of large banks reported for 2020 decreased profit compared to 2019, under the conditions of the coronavirus crisis, which made necessary the set up of larger provisions.

**Profits on assets on the year 2020 – Top 5 banks**

BANK	Profit 2020 (mil. lei)	Variation compared to 2019
 BANCA BT TRANSILVANIA*	1.197,3	-26%
 BRD GROUPE SOCIETE GENERALE	951,5	-37,7%
 BCR	814,1	+37%
 Raiffeisen BANK	644	-17%
 ING BANK	574	-37%

Source: Banks

On international level in year 2021, 2 Romanian banks appear in the rankings of Brand Finance Banking 500, Banca Transilvania holding the global position 302 and BRD the position 470. Banca Transilvania, the largest Romanian bank, holds a better position in the rankings of Brand Finance Banking, from the position 339 in 2019 to the position 302 in year 2021. The value of Banca Transilvania increased with 19%, till 441 billion lei. Banca Transilvania entered this international ranking in 2018, on the position 486, with a value of USD 174 billion, in 2019 it went up 50 positions in the top, and in 2020, it went up 100 positions compared to 2019. The BRD bank fell in this international ranking from the position 434 in 2020 to the position 470 in 2021, a decrease of 17% compared to the last year.

**The customers and the online environment**

The banks have lately invested in the digitization system of bank operations in order to improve the relationship with their customers. Following some constant declarations made by the managers of top 5 banks in Romania, some of the customers are sceptical about the online environment, still preferring the physical contact with the banker.

*Transilvania Bank*

As a market leader in the banking sector, Banca Transilvania benefits of various digital solutions which satisfy the demands of business customers as well as the demands of the most common customers. The digital solutions offered by Banca Transilvania were known on the market before the pandemic, and during this period 97% of all their customers used the digital services offered by them. Also, at the level of Banca Transilvania there is that part of customers who prefer a face to face banker-customer relationship either due to the complexity of the financial product they need, the customer feeling safer in front of a bank officer, either due to the need of customers aged 45-50 who adapt with more difficulty to the present technology. During the lockdown, sustained actions were conducted in order to inform the customers related to the functionality of digital solutions. In spite all the digitization actions, there still are customers who prefer offline solutions, they representing about 12% of the total bank customers.

### *BCR S*

At the level of BCR, only 7% of total transactions held at BCR by natural persons is made at the cash desk, and also 7% of total current accounts are opened at the branch headquarters. The BCR's representatives confirm the fact that there still are clients who prefer a face to face relationship with the bank representative and they are aware of the fact that there are more things to be done in order to decrease this offline relationship with the bank. There are two reasons why BCR customers prefer a face to face relationship with the bank officer. The first reason is that they need more complex bank financial products and the physical presence in front of the bank officer increases their trust. In this case a transparent financial dialogue is needed. This type of face to face interaction is very important especially at the beginning when the banker-customer relationship must be strengthened through trust. If in time this banker-customer relationship becomes stronger, the relationship will evolve towards the digital environment, the video-counselling, a segment in which at present are made huge investments. The second reason for which the BCR customers prefer the physical presence are the physical proves they need in the relation with different institutions: various tolls, tally-sheets, polices etc. It is expected that this sector will tend to digitalise by concluding some partnerships with the authorities involved in these operations. Immediately after the beginning of COVID-19 virus crisis, BCR implemented in record time a complex digital service named George, through which the customers could apply instantly to postpone installments, with immediate issuance of the new reimbursement graph. Also, there were activated new channels of digital communication, push-notification, then the easier activation and access to services of mobile & internet banking in George, all these precisely to increase the digitization degree during the pandemic.

### *Raiffeisen Bank*

The digitization tendency of Raiffeisen Bank registered an accelerated increase following the COVID-19 pandemic. The representatives of Raiffeisen Bank state that the digitization progressed a lot, registering an increase of 80% in the case of transactions made using online applications, an increase of 20% in the number of customers who use digital services, the payments made by credit card increased with more than 80%, while the number of online payments to suppliers doubled. Although the digitization tendency accelerated, there still is an important part of customers who still prefer the face to face interaction with the bank representative. Depending on the complexity of the requested bank service, the banker-customer relationship tends to the direct interaction with the bank. In the case the bank service requires important decisions from the client and with an impact on long term, like the loan secured on a property, the human factor becomes very important for the customer. Usually, the young people aged between 25 and 45 prefer an online interaction with the bank, while the customers older than 55 prefer a direct relationship with the banker. In the case of Raiffeisen Bank, the pandemic accelerated the digitization projects of the system in order to facilitate the interaction of the customers with the bank services. Thus, there were registered investments of more than five hundred thousand euro in digital platforms which generated an increase of the customers who use digital transactions.

### *ING Bank*

The services offered by ING Bank take place in a balanced mixture of online and offline banking. The banker-customer relationship in the case of ING Bank aims to be as close as possible to the modern customer's needs. The bank tries constantly to improve the banker-customer relationship and to be close to them anywhere and anytime, through the application Home Bank, but they also offer the possibility of a direct interaction with a bank officer in the case of more complex financial decisions. Through the offered services, the bank tries to cover all the portfolio of customers. "Out of 1.46 million of active customers, more than one million use ING Home Bank and more than 90% of entries are made on mobile devices. Some good news is the fact that many of ING Bank's customers aged 40-50 activated the Home Bank digital application".

### **Conclusions**

The Romanian banking system began to continuously adopt actions to maintain and even improve the services offered to all the categories of customers, even during this period of worldwide crises caused by the COVID-19 virus pandemic. The proof was the quick capacity to change the operation system of services from offline to online. The banking system proved during the time that it is a responsible partner at operational level as well as at systemic level through the solutions it offered to customers, employees and, finally, to the economy.

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## **ANALYSIS OF THE LINK BETWEEN CORPORATE GOVERNANCE AND THE PANDEMIC INVESTMENT DECISION**

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**Abstract:** *In this paper we want to make a presentation of the investments made by companies affected by the coronavirus pandemic and the way in which corporate governance has managed this decision. The crisis caused by the Coronavirus pandemic has affected the HoReCa industry the most in the world (HoReCa is a sector of the hotel and food industry "especially food and beverage establishments"). The crisis caused by Covid-19 has put and continues to put pressure on the Boards of Directors. In large companies, the management of a company is the one that will support the pandemic management on a daily basis. Thus, the Board of Directors has a crucial role, given that it is the body with the ultimate legal responsibility for the organization. It must monitor the actions of managers, assess whether the most appropriate measures are taken. According to economic theory, the demand for investment in pandemics is likely to decrease, as the lack of labor in the economy suppresses the need for large investments. Thus, in order to highlight the effects produced by the pandemic on the investment decision of corporate governance, I will use the competitiveness indicator. In this way I will be able to calculate corporate governance through the responsibility of corporate governance, and competitiveness in the field of analysis meant saving from bankruptcy, surviving the business. In the light of this paper, I would like to highlight the relationship between pandemic and competitiveness-investment. Thus, I will demonstrate how close the connection is between the Boards of Directors and the investment decision during the pandemic.*

**Keywords:** *corporate governance, investment, pandemic, competitiveness, enterprises*

### **Introduction**

It can be seen that until the appearance of this new Covid-19 virus with its possible cataclysmic effects (Washington Post, 2020), and implicitly to "install" the pandemic, the economic context was marked by the globalization, by the finding growing interdependencies between environment and development. Thus, the idea that the responsibility of corporate governance and the approach to sustainable development, which should be an integral part of economic concepts, has begun to take shape. And by creating and maintaining a close link between the two concepts, it is ensured to maintain a balance between economic and social progress and the reserves of natural resources. In the field of tourism, investors and creditors, according to the general framework of the Council for



International Accounting Standards, should be able to influence management and sustainable development, through partnerships, agreements and by strengthening and using local structures. And investors use company-specific information to make the most appropriate decisions about buying, selling or holding capital.

The aim of the research is to observe the impact of the pandemic on the investment decision of the corporate governance of HoReCa companies.

The objectives we have in this research are:

- determining the correlation between corporate governance and investment decision;
- measuring competitiveness;
- identifying the impact of the pandemic on the financial situation of the analyzed companies.

Operationalization of research by formulating the questions to be answered:

- What is the connection, the correlation between corporate governance and the investment decision?
- What is the link indicator between the 2 terms?
- What is the impact of the pandemic on the companies analyzed?

Hypotheses:

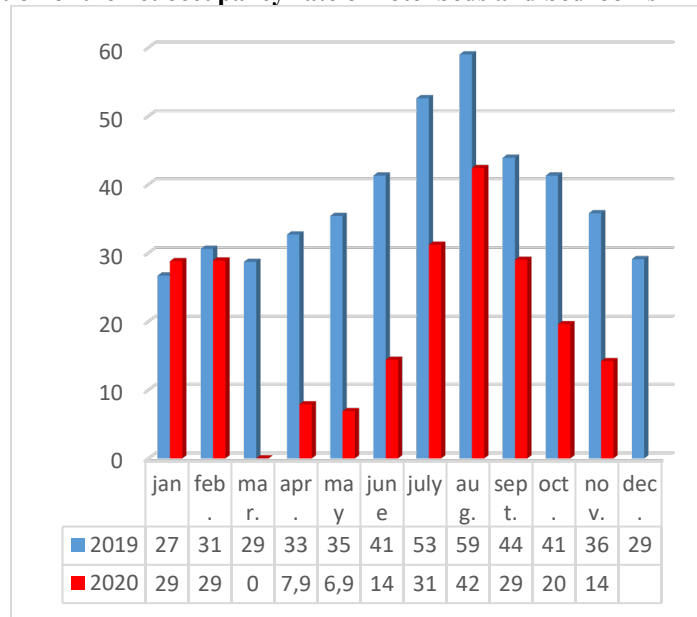
- Corporate governance helps increase competitiveness;
- Increasing competitiveness meant saving from bankruptcy;
- Decreasing investment in the pandemic increases economic performance.

### **Review of scientific literature**

In the context of the 2020 pandemic, the HoReCa industry was severely affected by the restrictions on movement and social distance imposed by the authorities. Thus, among the multitude of risks faced by these companies in this industry, the pandemic was a new risk, unknown and unquantifiable. The main reason why the HoReCa industry has suffered the most losses is represented by the sanitary rules imposed by governments in order to limit the spread of the virus (K & C, 2020: 2). Thus, in 2020, against the background of the effects of the pandemic, the number of overnight stays registered in the tourist reception structures in the EU countries stood at EUR 1.1 billion in the first 8 months of 2020; a decline of 50% compared to the same period in 2019. The most severe decrease in the number of overnight stays registered in the EU tourist reception structures in 2020 was in April (95%) and May (89%). %), compared to the same months in 2019.

In the figure 1 we made a presentation of the evolution of the net occupancy rate of beds and bedrooms in hotels in 2019 vs. year 2020.

**Figure 1 The evolution of the net occupancy rate of hotel beds and bedrooms in 2019 vs. 2020**



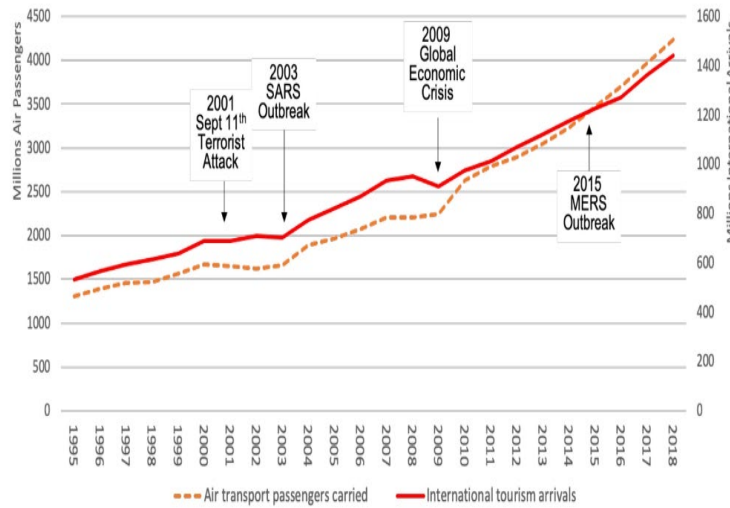
Source: *own processing after*  
[https://ec.europa.eu/eurostat/databrowser/view/TOUR\\_OCC\\_MNOR\\_custom\\_552274/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/TOUR_OCC_MNOR_custom_552274/default/table?lang=en)

The indicator of the net occupancy rate of hotel beds and bedrooms reflects the impact of the pandemic on the hotel industry (N et al., 2020: 7). Thus, the lowest value of the indicator is registered in May 2020, respectively 5.9%. It is not available for March 2020, and no data are available for December 2020. From June 2020 there is an upward trend of this indicator, a trend that is molded for 2019, but not much lower values. And since September 2020 there is a downward trend. A key activity for the Board is determined by the financial impact of the pandemic and the cash flow, as these will determine whether or not the company will survive. Thus, the Board and management must regularly review the company's financial situation, make revenue or cash projections, and explore alternative financing arrangements on an ongoing basis. Health and safety are at the heart of any business that is or is not directly affected by the pandemic. The Board must ensure that the well-being of employees is protected and that responsible action is taken to limit the spread of the virus.

Inland countries, the Covid-19 virus has affected the entire value chain of hospitality, given that events and accommodations have been canceled and restaurants closed. In the case of restaurants, one solution was home delivery, but this was for those who were able to adapt their infrastructure. Tourism has suffered enormously in a few months of pandemic so that we could frequently see the photos posted online with "before" and during the pandemic, with empty stations.

Although the tourism sector has also been affected by crises, as can be seen in figure 2, none of these events has led to a long-term decline in the global development of tourism.

**Figure 2: The impact of major crisis events on global tourism**



Source: <https://data.worldbank.org/indicator/is.air.psgr> and <https://data.worldbank.org/indicator/ST.INT.ARVL>

In the period 2000-2015, there were major events that disrupted tourism, and here we can include, the terrorist attacks of 09.11.2001, the outbreak of severe acute respiratory syndrome (SARS) in 2003, the global economic crisis in 2008-2009, as well as and the Middle East Respiratory Syndrome (MERS) of 2015. None of these borderline situations led to the decline caused by the 2020 pandemic; although the events of 2000-2015 also affected tourism, but the share is much lower (for example SARS caused a decrease of 0.4% and the global economic crisis a loss of 4.0% of international arrivals). We can see that tourism has been resistant to these shocks, but the losses caused by the pandemic are unprecedented, because tourism revenues are permanently lost; unsold accommodation capacity cannot be traded in the following years. Thus, state governments are beginning to raise awareness of this issue and with the help of the EU provide subsidies to operators operating in this sector. However, there have been voices (G, 2002: 297; P & Y, 2007: 321; W, 2012: 47-51; S & G, 2015:275) that have warned of the possibility of a pandemic, as there is a growing mobile population, a global network of transport that facilitates the spread of pathogens (P et al., 2009: 8; L et al., 2011: 265-270).

Another perspective adopted in the pandemic comes against the background of changes in consumer behavior and travel demand. A person's behavior is influenced by several factors, among which we can include personal economic well-being, disposable income, changes in accommodation costs, travel, etc. the media in providing information; given that individuals may overreact to various news items. As we have seen, the pandemic has raised new vulnerability issues. And this was also observed among the staff in this sector. Employees in this sector were in low-paid jobs, and the crisis has disproportionately affected them. Thus, tensions arose at the population level, which also generated depression. And a depressed people can no longer find the resources to overcome the problems caused by the pandemic (job loss, technical unemployment, increased likelihood of losing their job, increased risk of illness and death, increased risk of he could not pay his current bills or credit and even the risk of not procuring the necessary food daily).

Individual problems have also translated into global problems through geopolitical tensions between superpowers and nuclear states, population protests and food security (because farmers can no longer travel to harvest crops; prices for rice, corn and wheat are rising, <https://www.nature.com/articles/d41586-020-01999-x>).

In the current context of pandemic, globalization, sustainable development and competitiveness, companies are evaluated not only on the basis of economic performance, but also the quality of management policies, which have a significant contribution to the social life of the community of which they are an integral part.

Corporate governance requires a strong management system for any business, and this leads to the consolidation of current and future investors. But the first reference to governance, in modern practice, has its roots in the seventeenth-century Dutch Republic. Thus, the first dispute between shareholders and investors that was registered took place in 1609 within the Dutch East India Company. This company was also the first officially listed in the world. All entrepreneurs want the highest possible market value of their company, and this is achieved through investments. And the market value is nothing but a reasonable estimate, in the current market conditions, of the value of the investment (<https://corporatefinanceinstitute.com/resources/knowledge/finance/market-value-vs-investment-value/>). Corporate governance is a system of rules, practices and processes through which a company is controlled and managed. Contemporary references to governance are made through the principles of the Cadbury Report (UK, 1992), the Principles of Corporate Governance (OECD, 1999, 2004 and 2015) and the Sarbanes-Oxley Act (USA, 2002).

In 2008, a paper (B & B, 2008: 270) was conducted that highlighted the link between the GIM governance index and operational performance (ROA). The study found a 1% improvement in governance, as measured by the G index; improvement that is associated with a change of 0.854% of operational performance in the current period, with a change of 0.763% in the operational performance of next year and a change of 0.287% in the next two years of operational performance. There was also a 1% improvement in governance, as measured by the composite index; this is associated with a change of 1.874% in operational performance in the current period, a change of 1.567% next year. Studies (N & W, 2008: 205-208) examined the causal relationship between corporate social responsibility (CSR) and financial performance. According to previous studies, it was found that the 2 variables seem to be related when using traditional statistical techniques. However, using a fixed time series approach, the relationship between CSR and financial performance was found to be much weaker than previously thought. Also in this study, little evidence was found of the causality between financial performance and more limited measures of social performance that focus on stakeholder management. The results suggested that the strong performance of the stock market leads to a greater investment in aspects of CSR dedicated to employee relations, but that CSR activities do not affect financial performance. It concludes that CSR is driven more by unobservable characteristics of companies than by financial performance.

Another paper (S et al., 2010:476-481) examined the effects of a company's intangible resources in mediating the relationship between corporate responsibility and financial performance. We hypothesized that past empirical findings of a positive relationship between social and financial performance may be false, because researchers have failed to account for the mediating effect of intangible resources. The result of this

study indicated that there is no direct relationship between corporate responsibility and financial performance, but there is only an indirect relationship that relies on the mediating effect of a company's intangible resources. The argumentation of the theoretical arguments was made through a database consisting of 599 companies from 28 states. In 2014, another research paper (G et al., 2014: 249-250) analyzed a sample of companies included in the S&P 100 index and excluding companies belonging to the financial sector, for 2013. With the help of the sample, the lack of a relationship was highlighted. statistically significant between the global corporate governance rating ISS Governance QuickScore 20, provided by Institutional Shareholder Services INC, and the value of the company, expressed by the Qal Tobin report and the value of the company (both adjusted by industry). The regression model demonstrated the absence of a statistically significant relationship between the ISS and the S&P 100 companies. It also did not identify any statistically significant relationship between the four ratings provided by the ISS and the Q Tobin report.

In 2015, an empirical research was conducted (G, 2015: 45) on 66 companies listed on BVB, for 2012. In this empirical research, the Q rate (adjusted according to the sector of activity) was used to quantify the value of companies. And in order to assess corporate social responsibility were analyzed: health, safety, security, employee rights, social involvement, environmental protection, quality assurance, safety and effectiveness of products and services. Thus, elaborating the global index and the 4 sub-indices of social responsibility, the control variables were achieved, for which a positive influence correlated with the value of the enterprise was established. There was also a lack of a statistically significant link between the sub-index of corporate social responsibility on environmental protection, weighted equal and the value of the company, between sub-indices on social involvement of companies, health, security, rights and employee development, environmental protection, adjusted according to stakeholders and the value of the enterprise. Also within this research, a research was conducted on the influence of ISS Governance QuickScore ratings on the value of enterprises listed on BVB. Thus, the research result showed the lack of a statistically significant link between the global corporate governance index reported by Insitutional Shareholder Services and the value of the enterprise, as well as the lack of statistically significant links between the Board structure index, remuneration, shareholder rights reported by ISS and enterprise value.

### **Research design and methodology**

Following this research of the literature, we found that there is a positive relationship between corporate governance and economic performance. Thus, I will choose to make a comparative study of companies in the HoReCa industry; industry severely affected by the pandemic. But I will note that there is a positive relationship between corporate governance and economic performance. Thus, this positive effect of increasing economic performance is determined by corporate governance through careful management to create and maintain value over the long term (T & G, 2019: 55). And to calculate corporate governance through the responsibility of corporate governance I will choose the COMPETITIVENESS indicator, which in the field of analysis meant saving from bankruptcy, business survival. Competitiveness is a stimulus to markets; stimulus that boosts the entrepreneurial spirit and that makes possible the rapid change to the changes that appear in the application. In the light of this paper, I would like to highlight the

pandemic-competitiveness-investment relationship; because as some experts (T & G, 2019: 52) say, efficiency, especially in times of economic crisis, such as the crisis generated by Covid-19, pushes companies to adopt organizational models that reason in terms of periods focusing on saving and reducing costs. Thus, a company, through corporate governance, decides to make investments, through which it attracts more customers and increases its economic and, automatically, divine performance more competitive in the market, even during crises.

In this paper we want to make a comparative analysis of corporate governance of 3 companies in the field of HoReCa, listed on the Bucharest Stock Exchange (Tourism, Hotels, Restaurants Black Sea Corporation, SIF Hotels Corporation and Turism Felix Corporation) in the investment decision, within 2020, a pandemic year. Thus, the procurement of the necessary data in the comparative analysis will be represented by the BVB website, as well as the websites of the aforementioned companies, the annual reports and financial statements.

In order to perform the comparative analysis, I will note the analyzed companies as follows: Tourism, Hotels, Restaurants Black Sea Corporation marked with A, SIF Hotels Corporation marked with B and Felix Tourism Corporation marked with C. In tables no. 1-6 we made a presentation of competitiveness, which in the field of analysis meant saving from bankruptcy, business survival, measured through 6 indicators, respectively: economic profitability (where,  $ROA = \text{Net profit} / \text{Total assets} * 100$ ), financial profitability (where,  $ROE = \text{Net profit} / \text{Equity}$ ), profitability (where,  $\text{Profitability} = \text{Operating profit} / \text{Capital employed} * 100$ ), value added (where,  $Va = \text{Trade margin} + \text{Production for the year} - \text{Intermediate consumption}$ ), market share (where,  $\text{market share} = \text{the total sales volume of the company} / \text{the total sales of the 3 companies} * 100$ ) and share of turnover in GDP.

Tabel no. 1: ROA							
**%	year 2014	year 2015	year 2016	year 2017	year 2018	year 2019	year 2020
Company A	2,51	1,71	1,72	0,67	3,72	2,04	1,76
Company B	0,24	-8,67	3,18	-1,61	-1,25	1,32	-13,87
Company C	2,09	2,91	3,75	2,65	5,49	5,87	0,21

Source: own processing

Tabel no. 2: ROE							
**%	year 2014	year 2015	year 2016	year 2017	year 2018	year 2019	year 2020
Company A	3,32	2,25	2,13	0,88	4,28	2,29	1,94
Company B	0,24	-8,67	3,18	-1,61	-1,25	1,55	-16,22
Company C	2,49	3,09	3,97	2,79	5,83	6,43	0,24

Source: own processing

Tabel no. 3: Profitability							
**%	year 2014	year 2015	year 2016	year 2017	year 2018	year 2019	year 2020
Company A	3,64	2,37	2,29	1,06	5,56	3,02	2,69
Company B	-1,11	8,94	3,35	-0,20	-0,88	0,57	-14,71
Company C	2,83	3,68	4,70	2,99	6,07	8,50	3,50

Source: own processing

Tabel no. 4: Value added							
*lei	year 2014	year 2015	year 2016	year 2017	year 2018	year 2019	year 2020
Company A	24.125.661	28.692.827	29.353.930	30.348.552	41.690.626	42.421.598	19.109.292
Company B	9.825.037	9.474.415	15.951.608	16.517.108	18.010.312	21.121.869	10.002.360
Company C	55.921.496	44.870.214	50.945.541	49.919.036	67.005.331	78.497.568	44.622.260

Source: own processing

Tabel no. 5: Share market							
**%	year 2014	year 2015	year 2016	year 2017	year 2018	year 2019	year 2020
Company A	45,98	42,92	40,31	34,71	42,80	32,77	39,88
Company B	14,83	12,09	16,99	20,45	15,88	15,77	10,19
Company C	39,19	44,99	42,70	44,84	41,32	51,46	49,93

Source: own processing

Tabel no. 6: The turnover of the companies in the national GDP							
**%	year 2014	year 2015	year 2016	year 2017	year 2018	year 2019	year 2020
Company A	0,004414	0,004802	0,004576	0,004012	0,004877	0,004912	0,002426
Company B	0,001718	0,001616	0,001569	0,002415	0,002403	0,002682	0,000875
Company C	0,007365	0,007772	0,008122	0,007009	0,008342	0,009395	0,005653

Source: own processing

## **Results and discussions**

### *ROA:*

We can see that in the case of company A in the first 2 years analyzed, the ROA indicator registers decreases, but since 2016 the trend registered by this indicator is an ascending one. In the case of company B we notice a marked evolution of increases and decreases, therefore the management of this company encounters problems in asset management. And company C has an increasing trend in the period 2014-2016 of this indicator. In 2016, there is a decrease of 1.10% compared to the previous year, and in 2018 it registers the highest value of this indicator in the analyzed period. This increase of the indicator from 2018 can be attributed to the highest level of profit, respectively 12,444,687 lei, but also to assets, respectively 226,688,119 lei. A reason for the increase of assets is given by the increase of the construction and real estate investment group from 4,278,009 lei in 2017 to 17,397,530 lei in 2018. We find that the ROA indicator of the first company, respectively company A, does not fall in the optimal range of developed countries of 3-9%, until 2018. And the other 2 companies analyzed also record lower values than this optimal range; the only exception can be seen in 2016, when company B registers a value of 3.18% of this indicator. In 2016, 2018 and 2019, company C registers values that fall within the optimal range, so compared to its assets, company C has a very efficient management.

Company A registers, in 2015, an increase of fixed assets of 9.75% as a result of the increase of fixed assets by 14.61% compared to 2014; the increase is based on investments in fixed assets and intangible assets through the purchase of hotel management licenses. In 2016 there is an increase of 1.58% due to the increase of current assets compared to the level achieved in the previous year; the increase is due to the assets held for sale classified in the category of stocks from 4,073,434 lei in 2015 to 11,007,555 lei in 2016. In 2017 there is a decrease in assets of 2.83% due to the reduction of the Real estate investment indicator, as a result of the reclassification of the Claudia Complex asset (hotel and restaurant-building and land) from leased assets into assets held for sale. And in 2018 there is an increase of 4.42%; increase due to the higher level of current assets, by 46.29% this year compared to 2017, as a result of the increase in cash from 4,439,143 lei on 31.12.2017 to 27,411,276 lei on 31.12.2018, a percentage increase by 517.49%. In 2020, fixed assets decreased by 13,674,518 lei compared to 2019.

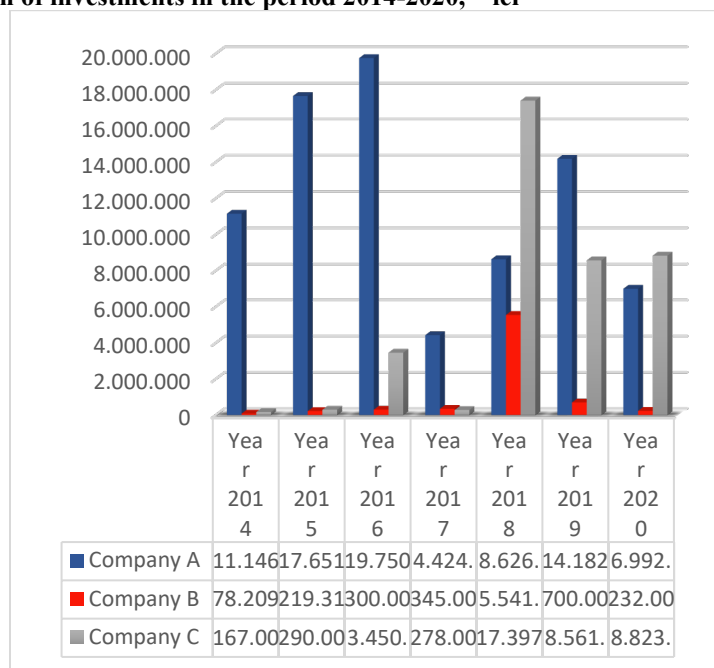
In 2015, in the case of company B, there is an increase of 25.34% of total assets, as at the end of October 2015 the merger operation was completed by which this company absorbed 5 other companies (Beta Transport Corporation of Cluj Napoca, Transeuro Hotel Baia Mare, Hotel Meseul Zalău, Rusca Corporation of Hunedoara and Valy Tim Corporation of Timișoara) becoming the majority shareholder. In 2016, there was an increase of 4.15% in total assets, although the entire patrimony of the Hotel Meses S.A. office was sold; current assets increased due to this fact, holding a share of only 11.97% of total assets. And in 2017 the effect of this sale is really felt when the value of the assets is negatively influenced by the sale of the Hotel Meses S.A. office, increasing by only 1.73% during this period. In 2018, current assets decreased by 1.47% compared to 2017; assets decreased due to an intragroup loan of 3.8 million.

Company C registers in 2015 a decrease of fixed assets of 7.64% as a result of the reduction of the cash level from 11,136,546 lei to 10,965,359 lei, as well as the decrease

of the value of trade receivables by 1,831,074 lei (from 3,553. 384 lei to 1,722,310 lei) in 2015 compared to 2014. In 2016 there is an increase of 1.25% due to the increase of inventories by 25.38%, but also of cash by 25.84% in 2015 compared to 2015. In 2017 there is a decrease in assets of 0.14% due to the decrease of trade receivables by 44.81% in 2017 compared to 2016. And in 2018 there is an increase of 11.49%; increase due to the higher level of cash (corresponding to the high level of profit this year) by 8,950,143 lei in 2018 compared to the previous year. In 2020, there is a decrease of 18,268,240 lei of fixed assets compared to 2019, as financial assets also decreased by 28.95% this year compared to 2019.

Within the figure 3 we made a presentation of the evolution of investments in the period 2014-2020.

**Figure 3: Evolution of investments in the period 2014-2020, \* lei**



Source: own processing

You can see the increasing trend of investments made by company A in the period 2014-2016, followed by the dramatic decrease in 2017 of 15,326,002 lei compared to the previous year. And in 2018-2019 the increasing trend of investments is observed. In 2017, the lowest level of investments is registered as the Board of Directors decided to allocate money only for the rehabilitation and execution of ventilation and air conditioning installations, ventilation and air conditioning works at heritage hotels and restaurants. Company B registers an upward trend of investments until 2019. In 2014, when the smallest amount allocated for investments is observed and only fixed assets were purchased, among which we can mention honors indoor signage, which reduces the level of emissions of heritage cars, and fire alert alert system. Investments made during 2020 mainly involved the purchase of equipment, such as pumps, washing machines, drinking water treatment systems and anti-burglary systems.



Company C follows the same upward trend as company A in the first 3 years analyzed, followed by a decrease in 2017. In 2018 the high level of investment is due to investment in 5 complexes of the company for modernization, maintenance and new design of rooms, restaurants (indoor + outdoor), in 2 swimming pools for beach modernization works and for the purchase and installation of a 4 kW air compressor, in the administrative headquarters for repartitioning offices and interior finishing works and in drilling and well works for the procurement and installation works of the pumping group in the Balint spring. The pandemic was invested in the 5 complexes owned by the company, in 3 swimming pools and in the administrative headquarters. The investment activity of company C focused mainly on the modernization of 55 bathrooms and the replacement of bathtubs with shower trays, the purchase of a cosmetic combine, a magnetodiaflux device and a massage bed in the treatment base, installation of a cold room 35 m<sup>3</sup>, modernization works were carried out on the interior finishes in the restaurants' kitchen, an IMP recirculation pump and a Wilo recirculation air conditioning pump were purchased and landscaping works were carried out on the access road to Hotel Poienița and Hotel Mureș.

*ROE:*

We find that the ROE indicator of the first company, respectively company A, registers in 2018 the highest level, respectively 4.28%. This year, company A also had the highest level of profit, respectively 9,823,215 lei, but also of its own capital, respectively 240,857,925 lei. Company B records negative values of this indicator in 2015, when the result for the year is negative, respectively -9,593,167 lei (when the level of trade debts increased greatly from 825,063 lei in 2014 to 1,193,181 lei in 2015), in 2017, when we have a loss of 1,894,678 lei, and in 2018, when the loss was worth 1,443,536 lei (the value of expenses increased quite a lot, exceeding revenues, because the securities held had a negative evolution.). Company C registers in 2018 the highest value of this indicator, when the highest value of profit is registered, 12,444,687 lei, and of own capital, 213,625,096 lei.

*Profitability:*

We notice that in the first 3 years analyzed from 2014-2017, company A has a decreasing profitability, therefore there is an increase in costs. And from 2018 there is a new decreasing trend. Company C has an increasing profitability in the first 3 analyzed, unlike company A. And company B has a profitability with a decreasing trend in the period 2015-2018. It is observed that in 2020 all companies have a decreasing profitability compared to 2019.

*Added value:*

It can be seen that company A has an upward trend in the value added indicator. Therefore, it has a growing economic power. Company B also has an upward evolution in the period 2015-2019. In the case of company C, it is observed that it has a higher added value than the other 2 companies analyzed for the entire period between 2014-2020, and the evolution is mainly ascending. In 2020 there are significant decreases in all companies compared to 2019.

*Market share:*

We considered the 3 analyzed companies as the only ones in this sector in order to be able to measure the total revenues of the industry; as we did not find the level of total industry revenue annually. It can be seen that the market share indicator has a predominantly decreasing evolution, in the case of company A. But in 2020 it is observed that the company has an increase in the indicator, unlike the other 2 companies. The main reason is the decrease of revenues by only 27.40% in 2020 compared to 2019 compared to the other 2 which had a decrease of 61.46% and 42.12% in 2020 compared to 2019.

#### *Share of the turnover in GDP*

It can be seen that the highest share in GDP has the turnover of company C throughout the analyzed period. And this company registers a predominantly upward trend of turnover in GDP between 2014-2019. But the 2020 pandemic has led to a severe decline from the previous year. Company A has a downward evolution in the period 2015-2017 and an upward one in the period 2018-2019. And company B has a predominantly downward evolution in 2014-2020.

#### **Conclusions**

At the level of 2020, company C holds the leading position. Thus, at the level of 2020, company C has the highest values for 4 indicators, namely profitability, value added, market share and share of turnover in GDP. In 2020 it is found that the highest value of the profitability is 3.50% and is registered by company C; however, compared to 2019, there is a decrease of 5.01% in the profitability of companies C. While company A registers a decrease in profitability of only 0.33% in 2020 compared to 2019. The highest added value in 2020 is company C, respectively 44,622,260 lei; and the decrease compared to 2019 is 33,875,308 lei. And the company registers in the pandemic a loss of added value of only 23,312,306 lei. The market share registered by company C, the highest in 2020, is 49.93%; and compared to 2019 there is a decrease of 1.53%. And company A registers an increase of the market share, in 2020, of 7.11% compared to 2019. The share of CA in GDP is the highest in the case of companies C, respectively 0.005653%. Therefore, we can say that although it was affected by the lock-down and the initial restrictions given in the pandemic, in the end, the corporate governance managed to manage the pandemic well. In other words, a stable and strong company can be affected by a pandemic, as it happened in the case of companies, but a strong analyzed company can return faster, and the increase of investments meant the realization of a future strategy. Thus, in the pandemic, at the level of 2020, this company increased investments by 262,087 lei compared to the previous year. So, although in the short run it suffered losses, in the long run this pro-investment position led to the maintenance of the market position.

We can say that company C tended to increase its market share before the pandemic. Thus, even in the pandemic, he resorted to increasing investments to continue his policy. However, we find that the decision of company A to change its Board of Directors was an inspired decision, as the change had a favorable impact on the financial situation of this company. According to the economic theory in the pandemic, it is possible that the level of investments will decrease. Yes... but a strong company and a management focused on the company can make investments lead to a strong company on the market.

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**POLITICAL PARTY BALANCED SCORECARD  
CONCEPT FOR ANALYSIS OF THE PERFORMANCE  
MANAGEMENT OF THE ACTIVITY OF POLITICAL PARTIES IN  
ROMANIA**

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**Abstract:** *In the current international context in which political parties are going through a period of widespread and substantial erosion, the achievement of performance is a sine qua non condition for their existence and continuity on the political stage. The research is a case study on the analysis of the performance of a political party in Romania, at the end of 2019, using the strategic performance measurement model Balanced Scorecard, customized to the specifics of a political organization. A review of the existing international scientific literature and case studies was carried out to define a balanced plan of performance indicators in order to evaluate the activity of a political party. The paper realizes a personalization of the strategic model for measuring the performance of Balanced Scorecard through a computer application BSC Designer Light whose architecture is based on this managerial tool. The purpose of the scientific approach is to quantify the result of the analyzed party in a score obtained for the financial and parliamentary perspective of the proposed model and for each indicator / sub-indicator related to each perspective, as well as finding a final score of the party.*

**Keywords:** *political party, performance indicators, balanced scorecard, financial performance*

## **Introduction**

The sharp disintegration of traditional political relations, especially in Central and Eastern Europe, an area where political parties face great distrust of the electorate, due to the history of the undemocratic regime presided over by the communist party state and the

transition to democracy, has favored the phenomenon of fragmentation of society and led to a profound individualization of political socialization processes. Currently, voter behavior is less conditioned by interest/influence groups, and technological development related to new forms of communication and political marketing, integrated with political management, have put Romanian political parties in front of an essential test on their ability to mobilize voters and perform in business.

### **Literature review**

Amid the economic and financial crisis of 2008, civic responsibility has increased significantly, and researchers such as Radin, (2006) and Damgaard & Lewis (2014), argue for the continuing need to measure the performance of public administration and governments due to society's skepticism about the performance of public institutions concern about spending public funds and allocating public resources. There is also a growing interest in measuring performance from the perspective of governments and political parties, due to increased international competition, targets for reducing budgets, and the need to increase the efficiency of public services.

In this context, political organizations propose an analysis of the stimuli related to the operational model of organizational innovation applied to political parties, proposed by Appleton and Ward (1997), focusing on "performance stimuli" as a need for innovation and organizational efficiency, and on the "periodic stimuli" associated with the various stages of a party's life cycle.

But what is the way to measure performance in the case of a political party?

A simplistic and pragmatic answer to this question, without being considered exhaustive, could refer to the modalities and tools of strategic management used to measure the performance of economic organizations. The challenges facing an economic organization in a market in which it operates can often be attributed to the challenges of the political scene, and the findings of a study by The Economist Intelligence Unit (2013) show that most companies face difficulties in formulating and implementing a strategy, the situation encountered and the case of political organizations. In addition, the research done by Mochiari (2016) presented the historical and forecasted evolution of the average life expectancy of a company, taking as reference the S&P 500. Thus, studies showed that the average life expectancy of a large company in 2017 is 27 years old and anticipated the continuous reduction of this life to live until only 12 years, in 2027.

In this economic and socio-political environment with a higher degree of uncertainty and complexity than ever in recent decades, the application of a Strategic Management and Performance Measurement System adapted to political organizations can make the difference between the growth or disappearance of a political party. The middle ground, that of maintaining the status quo or organic growth, is no longer, in these conditions, a realistic option, at least for the time horizon of the next 5-10 years, for which the context presented is a motivation to analyze the opportunity to start implementing the Balanced Scorecard at the level of the activity of a political party. Adopted globally by nearly half of commercial companies and public sector organizations, the original Balanced Scorecard model has evolved to date into a solid and validated practice framework, used for integrated performance management in strategy execution.

The adaptation and implementation of this tool on the model of the activity of a political organization can be the premises for the efficiency of the activity of the political entity. The reform of political parties as a phenomenon of political management requires the development of a system of performance indicators, applicable to the activity of political organizations in Romania, in order to evaluate the results of these entities. The multiple perspectives on the topic of political efficiency, have led to an evolution of the concepts of political performance, focusing on areas of interest, and most theories converge to define performance indicators set on different sectors: social, political and / or economic.

A relatively recent evolution of the notion of political performance includes Powell's (1982) approach that focused on three dimensions of political performance: citizen participation, government stability, and political order, while Putnam (1993) associated political performance with government efficiency by comparing the performance of several institutions, which resulted in a summary index - "Institutional Performance Index", designed based on 12 indicators related to institutions in the area of government influence. Lijphart (1999) had a broader approach, dividing the types of performance indicators into 3 major categories: the first group of performance indicators refers to macroeconomic management and violence control and consists of 19 macroeconomic indicators and 4 indicators of violence. (GDP deflator, consumer price index, unemployment, strike activity, budget deficits, riots and political deaths). The second set of performance indicators called quality of democracy contains 17 indicators, including Dahl's democracy rating, Vanhanen's democracy index, women's parliamentary representation, women's cabinet representation, Wilensky's rating on family policy, the rich-poor ratio, and turnout. The third set of indicators includes four different areas of social welfare, environmental protection, criminal justice and external aid and contains 10 indicators including: welfare state index, social spending, energy efficiency, the death penalty, external aid and defense aid.

Lane and Ersson (2000, 2002) also investigated political performance, and the result of the examination focused on 5 output indicators: central government revenues, general government consumption, central government deficits, social security and military spending, and 12 result indicators.

Roller's (2005) political efficiency model was condensed into a summary performance index - "General political efficiency", which initially analyzed 5 areas, of which the foreign policy one was abandoned, focusing in the end. 4 policy areas: internal security policy, economic policy, social policy and environmental policy. His study included a total of 14 efficiency indicators, some of which are related to economic policy, similar to the macroeconomic indices monitored by Lijphart (1999).

Starting from the classical model of a performance system, Högström (2011), classifies political performance, dividing it into two different major concepts, democratic performance and governmental performance associating democratic performance with the "entry" area of a political system, in while the governmental performance considers it afferent to the "exit" area of the political system, specifying at the same time a clear distinction between the two concepts. His model neglects the area of "processes" which, from the point of view of the approached topic is of maximum interest for the performance of a political party, focusing mainly on "results". In its sense, democratic performance addresses the levels of democracy and democratic norms, and governmental performance deals with the impartiality of institutions, the quality of bureaucracy, macroeconomic

management. Högström (2011) also divides the concept of democratic performance into two sub-concepts; the level of democracy and the quality of democracy. The conceptual level of democracy refers to political rights, civil rights, and indicators that can be used to measure the level of democracy are indicators of democracy, such as those monitored by Freedom House (2018), and the quality of democracy refers to democratic norms, such as political participation, political competition and political equality.

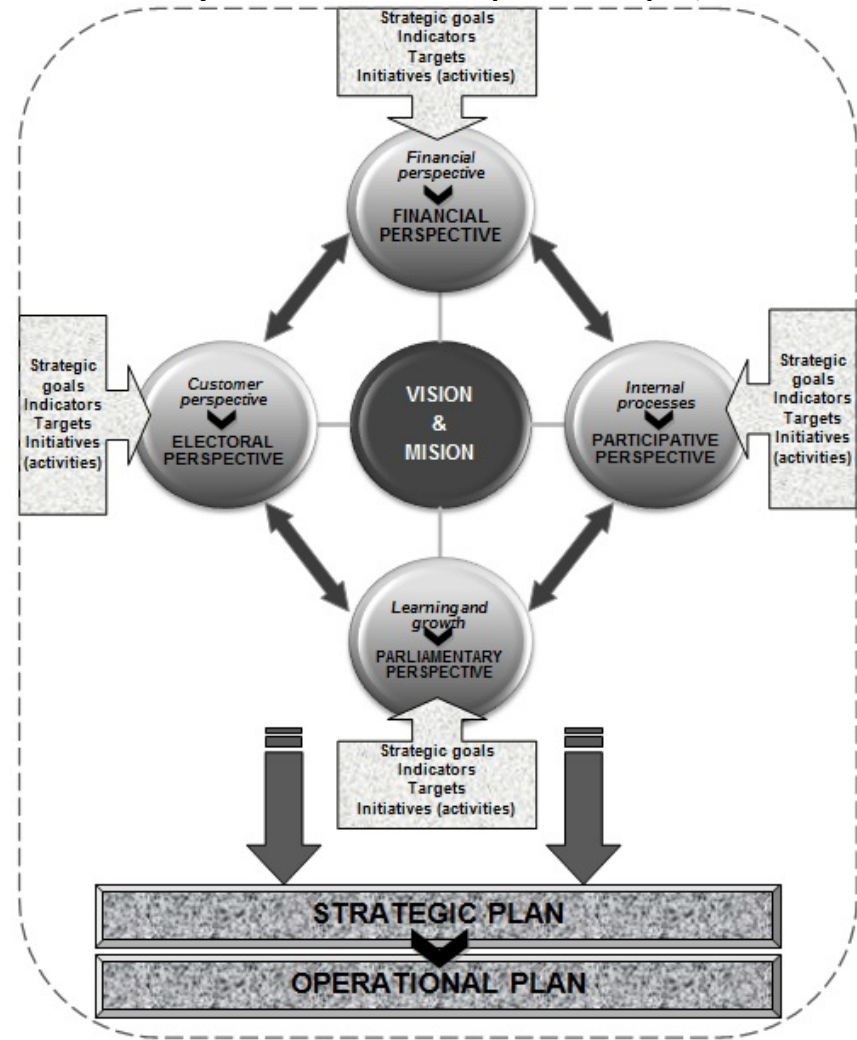
Similarly divides the concept of government performance into two sub-concepts; government effectiveness and government quality. The classification of government effectiveness is based on the concept of political efficiency of Roller (2005) which includes: foreign policy performance, internal security policy performance, economic policy performance, social policy performance and environmental policy performance. The other secondary concept of government performance - the quality of government provides for the measurement of bureaucratic quality as well as impartiality in the exercise of public authority.

Starting from these theories, the present research aims to analyze the performance of a political party in Romania, at the end of 2019, using the strategic model for measuring performance, developed by Robert Kaplan and David Norton (1992, 1996) - Balanced Scorecard, customized to the specifics of a political organization. The summary of these researches on this topic, through the selection of the main indicators analyzed by specialists in management and political science, corroborated with the transposition of the Balanced Scorecard method into the political party activity, results in a multidimensional conceptual framework for quantifying the efficiency of a political party Political Party Balanced Scorecard.

The proposed model starts from the layering of Balanced Scorecard perspectives with Chiocchetti's (2016) approach, concerning the four components based on which the performance indicators of a political organization can be defined: electoral component, the participatory component, the parliamentary/governmental component and financial component. Their overlap with Högström's (2011) concept, which divides political performance into two different concepts, democratic performance and governmental performance, which lead to an own interpretation of the Balanced Scorecard at the political organization level - Political Party Balanced Scorecard graphically presented according to figure 1.



Figure 1. Political Party Balanced Scorecard adapted from Kaplan, R. and Norton, D.P.



The customization mechanism of the Balanced Scorecard in the Political Party Balanced Scorecard for a Romanian political entity is similar to that for an economic organization since it pursues the same stages, starting with shaping the vision of the party and guidelines related to the strategic plan, continuing with establishing its own goals for each perspective, depending on which there should be indicators certain specific to that goal and which to define it in the most direct manner possible. Subsequently, based on historical data, if available, there are defined those parameters, those values, targets of each indicator, whose interpretation expresses the status/degree of achieving the goal. Of a particular importance is also the component actions of the operational plan, the activities currently undertaken by the party, of which implementation depends directly the degree of reaching the set operational objective, which is why monitoring the execution of operational plans should be a priority for the members responsible of the organization.

Adapting the instrument to the distinctiveness of the activity of a political party consists in the customization of all the component elements from the perspectives, strategic plan, indicators and targets and up to the operational plan and the current actions of the

party. As concerns the vision, analyzing the statements concerning the mission of political parties in Romania, regardless of ideology or political orientation, it follows a central element, invoked by most national political parties which gravitate towards democracy and its consolidation. The promotion of the democracy values, pluralism and the rule of law is declarative, the common mission of all political parties in Romania, for which, initiatives and measures deviating from the vision of the democratic course of the country were majorly sanctioned by voters within the electoral consultations. Once defined the vision and mission of the national political system, the parties set their own strategies that imply transposing the values of the political organization into real / operational actions through strategic planning and which are summarized in the sense of Chiocchetti (2016) to two main categories of major strategic goals "public influence and private rewards, since, on the one hand the parties shape public policies, institutions and broadly social relations according to interests and values and, on the other hand, the parties also operate as machines for getting and distributing private benefits to members and their supporters such as personal influence, social status and recognition, psychological awards, employment, money and favors".

In reality, these two goals are interconnected as the acquisition of private benefits by party frameworks depends on gaining the support of civil society actors (voters, members and financiers) and correspond to the interests and concerns of Romanian parties. From the perspectives viewpoint, the customer perspective becomes in the Political Party Balanced Scorecard the perspective of the electorate. As in the case of a company that has the purpose of attracting, maintaining and meeting the customer needs, the electoral performance is the result of a party getting popular support in electoral consultations. On the proposed model, the internal processes in the case of Political Party Balanced Scorecard overlap with the participatory perspective; political parties, in relation to other types of organization, are distinguished through a formal organization embodied in the form of statutes, codes and regulations, of certain governing bodies at local and central level among which there is a close correlation and political programs of whose purpose is materialized in the society governance.

In statutes there are stipulated the guidelines concerning the principles and values on which the party is based and operate, the leadership structure, their duration and method of appointment, the rights and obligations of party members, the position, the attitude of the parties towards the main internal and external issues, general goals, strategy and tactics applied, as well as relations with other political parties and formations. The substantiation and expression of the interests and aspirations of the social class, group whose product is that party are formalized in the form of political programs often promoted in election campaigns. Similarly, learning and growth, from Chiocchetti's (2016) point of view, can be associated in a more generic way with the parliamentary/governmental perspective. If in the case of an economic entity the human resource, through accessing training programs, develops and grows thus consolidating the company's position on the market, in the case of parties, party members who later become members of parliament, have a major role in the legislative process and a considerable influence, which it exerts in the process of government formation.

The projection of human resources from the party level is represented by the mandates of parliamentarians and members of the government, the two entities - the parliament and the government, being two dependent and interconnected bodies due to the

specific nature of the activity. The direct implications of this aspect are, on the one hand the ability of the party to design effective government programs, as well as the professional capacities, technical skills and personal abilities of the members to implement the proposed government programs, and, on the other hand the degree of involvement of parliamentarians in parliamentary activity and the legislative process, as well as their possibilities to generate effective legislative projects. The financial perspective is similar to both Balanced Scorecard models and refers to the financial performance of the party in attracting public and private funds and the use of financial resources, which in the case of a political party in Romania, comes down to public and private funding.

Getting public financing is conditioned by meeting certain performance criteria provided by the legislation on financing political parties and election campaigns, so that in Romania political parties receive monthly subsidies from the state according to the number of votes acquired in parliamentary elections combined with the number of votes obtained in local public administration elections. The public funds allocation is based on the provisions of the Financing of the activity of political parties and electoral campaigns, Act 2006, according on to the following mechanism:  $\frac{3}{4}$  of amounts are allocated to parties in proportion to the number of votes obtained in parliamentary elections - for parties that exceed the electoral threshold of 3%. Also  $\frac{1}{4}$  of the total value is divided according to the votes obtained in the local elections for the county councilmen and those from the General Council of the Municipality of Bucharest - for the parties that obtained at least 50 mandates. The low indicate additional funds wich are obtained in proportion to the number of mandates obtained by female candidates. Private financing consists in contributions, donations and loans received by political parties from natural persons or legal entities in the conditions and for amounts provided by the financing legislation of the political parties and election campaigns.

## **Methodology**

The aim of the research is first of all to define performance indicators with which a political decision-maker can evaluate the activity of his own political party, and which also allows the monitoring of political competitors operating on the national political scene. The second objective of the research is to effectively verify the progress of the indicators proposed at the end of the period under analysis, through a computer application whose architecture is based on the managerial tool for measuring performance Balanced Scorecard adapted to the activity of a political party. The finality of the scientific approach considers the quantification of the party's result in a score obtained for the financial perspective and the parliamentary perspective from the proposed model and respectively for each indicator / sub-indicator related to each perspective. Thus, the application allows the calculation of a final score of the party, depending on which a first quantitative evaluation of the activity of a political entity for the analyzed period can be made.

Starting from this desideratum, the present case study evaluates the activity of a Romanian parliamentary political party, established, traditional (founded in 1992) and ubiquitous on the national political scene, with a vast parliamentary activity present in the Romanian Parliament in the 2016-2020 legislature. The information operated in this research is official public data, related to 2019, disseminated by the competent institutions of the Romanian state responsible for their publication. Even if the analysis in the case of

financial information seems slightly late, not based on real-time data (the data of the previous year are available to the public, in May of this year), in the case of information on the activity of parliamentarians, some data they could also be available in real time, and can be accessed regularly on the websites of the two Houses of Parliament. Thus, in the future, the premises are created for the development of valid inputs, in real time, regarding the evaluation of the performances of the activity of the political parties at least on some perspectives from Balanced Scorecard.

The need to analyze performance for political parties in Romania based on the design and monitoring of performance indicators has led to a translation of a strategic model for measuring performance within an economic organization to a political organization, in conjunction with the use of a technique performance monitoring - Balanced Scorecard used by the business environment and materialized in a computer application BSC Designer Light. The population of the computer program with the specific data of the analyzed political party, as well as the interpretation of the results, considers the analysis of the results of that party following the evolution of the indicators from its own perspective, comparing the results of 2019 with the party's history 2016-2020, practically with 2017, 2018 and 2019, but also with the results registered, on the same indicators, by the political parties active in the Parliament in the same legislatura. Starting from the basic concept of the Balanced Scorecard, after defining the perspectives of the model, for each of them are set in the computer application performance indicators related to activities (initiatives) of interest, and each indicator is assigned a weight in the perspective, so that the sum weights within a perspective should not exceed 1 (100%), just as the sum of the scores of the prospects should not exceed 1 (100%).

According to the BSC Designer Light software manual, the final score of the match, calculated as a percentage representing the performance of the analyzed match, resulted from the application of the weighted average formula for each perspective as well as for the whole and depends by setting some parameters in the computer program. In the minimum version of the application (Light version), you can analyze, evaluate and calculate the progress of the established indicators, depending on 3 parameters: "value," "baseline" and "target", with the possibility to extend the analysis by another 2 parameters "maximum" and "minimum". In this case study for the simplification of the model we started from the premise that "target" = "maximum" is the target is maximum for the analyzed indicator and respectively "baseline" = "minimum" is the starting line is at a minimum level accepted for the indicator analyzed. Each indicator / sub-indicator is assigned in the "target" field a value for the target of that indicator, equivalent to the maximum target value for that indicator, a value for the "baseline" field, which represents a minimum, basic value, from which to start. monitoring for that indicator, as well as the resulting value of the analyzed indicator, which, in this case, is equal to the result obtained by the analyzed political party at the end of 2019 (31.12.2019). The progress of that indicator shall be calculated in the form of a score, obtained by applying the formula:

$$\text{Progress} = (\text{Value} - \text{Baseline}) / (\text{Target} - \text{Baseline}).$$

At the same time, the application sets, for each indicator, the weight allocated to it in perspective, as well as the optimization of the indicator which refers to maximizing or minimizing the values of the targeted indicator. For example: within the financial

perspective, optimization can take into account the maximization of contributions, because the contributions of a political party in Romania are not capped by law and a higher value of contributions would lead to a better final score of the party, and in the parliamentary perspective, it is considered to minimize the absences of the party's parliamentarians to the voting action in the parliamentary sittings. The application also allows the setting of different units of measurement for each indicator / sub-indicator (score, RON, Yes / No, etc.) and can highlight the individual progress of the indicator and graphically, with red marker for a progress of 20% , orange marker for 40%, light green for 60% and green for a progress of at least 80%.

### **Balanced scorecard designer light customization for political parties**

#### *Defining perspectives in BSC Designer Light*

The main objective of this paper is to evaluate with the help of the computer application BSC Designer Light the performance of a political party in Romania, operating with 2 perspectives from the 4 perspectives provided by the theoretical model of Balanced Scorecard, the financial one we find in the model theoretically proposed by Kaplan and Norton (1992, 1996) and a parliamentary perspective that is specific to the activity of political parties. Both areas of analysis were given an equal share of 0.5 (50%) in the proposed model, both for the financial and the parliamentary perspective. The motivation for this allocation lies in the fact that parliamentary activity reflects both the importance of Parliament as the supreme legislative forum and the "dependence" of the Government on the political parties in the parliamentary majority that guide government policies, including the appointment of the Executive. Equally, the financial perspective highlights the importance of financing a political party regardless of the source of funding, private or public, a component without which the party cannot operate on the political stage. There is also an interdependent relationship between the two perspectives, according to which the public funding of a Romanian political party depends 75% on the results obtained in the parliamentary elections, as private funding and the contribution of financial resources during election campaigns can determine the success of a political party in elections.

#### *Defining indicators and sub-indicators in the financial perspective*

Within the financial perspective, for the analyzed party, 2 performance indicators were set: private financing and public financing. Private financing contains 4 sub-indicators related to the sources of private financing provided by Law 334/2006 contributions, donations, loans and revenues from other sources such as subletting the party's own spaces for organizing parliamentary offices. The second indicator, public funding, is materialized in the form of a monthly subsidy that parliamentary parties receive from the state, through the budget of the Permanent Electoral Authority, as long as it complies with the legal provisions regarding the destination of these amounts. The share allocated to each indicator in the financial perspective was established on the proposed model, in the amount of 0.9 (90%) for private financing with the 4 related sub-indicators and 0.1 (10%) for public financing, so that the sum of the indicators from the financial perspective should be equal to 1 (100%). The rationale for this distribution is that private funding requires effort and financial discipline on the part of a political party, resource consumption in determining the amount of contributions and their monthly collection,

identifying donors and collecting all amounts from other sources, with mainly from the subletting of spaces for the organization of parliamentary offices, which led to a share of 0.9 (90%) in the financial perspective.

On the other hand, even if the form of public funding is predominant in the total revenue of a political party, about 80% of total revenue comes from the state, the share of 0.1 (10%) allocated in the Balanced Scorecard for public funding, is associated with efforts and a minimum consumption of resources by a political party, as this form of funding is granted according to the results obtained every 4 years in electoral consultations (75% results of parliamentary elections and 25% results of local public administration elections), consultations which in turn benefit from funding related to election campaigns distinct from the current activity of the party. The total budget of public and private financing for 2019 for the parliamentary parties in Romania was 318.559.792 RON, according to the official data existing on the website [roaep.ro](http://roaep.ro) and [banipartide.ro](http://banipartide.ro), published in the Official Gazette of Romania. Of this amount, the subsidy granted by the state to these parties amounted to 252.621.220 RON, which represents 79.3% of the total financial income related to political parties, an important and unconditional share of any performance or any result from the beneficiaries, to determine access to these funds. In addition, the amounts from public financial resources are relatively constant for 4 years, and changes can only occur as a result of changes in legislation made at the initiative of beneficiaries / parliamentary parties and are valid for all parliamentary parties. At the same time, the granting of the subsidy is conditioned by a single legislative criterion regarding the observance of the destinations provided by law for the expenses from these funds, expenses that cover in an overwhelming majority the functioning needs of a political organization.

From the reports published on the website of the Permanent Electoral Authority, an institution empowered to control the financing of the activity of political parties and electoral campaigns in Romania, it results that all eligible parties in the 2016-2020 legislature, including the analyzed party, received monthly state subsidy with the exception of the National Union for the Progress of Romania, a party that was not represented in parliament in the mentioned legislature. Within the financial perspective to allocate shares to each sub-indicator, we started from the examination of the amount of 113.234.805 RON, which represents the total value of private financing in the analyzed legislature, but for 3 years (2017, 2018, 2019), for which there are published data, from the same sources mentioned above. The value of private financing during this period is composed of contributions in the amount of 66.430.278 RON, donations in the amount of 10.443.420 RON, loans of 28.731.728 RON and income from other sources in the amount of 7.599.378 RON, which leads to a share for each source of financing in total private financing in the amount of 0.6 (60%) for contributions, 0.1 (10%) for donations, 0.25 (25%) for loans and 0.05 respectively (5%) for income from other sources. Given that loans, by their legal nature, need to be repaid and the model set out does not aim to analyze the performance of expenditure because there is no public information on payments and expenditure of political parties, this sub-indicator has been assigned a share of 0.1% (10%) of the total private financing, the remaining 0.9 (90%) being distributed according to the contributions of each source of income to the private financing.

Thus, the following weights were operated in the IT application: for the contribution sub-indicator 0.65 (65%), for the donations sub-indicator 0.2 (20%) and for the sub-indicator income from other sources 0.05 (5%).

*Progress of indicators and sub-indicators from a financial perspective*

To assess the progress of these indices, the score was calculated taking into account the function of maximizing the sub-indicators and applying the aforementioned formula, which depends on the value obtained by the party analyzed in 2019, relative to the target and baseline. The budget for contributions was set starting from the comparison of the total value of the contributions of all parliamentary parties in 2018 which was in the amount of 21.150.119 RON, with the total value of the contributions of the same parties in 2019, which was 26.845.119 RON, resulting in a general increase of 27% of contributions. For the analyzed party to make progress, it should record revenue from dues in 2019, at least 27% higher than dues collected in 2018. Similarly, for the donations sub-indicator, the target value was set according to the total evolution of donations in 2019 compared to 2018, resulting in a 7 times higher increase in this segment (8.191.079 RON in 2019 versus 1.168.369 RON in 2018), while for the sub-indicator revenues from other sources, there was a decrease of 6% from 2.395.328 RON to 2.253.401 RON.

The baseline parameter was set similarly for each sub-indicator and was set to the historical minimum value in the legislature for the analyzed party. Following the application of the formula,  $\text{Progress} = (\text{Value} - \text{Baseline}) / (\text{Target} - \text{Baseline})$  resulted in a score, above average for the contribution sub-indicator, of 68.08% due to a considerable level of party contributions at the end of 2019 amounting to 10.062.248 RON and a negative score of -5.56% for donations, due to the fact that the analyzed party, in 2019, received donations of only 46.000 RON amount below the baseline level of 69.000 RON and below the set target of 483.000 RON. Regarding the sub-indicator revenues from other sources, it also registered a significant progress of 69.95% a performance due to the fact that the party has the largest number of parliamentarians and the revenues in this category come mainly from the subletting of party housing for the organization of parliamentary cabinets, including at the territorial level. In the case of the loan sub-indicator, starting from the need to return them and from the conclusion that in 2017 and 2018 only 2 parties out of 7 resorted to this source of financing with insignificant loan values for one of them (2.900 RON in 2017 and 1.930 RON respectively in 2018), the unit of measurement of progress for this sub-indicator was set "Yes / No", in the sense that a party that has no loans was considered to be performing, fact for which for 2019, the result was passed "Yes" because the analyzed party contracted loans, "No" was applied to the target because the objective was not to contract loans and baseline "No" because historically the party did not register loans. This context has led to a score of 0% which does not require a certain interpretation, but indicates that the party used to finance loans that must be repaid according to the legislation in force within 2 years.

The same unit of measurement with "Yes / No" was used in the case of the public funding indicator, motivated by the fact that all parties in the legislature receive the subsidy from the state, without a real consumption of resources, which motivated the allocation of 0, 1 (10%) in total perspective. In this case, in the computer application, the result was "Yes" because the analyzed party received public funding, the target was also operated "Yes" because the goal was to obtain the grant and the baseline also "Yes" "Because the party has access to that funding every year. In this case, too, the monitored indicator did not progress, the score for the Balanced Scorecard Public Financing index being 0%.

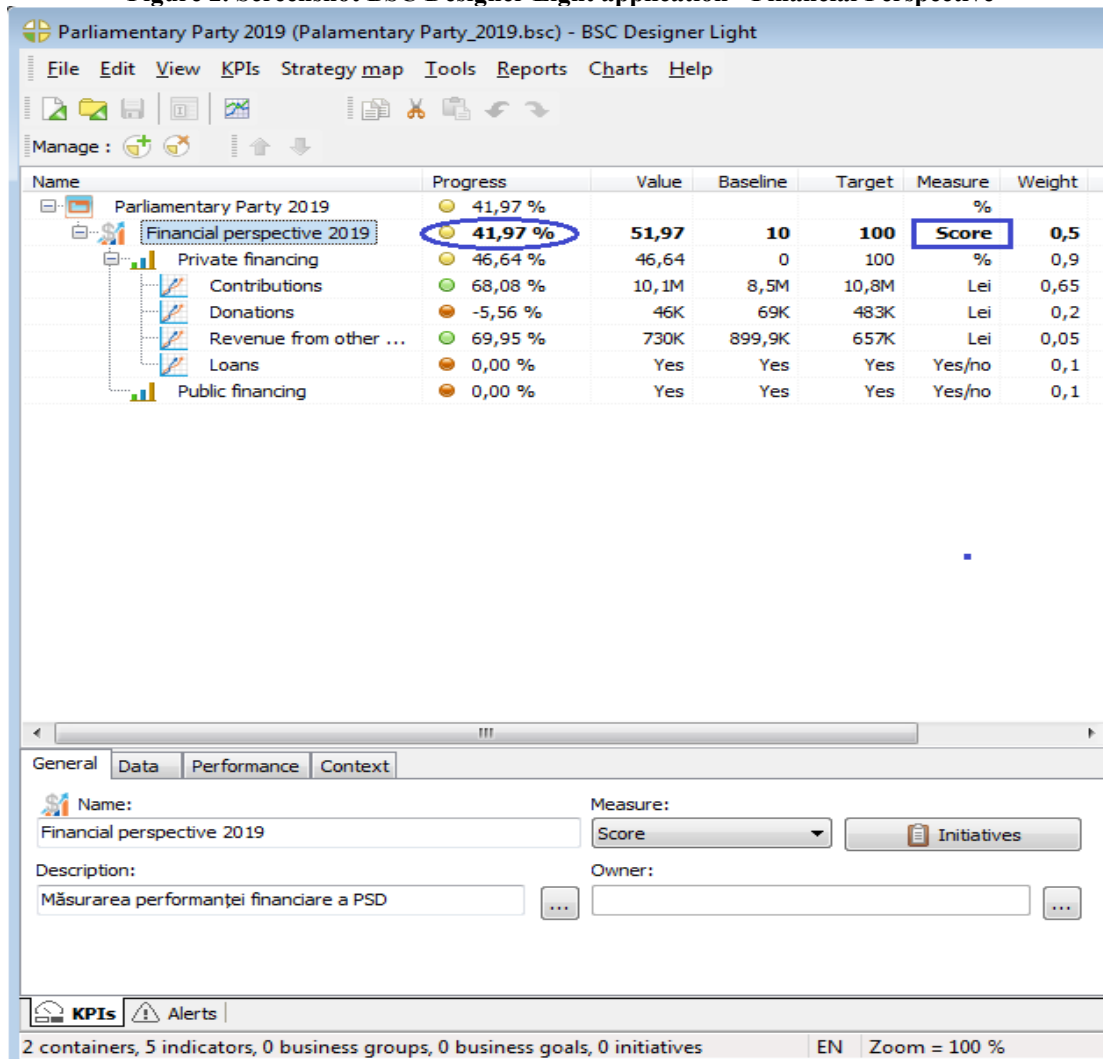
For a better visualization of the parameters and the associated values, a synthesis of this information was made which is presented in Table no.1.

**Table 1. Indicators and parameters financial perspective**

KPI	Progress	Value	Baseline	Target	Measure	Weight
Private financing	46,64%	Not applicable	Not applicable	Not applicable	%	0,90
Contributions	68,08%	10.062.248	8.499.854	10.794.814	RON	0,65
Donations	-5,56%	46.000	69.000	483.000	RON	0,20
Revenue from other sources	69,95%	729.984	899.917	656.986	RON	0,05
Loans	0,00%	Yes	Yes	No	Yes/No	0,10
Public financing	0,00%	Yes	Yes	Yes	Yes/No	0,10

The score of the financial perspective for the analyzed party, calculated based on the weights and parameters set in the computer program, was 41.97% signaled by the application with yellow marker according to the screenshot below.

**Figure 2. Screenshot BSC Designer Light application - Financial Perspective**





*Defining indicators and sub-indicators in the parliamentary perspective*

Within the parliamentary perspective, starting from the provisions of the Romanian Constitution, according to art. 61, par. (2), the Romanian Parliament is bicameral, consisting of the Chamber of Deputies and the Senate. Thus, this organizational structure was replicated in the proposed Balanced Scorecard model, which is why 2 indicators were allocated to the parliamentary perspective, representing the 2 chambers of Parliament, respectively the Indicator - Chamber of Deputies and the Indicator - Senate. The distribution of the weights of the 2 indicators was based on the revision of the Constitution, which eliminated the mediation procedure between the two Chambers of Parliament in the case of organic and ordinary laws and introduced the division of powers between the Chamber of Deputies and the Senate Parliament, from symmetrical, to asymmetrical chambers. According to Popa's (2018) analysis, from the point of view of legislative proposals, this asymmetry had as an effect, a distribution of legislative projects on each Chamber depending on the regulatory field, resulting that, "out of 83 regulatory areas by law to which the Constitution mentions, in 61 of them the final decision belongs to the Chamber of Deputies and only in 21 of them the final decision belongs to the Senate.

Therefore, in terms of a quantitative method of evaluation, we can say that "it is not the Senate that is the most important chamber, as it is often said among the public, but the Chamber of Deputies". Corroborating this quantitative analysis with the number of parliamentarians belonging to each Chamber in the 2016-2020 legislature, respectively 329 deputies and 136 senators, within the parliamentary perspective was assigned, in the Balanced Scorecard model for the analyzed political party, a weight of 0.7 (70%) for the Indicator - Chamber of Deputies and a weight of 0.3 (30%) for the Indicator - Senate, thus respecting the basic principle according to which the sum of the weights of the indicators from a perspective to be equal to 1 or 100%. The definition of the sub-indicators of each indicator from the parliamentary perspective had as a starting point the consistency of the activity of the parliamentarians of the analyzed party and of the parliament as a whole. Although in the parliamentary elections of December 2016, according to the information on the website of the Central Electoral Bureau, the political party in question obtained 67 senator seats and 154 seats, the average for 2019 places them at 69 senators and 145 deputies in consistent with the data available on the websites of the two chambers of Parliament. Compared to the same sources, in terms of attendance at voting in 2019, the Senate registered 1,171 voting subjects (of which 718 voting were common with the Chamber of Deputies) and an average turnout on the party monitored by only 60%, which led to a 40% absenteeism from party members in the Senate. In the Chamber of Deputies in 2019, 1,425 voting subjects were registered, which include both bills, draft decisions of the Chamber, amendments, etc., with an average turnout of 71%. From the point of view of public opinion, the theoretical target of 100% presence in Parliament is obvious, but from the perspective of a political party, absenteeism in this case 29% in the Chamber of Deputies and 40% in the Senate, respectively, must be analyzed in the context of interest party on the laws and voting actions in which it chooses to participate.

In this case, the establishment of sub-indicators was based on the main actions taken by parliamentarians so that, for the Chamber of Deputies were monitored: the number of legislative proposals initiated by party deputies, amendments to legislative projects, the number of questions and interpellations addressed, and the number political statements, related to the number of Members who made questions, interpellations and political

statements respectively and who recorded an average annual speaking time in the debates of 4,809 minutes.

In summary, there were 5 sub-indicators for the Chamber of Deputies which were assigned an equal share in the indicator, of 0.2 (20 %) for each sub-indicator, respecting the principle according to which the sum of the sub-indicators should be equal to 1 (100%). For the Senate, in terms of specific activities and existing data, 5 sub-indicators similar to those related to the Chamber of Deputies were monitored, namely the number of legislative proposals initiated by party deputies, the number of questions and interpellations addressed, the number of political statements compared to the number of senators questions, interpellations and political statements. The indicator on the tabled amendments was not analyzed because there is no information on this issue, instead, the activity reports (11) prepared by civil servants on the activity carried out by the Senate in 2019, report data on censure motions, which allowed the introduction in the analysis of this sub-indicator.

In conclusion, for the Senate also resulted similarly 5 sub-indicators which accounted for a share of 0.2 (20%) for each, in compliance with the basic rule that, the total sub-indicators within an indicator is equal to 1 (100%).

#### *Progress of indicators and sub-indicators from a parliamentary perspective*

As in the case of the financial perspective, and for the parliamentary perspective, in order to assess the progress of the evaluated indices, the score was calculated taking into account the function of maximizing sub-indicators and applying the known formula, which depends on the value obtained by the party analyzed in 2019 target and baseline. The setting of the target and baseline parameters for the indicators from the parliamentary perspective in the Balanced Scorecard was done from a different perspective from the indicators from the financial perspective where, in order to assess financial progress, a usual method was used to compare the financial result of the analyzed year with the result previous. In the case of the parliamentary perspective, the parliamentary activity of 2019 compared to 2018 registered a decrease in intensity on all monitored issues and for all parties in the legislature and the use of the same target setting model, coupled with the large number of MPs the party has, would have led to the conclusion that the political party could have performed in comparison with the competing parties, which is why, in establishing the parameters of this perspective, we started from the specificity of the parliamentary activity.

Any political party aims to win electoral consultations, and in the case of a national, traditional, established political party, like the one analyzed, obtaining a parliamentary majority is a strategic objective, of utmost importance, which depends directly on the results obtained in electoral consultations. Although the political party in the model presented, in the 2016 parliamentary elections recorded a very good score, of 49.26% in the Senate, where it won 67 seats out of a total of 136 seats provided by law and 46.80 % in the Chamber of Deputies where he was assigned 154 seats out of a total of 329 seats, however he did not obtain the parliamentary majority. From this point of view, starting from the premise that the main role of the Parliament is to legislate and the translation of this purpose at the level of parliamentary activity is materialized in the legislative proposals initiated by parliamentarians, the target of the sub-indicators legislative proposals from the parliamentary perspective. The Chamber of Deputies, as well as for the Senate indicator, was set on obtaining the majority according to the principle of electoral consultations where

the absolute (or simple) majority represents the number of votes equal to at least half plus one of the total votes.

The progress of the other sub-indicators for 2019 was evaluated according to the number of actions of the parliamentarians of the analyzed party compared to the number of parliamentarians who initiated the actions, compared to most parliamentary actions in 2019 for all political parties in the legislature, and the baseline was established in the same way from a financial perspective and was set at the historical minimum value in the legislature for the analyzed party. For the Chamber of Deputies, in the case of the sub-indicator of legislative proposals, it started from a total of 673 legislative projects submitted to the Chamber of Deputies in 2019, of which 233 had as initiators and representatives of the analyzed party. The target was set at 337 initiatives and the baseline was 175 representing the lowest number of legislative proposals of the party in 2017-2019.

Regarding the sub-indicators questions, interpellations and political statements, the existing data refer both to the number of deputies who initiated these actions and to the total number of actions both on each parliamentary party and on each year of the analyzed period. Thus, based on the action / parliamentary report, it was possible to evaluate the progress of the sub-indicators of the analyzed party by setting the target for 2019 as the average of the action / parliamentary report for each specific activity undertaken by deputies of all component parties in the Chamber of Deputies. the equivalent of the smallest action / parliamentary ratio in the history of the analyzed party. Both parameters used in the calculation formula, together with the result of the action / parliamentary report registered by the party in 2019, and determined the final score of each sub-indicator.

Specifically, for the calculation of the score of the question sub-indicator, from the Chamber of Deputies, the existing public information for 2019 reveals a total number of 2,803 questions asked by 250 deputies of all parties, which leads to a result of 11.21 questions / deputy, level at which was the target of this sub-indicator. The baseline was set at 6.87 as the result of the question / deputy ratio in 2017 when 694 questions were asked by 101 deputies of the analyzed party, and the result of the party in 2019 was 10.79 obtained from reporting 691 questions to 64 parliamentarians who took this action.

Regarding the sub-indicator of interpellations in the Chamber of Deputies, on the same principle, the target was set at the value of 3.62 obtained by reporting all 457 interpellations to 126 initiating deputies, the baseline at the value of 2.98 registered by the party in 2017 when 81 deputies launched 242 interpellations, and the year 2019 brought a result below the one registered in 2017, of 2.44, because only 88 interpellations were issued by 33 deputies. In the case of the sub-indicator of political statements related to the Chamber of Deputies, the party registered in 2019 a statement / deputy ratio of 7.76 (846 political statements / 109 deputies) higher than the target set at 6.66 from a total of 1834 political statements in the Chamber Deputies supported by 275 deputies of all political parties and higher than the baseline of 5.19 also in 2017 (670 statements / 129 deputies). By applying the known formula, scores were obtained for these sub-indicators above the target as in the case of political statements of 174.38%, a very good result of 88.25% for questions, below expectations for legislative proposals or even negative for interpellations (-84, 37%). Within the Chamber of Deputies indicator there is also a 5th sub-indicator - amendments, which evaluates the activity of deputies according to the amendments tabled in 2019. For this reasoning on setting the target and baseline parameters was similar to the statement that the baseline was set at the level of the result of this activity in 2019 as the

lowest result recorded by the party on the criterion of amendments was in 2019, when the party tabled only 292 amendments versus 608 in 2018 and 784 in 2017. With a target in 2019 of 345 amendments to the level of the majority and a result of 292 amendments, a score of 0% was obtained, no progress, because the result of the party for 2019 was at the level of the baseline.

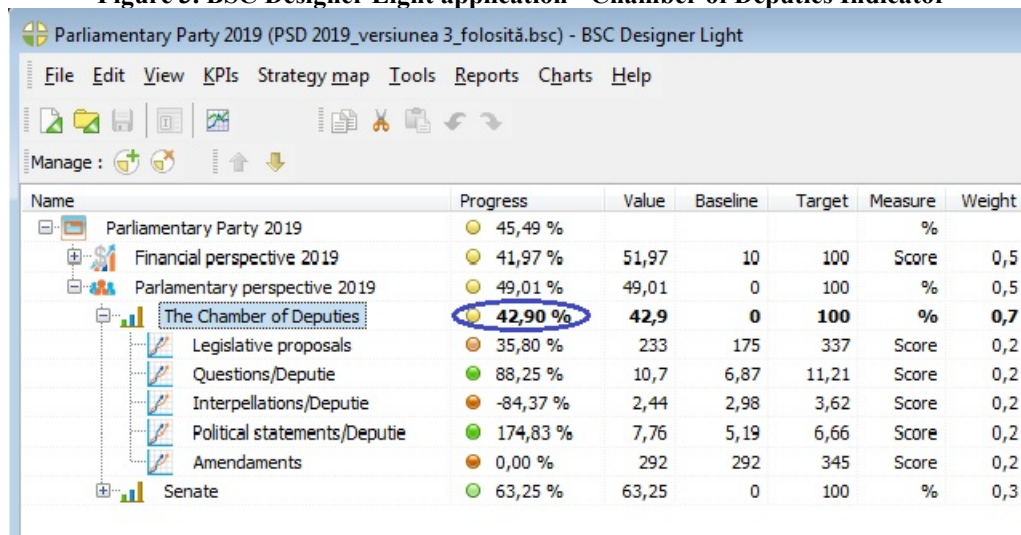
The setting of the parameters of the sub-indicators from the parliamentary perspective on the indicator of the Chamber of Deputies is summarized in the table below:

**Table 2. Indicators and parameters Chamber of Deputies from the Parliamentary Perspective**

KPI	Progress	Value	Baseline	Target	Measure	Weight
The Chamber of Deputies	42,90%	Not applicable	Not applicable	Not applicable	%	0,7
Legislative proposals	35,80%	233	175	337	Score	0,2
Questions/ Deputies	88,25%	10,7	6,8	11,21	Score	0,2
Interpellations/ Deputies	-84,37%	2,44	2,98	3,62	Score	0,2
Political statements/ Deputies	174,83%	7,76	5,19	6,66	Score	0,2
Amendments	0%	292	292	345	Score	0,2

Taking into account the quotas allocated to each sub-indicator, the score of the Chamber of Deputies indicator from the parliamentary perspective of the Balanced Scorecard for the analyzed party, calculated based on the weights and parameters set in the computer program, was 42.90%, signaled by the application with yellow marker, according to the screenshot below.

**Figure 3. BSC Designer Light application - Chamber of Deputies Indicator**



In the case of the Senate indicator, room in which in 2019 the analyzed party obtained the majority by transferring 2 senators from other political parties represented in the Senate, thus registering a monthly average of 69 senators compared to 67 seats obtained

in elections, for the sub-indicator proposals legislative from this perspective a score of 270.59% was registered. The progress was due to a number of 165 legislative projects in which the party senators were among the initiators out of a total of 272 legislative proposals registered in the Senate in 2019. The target was set at 136 legislative projects and the baseline was 119 representing the smallest number of legislative projects of the party in the period 2017-2019. Regarding the sub-indicators questions, interpellations and political statements, and in the case of parliamentary activity in the Senate there is information on both the number of senators initiating these steps and the total number of actions both on each parliamentary party and each year in the period. Therefore, as in the case of the Chamber of Deputies indicator, based on the action / parliamentary report, the progress of the sub-indicators of the analyzed party was monitored and the target for 2019 was defined as the average of the action / parliamentary report for each specific activity carried out by parliamentarians. Senate, and the baseline as the equivalent of the smallest action / parliamentary ratio in the history of the analyzed party. Both parameters used in the calculation formula, together with the result of the action / parliamentary report registered by the party in 2019 in the Senate, and determined the final score of each sub-indicator.

Thus, for the calculation of the score of the question sub-indicator, related to the Senate indicator, the data published by the Parliament signal in 2019, a total of 760 questions asked by 246 senators of all component parties, which leads to a result of 3.08 questions / senator, the level at which the target of this sub-indicator was set. The baseline was set at 2.06 as the result of the question / senator ratio from 2017 when 277 questions were asked by 134 senators of the analyzed party, and the result of the party in 2019 was 1.70 obtained from reporting 235 questions to 138 senators who made this move to ask questions.

For the interpellation sub-indicator, keeping the same principle, the target was set at 2.17 obtained by reporting all 535 interpellations to 246 initiating senators, the baseline at 1.37 registered by the party in 2017 when 134 senators addressed 184 interpellations, and the year 2019 brought a result below the one registered in 2017, of 1.19, because 165 interpellations were issued by 138 senators of the party. In the case of the sub-indicator of political statements related to the Senate indicator from the parliamentary perspective of the Balanced Scorecard, the party registered in 2019 a statement / senator ratio of 2.35 (325 political statements / 138 senators) approximately equal to the target set at 2.32 out of a total of 571 political statements in the Senate supported by 246 senators of all political parties and less than the baseline of 3.19 also in 2017 (428 statements / 134 senators).

Applying the calculation formula used by the computer program, scores above expectations were obtained for these sub-indicators as in the case of legislative proposals (270.59%), negative results of -35.29% and -22.50% for questions and interpellations, respectively, and far below expectations for political statements (3.45%). For the diversity and complexity of the model and because the motion of censure is a parliamentary activity of utmost importance that creates the opportunity to change the Government or one or more ministers of the Executive in the formation of a majority, the sub-indicator of motion of censure was defined in the Senate indicator. of the existence of this information in the activity reports of the Senate. In this category, at the end of 2019, when the evaluated political party was in opposition to the Senate, the analyzed party submitted a simple motion against the Government, initiated by 41 senators of the party and which was adopted with a number of 59 votes "Yes", 56 votes "No" and 2 abstentions.

Given the particularity of this sub-indicator, its analysis was done from a qualitative point of view, the unit of measurement for establishing the score being selected with the option "Yes / No". Thus, the target was passed "Yes" in the sense that the objective was to adopt the motion, the baseline was passed "No" because the party did not have a parliamentary majority and there was a possibility that the motion would be rejected and the value was checked in the application "Yes", because the result was the adoption of the simple motion submitted. On this reasoning, the score for this sub-indicator was 100%.

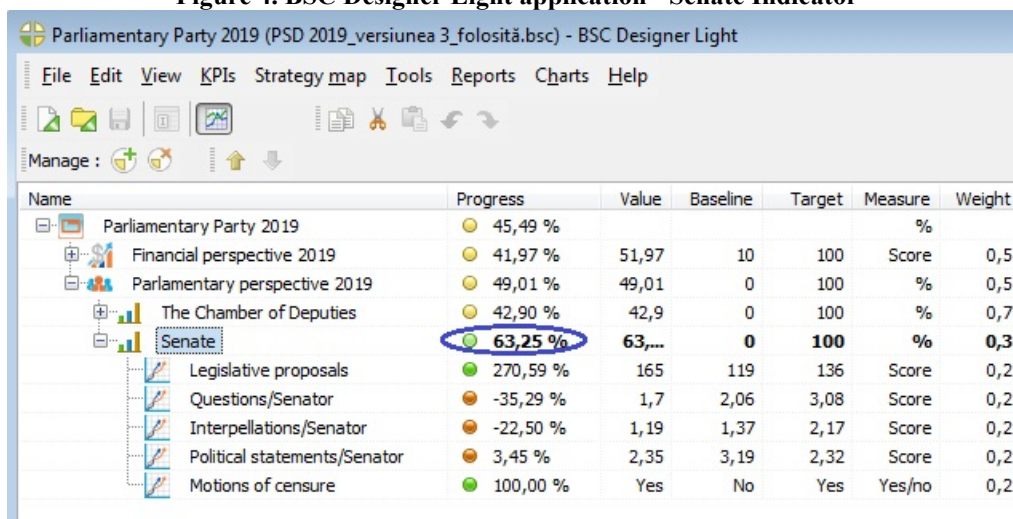
The setting of the sub-indicators parameters from the parliamentary perspective on the Senate indicator is summarized in the table below:

**Table 3. Indicators and parameters Senate from the Parliamentary Perspective**

KPI	Progress	Value	Baseline	Target	Measure	Weight
Senate	63,25%	Not applicable	Not applicable	Not applicable	%	0,3
Legislative proposals	270,59%	165	119	136	Score	0,2
Questions/ Deputies	-35,29%	1,7	2,06	3,08	Score	0,2
Interpellations/ Deputies	-22,50%	1,19	1,37	2,17	Score	0,2
Political statements/ Deputies	3,45%	2,35	3,19	2,32	Score	0,2
Motions of censure	100%	Yes	No	Yes	Yes/No	0,2

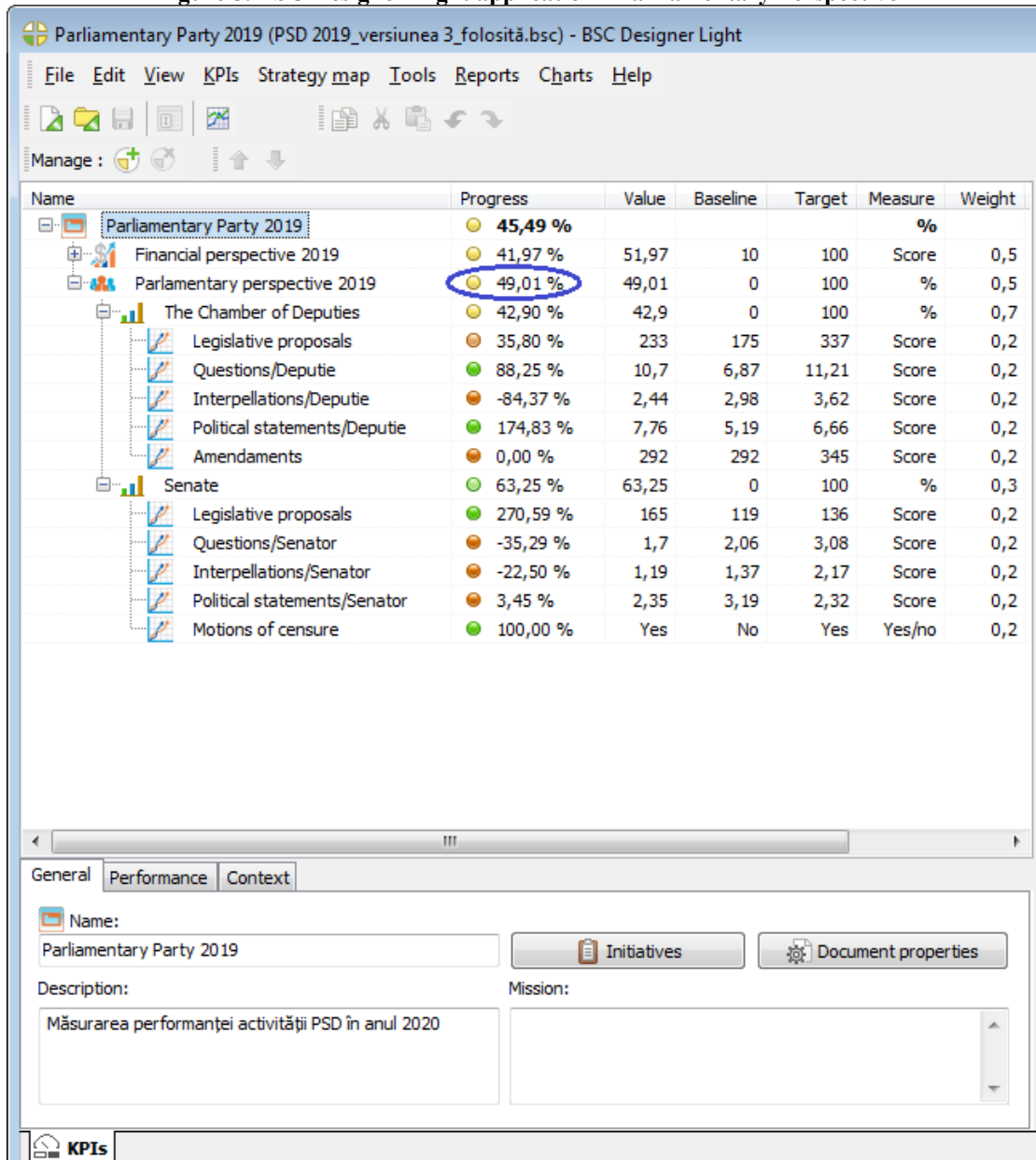
The score of the Senate indicator from the parliamentary perspective of the Balanced Scorecard for the analyzed party, calculated based on the weights and parameters set in the computer program, was 63.25% signaled by the application with green marker according to the screenshot below.

**Figure 4. BSC Designer Light application - Senate Indicator**



The score of the parliamentary perspective for the analyzed party, calculated based on the weights and parameters set in the computer program, was 49.01% signaled by the application with yellow marker according to the screenshot below.

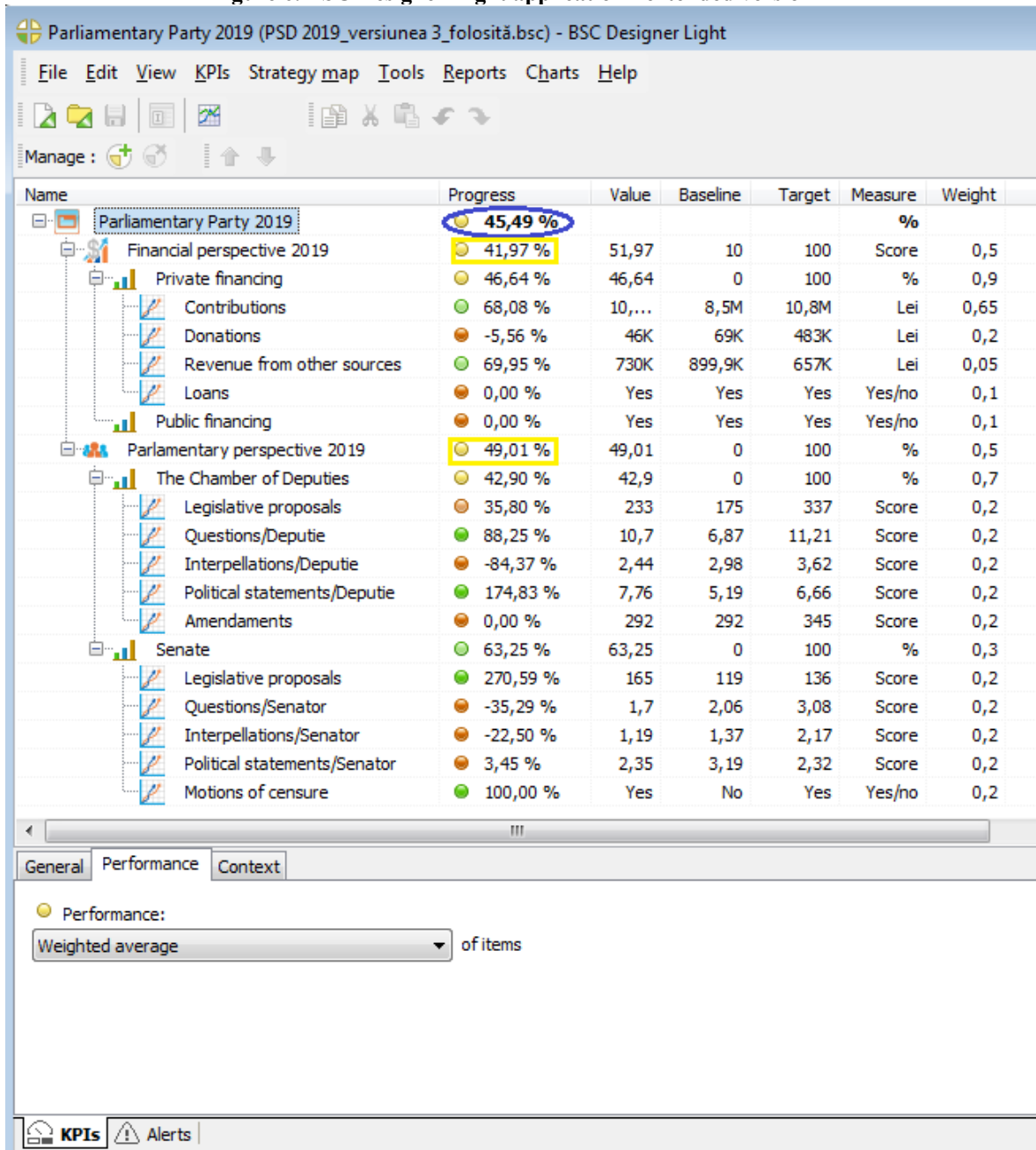
Figure 5. BSC Designer Light application - Parliamentary Perspective



Summarizing the whole model, based on the score obtained by each sub-indicator, which determines the score of each indicator and implicitly the score of each perspective, depending on the weights assigned to each index in the Balanced Scorecard (sub-indicator, indicator and perspective) resulted in the final score of the political party. amount of 45.49% which signals the progress of the activity of the political party in 2019 versus previous years and in comparison with the evolution of other parliamentary policies.

The overview of the Balanced Scorecard for this match is given below, in detail, at the level of each sub-indicator.

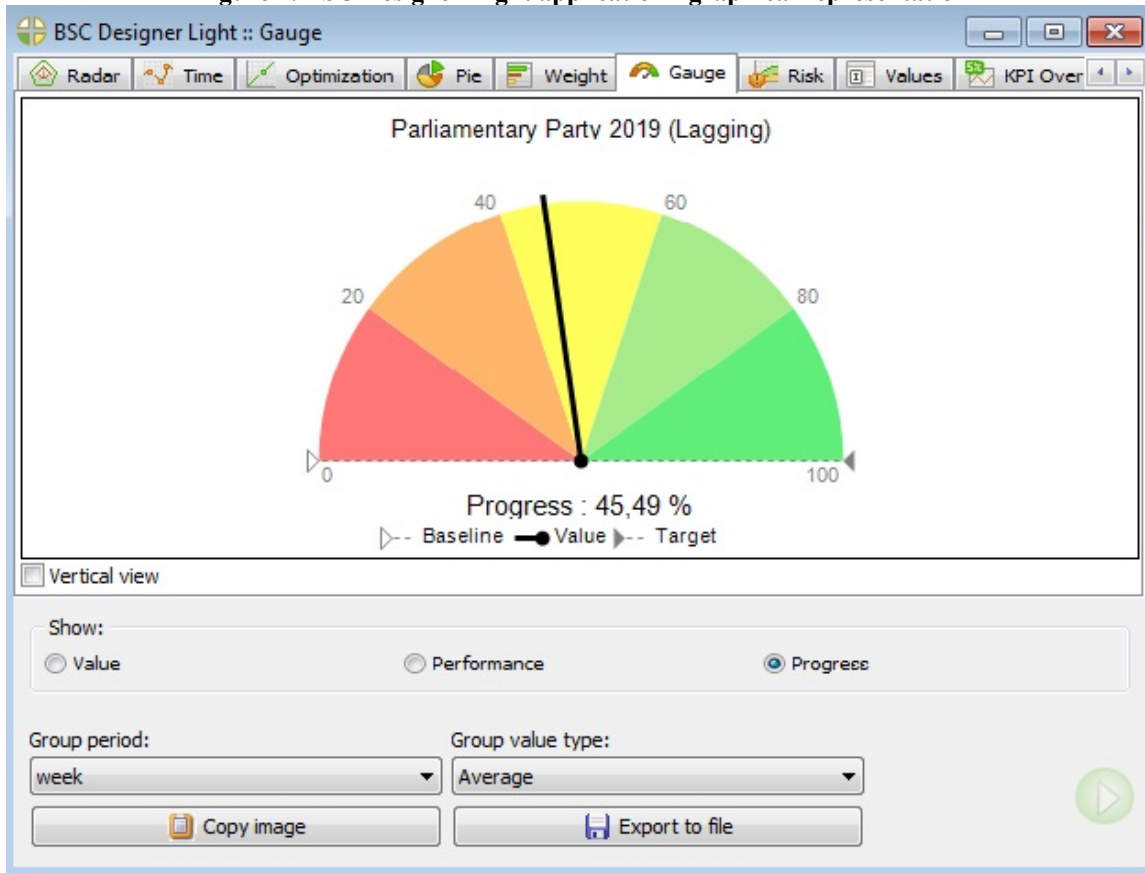
Figure 6. BSC Designer Light application - extended version



The progress of the political party can be viewed graphically with the help of the computer application BSC Designer Light, according to the image below:



Figure 7. BSC Designer Light application - graphical representation



## Conclusions and discussion

The score of 45.59% obtained by the analysed party in 2019, can be interpreted as a performance from the perspective of financial indicators fees and revenues from other sources, areas where the party obtained significant percentages 68.08% and 69.95% or even 88%, respectively, 25% in the case of the sub-indicator questions from the parliamentary perspective related to the Chamber of Deputies. Also, results obtained above expectations on the sub-indicator of political declarations in the Chamber of Deputies of 174.83% and a real performance was registered in the Senate where on the sub-indicator of legislative proposals it obtained a score of 270.59%. On the other hand, in the financial perspective there was a focus area for the party, that of donations where the result was negative -5.56%. Equally, efforts must be focused on parliamentary activity, especially in the Senate, where although the party has the most seats and has a majority in 2019, it still recorded results below expectations, even negative on certain indicators. Without being able to scientifically argue a possible link between the results obtained in the 2016 parliamentary elections and the result of this analysis, it can still be seen that the overall level of party performance of 45.49% is relatively similar to the performance obtained in the parliamentary elections (49, 26% in the Senate and 46.80% in the Chamber of Deputies),

speculating that the party maintained a standard and a guideline of over 40%, which it followed 3 years after the elections.

At the same time, the result of 45.59% still supports a series of interpretations, in the sense that the score is obtained by analyzing the activity on the reasoning presented and only on 2 financial and parliamentary perspectives, from the 4 perspectives that the theoretical model of Balanced Scorecard provides. From this point of view, the research can be extended by a political party and evaluated the activity and from another perspective such as that of the internal activity. In this area, the national parties with well-defined internal organizational structures and extended territorial representation, have internal information related to the number of party members, the number of active members and their monthly evolution, migration of members from one party to another, and activity data territorial of the party and of the elected representatives in the local administration: mayors, local councilors, presidents of county councils and county councilors.

Also within the internal perspective, performance indicators could be defined for political marketing actions, in which performance indices could be established for the activity in traditional media (TV, radio, print, outdoor), online appearances. and social media, an area in which performance indices are very clearly defined. In order to be able to evaluate the entire activity of a political party, another perspective to be analyzed according to the proposed theoretical model could be the electoral perspective to analyze the party's electoral performance, election scores, mandates of parliamentarians and local public administration representatives.

In the final assessment of the performance of a political party, the quantitative analysis could be doubled by a qualitative analysis of the perspectives and indicators set in the BSC. Evaluations regarding the negotiations on obtaining majorities in local councils and county councils are aspects related to the political game and have a decisive role in the development of party projects at the level of local administrations. Also, the quality of the party's human resources, the training and experience of party members promoted to ministers, state secretaries, undersecretaries of state, is crucial in terms of the capacity to implement the national political program of government.

The opportunity and efficiency of the current expenses of the party, the internal structure of the party as well as the way of electing the representatives of the superior forums, leading the party together with the control of the state public institutions by promoting in their leading positions the members of their own party quantifiable, but which play a major role in how the party evolves and performs on the national political scene.

This paper, in addition to limitations on the accessibility of information on the activity of political parties, also has a barrier imposed by the Balanced Scorecard method that can generally be applied to entities with a complex activity, where there is a recurrence of data and well-defined strategic objectives. From this perspective, the presented concept can be implemented by the big political parties, where there is a recurrent, constant flow of information and human resource with attributions in the continuous monitoring and evaluation of the activity.

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***LAW***



## THE STATUTORY REGISTRATION REQUIREMENT FOR TEACHERS IN NIGERIAN EDUCATIONAL SECTOR

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**Abstract:** *The Nigerian educational sector in recent times has been a major victims of the country's economic down turn and neglect despite its commendable contribution to development of human resources, growth and development at large in Nigeria. Further, there have been many allegations of unprofessional ethics prevailing in the profession especially at the secondary school and tertiary institutions levels. This allegation has continued to affect the perception and image of teaching as a profession as a credible profession worthy of emulations. Consequently, in an attempt to redeem the image of the profession and the problems confronting it different efforts and strategies were put in by different stakeholders. One remarkable fruit of this efforts was the enactment of the Teachers Registration Council of Nigeria (TRCN Decree NO. 31 of 1993, now TRCN Act CAP T3 of 2004). This is a major boost towards the regulation, control and professionalization of teaching in Nigeria. By the virtue of this enactment, teaching now enjoy a professional status like law, medicine, accountancy etcetera. Consequently, every teacher or prospective teacher is mandated to be registered by TRCN subject to fulfilling certain statutory requirements. This article examines some of the benefits and challenges consequential to the registration requirement. The article study concludes with recommendations which could further strengthen the foundation and viability of teaching profession in Nigeria.*

**Keywords:** *Education, Law, Profession, Registration, Teacher*

### Introduction

Generally, it is accepted that teaching is one of the noble profession and therefore from the era of colonialism to the early 70s in Nigeria the profession enjoyed a vantage position of pride and enviable recognition. However, a large percentage of teachers, instructors, lecturers or faculty within the Nigerian educational sector do not possess the appropriate academic teaching qualification (that is, the National Certificate in Education, NCE). With the emergence and takeoff of the Teachers Registration Council of Nigeria in 2000 (TRCN, 2010), the clamor for compulsory registration of teachers in a similar fashion to other professions have continued to gain traction and noticeable effects. Thus this clamor is simply encapsulated in the argument that professionalizing the teaching profession in Nigeria will advance teaching and learning and eventually the development of Nigeria as a whole. This position is further underscored by many policy pushes and papers, especially the 2013 National Policy on Education (NPE) and the whole embodiment of TRCN as contained in its enabling decree, Decree 31 of 1993 (now Act CAP T3 of 2004).. The Act in section 1(1) charged the Council with some specific responsibilities, some of which are listed as follow:

- i. Determining who are teachers for the purpose of this Act.

- ii. Determining what standards of knowledge and skills are to be attained by persons seeking to become registered as teachers under this Act and raising those standards from time to time as circumstances may permit.
- iii. Securing in accordance with the provisions of this Act the establishment and maintenance of a register of teachers and the publication from time to time of the lists of those persons.
- iv. Regulating and controlling the teaching profession in all its aspects and ramifications.

Moreover, this article examines the agitations and various strategies to actualize the full professionalization of teaching profession in Nigeria through the efforts of the Federal Government, Teachers organization, and TRCN in general. A further attempt shall be made to explore the challenges hitherto encountered and those still being encountered by the teaching profession in Nigeria. Consequently, the article concludes with recommendations for implementation of professionalization of teaching in Nigeria as envisaged in the TRCN and global best practice. These changes in the education system pose enormous challenges for assessment practices. It requires academics to be aware of how Outcomes-Based Assessment (OBA) influences their practice and the implied demands it has on them. According to Mahlangu (2004) it is important for academics to consider and manage their assessment by thinking about and responding to, why assess, before they implement any assessment strategy.

The main purpose of this article is to examine the ongoing paradigm shift in the perception of the status of teachers and education in Nigeria which is underscored by the compulsory requirement for registration as a teacher by anyone involved in the delivery and training of individuals across different levels of educational spectrum in Nigeria. This is particularly important bearing in mind the struggle to give teaching the professional status and recognition it deserved like law, accountancy and medicine. It is often argued that if the purpose of a thing is not known then its abuse is imminent. In the light of this, the article shall equally examine the role of the Teachers Registration Council of Nigeria (TRCN) and how it is empowered to drive the shift in education in Nigeria and equally better the lots of teachers and the Nigerian economy. In addition, it is purposed that this article might contribute to reforms, policy formulation and implementation in the educational sector in Nigeria.

### **Evolution of national policy on education**

The Nigerian educational policy has a chequered history, having passed through the imposed colonial system and the different phases of the post-independence eras. Before the advent of the British colonist and their government, a large portion of the northern and western parts of the present Nigeria was made up of empires, kingdoms and some chiefdoms, while in the central parts and south eastern parts there were small chiefdoms with some semi-autonomous communities (Dike, 1980). The first nationwide policy on education was formulated in 1977, seventeen years after independence from the British colonialist although there had been clamor, reservations and resentment to a little extent to the educational practice during the country's colonial experience (Adiele). Some of the critical areas attacked borders on the relevance of the adopted British style and substance of education to the Nigerian environment, the colonialist method of education was also



criticized for overly tilted towards academic subjects apart from the fact that it gave limited educational opportunity to a very few members of the country. In addition, the British system of education was also faulted on the ground that it failed to take into cognizance the diverse cultural and environmental differences between Nigeria and Britain rather the British grammar school system of education was trans-imposed on Nigeria (Nwangwu, 2003). Consequently, in 1969 a National Conference on Curriculum Development was held in Nigeria. The conference was mandated to map out and develop a philosophy for Nigerian education. One of the major results of the conference was the inauguration of a National Policy on Education in 1977 to cater for the whole nation. In early 1980s a new system of education tagged 6-3-3-4 in replacement of the 6-5-4 system was adopted in Nigeria as part of the policy responses to deal with some of the shortcomings and perceived inadequacies of the inherited British system of education. Basically, this system was aimed at building technical capacities in students and increased the quality of education, which would in return should launch the country into the club of technological advanced and industrialized countries. It was argued that the new system is functional and practical in approach and results, that is, it places more emphasis on how the curriculum could enhance practical demonstration of skills and knowledge rather than overly accumulation of theoretical knowledge (Oyelola, 2015).

After the original policy was unveiled was published in 1997, there has been several editions published in 1981 and 1998 respectively in keeping with the changing circumstances of the nation (Aluede, 2006). This 4th edition was in 1998. This brought many remarkable changes and the effects are still being felt in the sector. Some of the changes are as follows:

- (a) The lifting of the suspension order on Open and Distance Learning Programme by Government,
- (b) revitalization and expansion of the National Mathematical Centre (NMC);
- (c) establishment of Teachers Registration Council (TRC);
- (d) introduction of information and Communication Technology (ICT) into the school curriculum as a second official language;
- (e) prescription of French Language in the primary and secondary schools, curriculum as second official language;

From the original policy published in 1997, the philosophy of Nigerian education is now contained in the National Policy on Education, which is the main policy document for the educational sector. As contained in this policy document, the Nigeria's philosophy of education contain five pillars as follows:

1. A free and democratic society;
2. A just and egalitarian society;
3. A united, strong and self-reliant nation;
4. A great and dynamic economy;
5. A land full of bright opportunities for all citizens. (National Policy on Education, 2014).

As earlier mentioned, the history of the National Policy on Education in Nigeria has been remarkable. There have been changes in both the national system and curriculum of education as well as directed policy towards making teaching a vibrant profession in Nigeria. In furtherance of the country's policy on education attempts have been made to project the teaching profession on its deserved platform, that is to officially define it as a professional career deserving all the backings and accolades of any professional career like

medicine and law. So the enactment of the Teachers Registration Council of Nigeria (TRCN Decree N0. 31 of 1993, now TRCN Act CAP T3 of 2004) is a major boost towards the regulation, control, recognition and clothing with dignified apparels the teachers and the teaching profession in Nigeria. Registration of teachers based on specific provisions appears to be the primary responsibilities of TRCN and this is not light responsibility because it offers a genuine and realistic way of separating charlatans, adventurists and misfits from the profession. However, this is not the only function that underscores the importance of teachers' registration towards molding the profession to restore its glory and vibrant place of honor in the Nigerian society.

Apart from inbuilt capacity of the philosophy of the National Policy on Education to aid the development of Nigeria as a whole, it also appears to be a good panacea for many of the problems bedeviling the Nigerian educational sector. Yet politics and frequent changes in government tend to negatively affect the implementation of the policy. According to Professor Ajayi, former Provost of Federal College of Education (FCE) Osiele, "Within the eight years (1991-1999) that I served as Provost, the nation passed through five different regimes (Babangida till 1993, Shonekan for less than four months in 1993, Abacha 1993-1998, Abubakar 1998-1999, Obasanjo 1999-2007). Within this period I had to operate under eight Ministers of Education. The same thing happened at the state level. Each of the Presidents, Ministers, Governors and Commissioners had their own different conceptions and policies on education that they tried to implement during their tenure. With such instability in the system of governance, coupled with constant changes in "Ministers of" "Ministers for" and "commissioners for," one should not be surprised at the level of the crises the nation's education system has witnessed over the years and the inconsistency and often contradictory nature of the educational policies and practices. Its one step forward and two steps backward."

In summary, I will like to opine that while the pre independence educational policy formulation in Nigeria was not tailored along the real needs of Nigerian nor contextualized, current developments by stakeholders are poised to enhance the value of education in Nigeria. Further to enhance its goals and philosophy as contained in the National Policy on Education, the involvement and commitment of the Nigerian government need to be increased and sustained, especially by both recognizing and promotion of the need professionalization of teaching.

### **Professionalism and Teaching in Nigeria**

It is no longer in doubt that teachers occupied an important position in transforming teaching-learning process for quality education. Further, the quality education given in any society has a direct consequence on the quality of its teacher. (Oke and others, 2017) This position is shared by the Federal Republic of Nigeria which have constantly affirmed that no nation can rise above the quality of her teachers. In essence, the role of teachers towards a sustainable national development cannot be over emphasized. Rather, every effort and all hands need to be on deck to promote best-practice. The major best best-practice is recognition of teaching as a profession worthy of legal and proper certification with a seal of professional status. Professionalism and how it is to be acquired should be a focus of every teacher education program. Despite the significant role professionalism plays there is a lack of a universally accepted definition of professionalism in teacher education

programs (Creasy, 2015). Consequently, in this article, the concept of professionalism is defined from the point of different perspectives and then how these definitions are associated to teaching profession is examined. The concept of professionalism in teaching is commonly discussed on sociological, educational and ideological bases in the literature. The desire to attain and develop specific basic standards and benchmarking criteria for all professions has increased in today's competitive work conditions. Why? The answer is not farfetched, standards create a professional environment of "best practice" procedures enabling organizations to confidently adopt or create systems, policies and procedures apart from giving assurance of high operational quality (Krishnaveni ve Anitha, 2007).

In addition, while it is not in doubt that before independence and advent of revenues derivable from oil in Nigeria teaching was placed at a high level of recognition in the society. Yet as a result of the downturn and neglect the profession has suffered in Nigeria, so from the outset it is important to locate conceptions of teacher professionalism in relation to changing historical, political and social contexts because multiple meanings have changed and developed over time and in contestation between rival stakeholder groups and their interests (Hilferty, 2008). The concept of professionalism is often used in different senses and could be difficult to define. For example, in daily language, it is generally used to mean an activity for which one is paid as opposed to doing voluntarily. The term is also used to classify the status of occupation groups in terms of respectability (Kennedy, 2007). In commercial circle, professionalism is generally synonymous with "success" or refers to the expected behaviors of individuals in specific occupations (Tichenor ve Tichenor, 2005). The terms "profession" and "professor" have their etymological roots in the Latin for profess. To be a professional or a professor was to profess to be an expert in some skill or field of knowledge (Baggini, 2005). Attempt at the professionalization of teaching in Nigeria could be traced back to the period 1920-1930 with the emergence of the Nigerian Union of Teachers (NUT). During that time, the NUT had succeeded in reviewing an education code in 1926 making it possible for Standard V or VI teacher to go for training and be awarded a first class certificate upon passes and obtaining three good examinations annual report, Fafunwa (2002). This gains or momentum was not sustained before education started facing more challenges in Nigeria.

Therefore, professional teachers can be defined as any person that had acquired Professional knowledge in teaching and be able to use them during the Teaching-Learning processes: A Professional teacher is the only tool that can enhance successful implementation of the educational system. (Fareo, 2002). The feature of the teacher in the areas of knowledge of the subject matter, professional development and their pedagogical approach make is a strong and fundamental hallmark for building good and conscientious citizens. The Teachers' Registration Council of Nigeria (2004) defined teaching as the systematic rational and organised process of transforming the acquired knowledge attitude and skills in accordance to the professional principles and practice. The definition therefore indicates that teachers play significant role in guiding and organising the Teaching Learning process to the achievement of goals and objectives. Teachers are described as people that are directly engaged in guiding, facilitating, instructing the group of learners which turn them to somebody that has a significant change in behavior. The experiences gained from the teaching learning processes enhance effective change in behavior. According to Olorundare (2012) a teacher is any person that had undergone approved

professional training in education to the level of capable of imparting Knowledge, Skills, Attitude, and Ability to the Learners which aid their behavioral change.

For the purpose of this article, professional teachers can be defined as any person that had acquired formal professional knowledge in teaching and be able to use them during the Teaching-Learning processes. Thus a professional teacher is the major ideal requirement tool that can enhance effectively and productively implement the national policy and of the educational system. (Fareo,2002). In addition, for every profession there are basic characteristics or features that are openly discoverable from them. The teaching profession is not an exception, so there are some features peculiar to it which also defines and rubs off on their constituent community or state. According to Nwachukwu (2004), “no teacher, no nation”. This means the quality of the teachers will determine the quality of the country in many respects. Amongst others a few characteristics of a professional teacher shall be examined shortly below:

**Personal Traits-** Personality traits reflect people's characteristic patterns of thoughts, feelings, and behaviors. Such traits include: sympathy and kindness, fairness and impartial, resourcefulness, patience, good manner, emotional stability, honesty, sense of humor, self control, creativeness, resourcefulness, interpersonal relationship, with the communities and students, model role and community advisers. Personality traits imply consistency and stability—someone who scores high on a specific trait like extraversion is expected to be sociable in different situations and over time. Teachers are expected to have these traits on an individual basis which can only be adequately acquired through a system of specialized education. This position influenced Fareo (2002), who described teaching profession as an occupation or vocation that requires specialised skills, and knowledge through special training with high level of education, foundation and abilities. In short, teaching involves skills necessary to transmit and impact knowledge on members of the society which invariably impact on development. Therefore, teaching actively involves measures and process that effect both changes in individuals and the society. Moreover, for individuals to be good teacher of any particular field or subject area, he or she is expected to possess the following attributes or characteristics knowledge of subject matter, good planner, good classroom manager, accord interpersonal relationship with the students, the parents and community at large, humbleness, commitment, teaching qualifications, good role models to the coming generation.

**Acquisition of specific area of qualification-** Every professional is a specialist of one for or the other qualification. The same is expected of a teacher and such qualification should be acquired from some accredited institutions. At the moment, the recognised teaching qualification includes: Nigeria Certificate of Education, Diploma in Education, Bachelor in Education (Science or Arts) Master in Education and Doctor of Philosophy in Education. Anything short of the qualification in this list will technically not satisfy the requirement for anyone to qualify as a teaching professional. Further, this is not fully reflected in practice yet in Nigeria.

**Membership of professional association –** Every profession has an umbrella group which members of such profession are mandated to belong to or register with. For instance, every practicing lawyer in Nigeria is mandated to register with the Nigerian Bar Association and failure to register and pay all the required dues could limit the right of the defaulting lawyer from engaging in their profession. So every qualified teacher is expected to belong some of the associations formed to protect interests of teachers at different levels of teaching like

in the primary and secondary schools, and the higher institutions. Some of those associations include: the Nigerian Union of Teachers, Teachers Registration Council, ASUU, National Association of Educational Planning and Administration.

**Long Duration of Academic and Practical Training** – Effective acquisition of relevant professional competence varies across different profession, but the least is three years. With regards to teaching, acquisition of sufficient teaching skills will take at least 5 years for both the practical and theoretical components.

**Availability of Ethical Code of Conduct** All the professions have their ethical code of conduct which guided their operations. Teachers have their dos and don'ts, rules and regulations guiding their existence and activities. The availability of code of conduct however, makes the teaching to be profession.

**Regulatory Body** – Most professions in modern times have regulatory bodies that monitors the conduct of these professions, similarly, teaching has a major regulatory body called the Teachers Registration Council of Nigeria (TRCN) which regulates the conduct of teachers' operation. There are other regulatory bodies like Nigeria Union of Teachers (NUT), Academic Staff Union of University (ASUU). These are more like pressure groups that stand and promote the interests of their members. The bodies enable the teachers to speak together in one voice and regulate the conduct of each member and encourage high ethical and moral values that guide the behaviours of all the concern members.

**Benefits of Compulsory Registration of Teachers in Nigeria**

The campaign and execution of the TRCN's requirements for teachers' registration is one quintessential element in constructing an enviable teaching profession which is appropriate for the needs of the Nigerian's pupils or students and economy of Nigeria. TRCN provide "a clear professional voice, independent of Government, but working to raise standards. With the mandate and focus of TRCN concerning teacher education and continuous professional training it would be possible to envisage a profession that is poised and repositioned to taking ownership of the standards of teacher education and training.

That ownership would translate alongside TRCN's other role to benefits which include maintenance of the Register of Teachers (and thus the integrity of standards of conduct), to speak out on the necessary needs and supply of teachers, and to provide a professional umbrella which connects with the legitimate concerns of parents and society.

In essence, the role of teachers towards a sustainable national development cannot be over emphasized. Rather, every effort and all hands need to be on deck to promote best-practice which is a continuous process. This process is now being manifested through the operation or execution of the mandate of TRCN. One of TRCN's principal focus is the compulsory registration of teachers in Nigeria. This registration process has started yielding good benefits or fruits and some of this benefits shall be examined below. In addition, the registration requirement for the teachers is a major change in the management of education in Nigeria and it is not unusual that it will face some challenges or operational hindrances which are surmountable in the long run. These challenges are neither new nor beyond the ability of the stakeholders to deal with; they are part of the problems that have bedeviled the Nigerian educational sector since the last two decades. Thus some of the challenges would also be highlighted in this chapter, while possible solutions would be recommended in chapter five.

## **Benefits of Compulsory Registration of Teachers in Nigeria**

One of the fundamental benefit of the compulsory registration of teachers in Nigeria through TRCN is that the registration process would continually serve as a gathering tool and eventually a very reliable source of data on those who are involved with learning and development across the whole spectrum of education in Nigeria. TRCN has since began a programme to get authentic, reliable and accurate data of teachers for the development of 'Teachers Information System (TIS). This is a commendable development and its importance can never be overemphasized. Secondly, compulsory registration offers Nigerian teachers a quick an easy opportunity to get their qualification authenticated, especially for those who intends to work or are in abroad. This is a good development because before you are registered by TRCN, all the checks and pre-registration requirements would have been done. Thus any clearance given by TRCN. This makes it easy to obtain a letter of professional standing just from TRCN rather seeking for a testimonial or letter of reference from different schools or institutions attended by the applicants. Thirdly, in most western countries, like the United Kingdom, Germany, United States and Sweden, it is compulsory to have either a basic or comprehensive criminal disclosure check done and a certificate issued to any one going into certain professions like medicine, police, social welfare and teaching profession, in fact a renewal of this certificate is to be undertaken after the expiry of such certificate and if this is not done such a person would be prevented from working in the sector where same is required. This is to offer protection for children, pupils and every vulnerable person from other people in position of authority or care who could abuse or treat them in ways contrary to law. Thus, compulsory registration for teachers will offer this basic service and protection for the class of vulnerable people in education. Additionally, this will offer some level of assurance to parents or guardians of pupils and students that at least the identity and background check of those in charge of their ward is known to the regulatory authority in charge of teachers. So this provide an alternative or viable way to prevent or limit entry into the profession by anyone with questionable character or simply who is unfit.

Furthermore, aside from the aforementioned benefits of compulsory registration of teachers to the educational sector of Nigeria are other benefits that could be grouped together as 'rights and privileges of registered teachers' in Nigeria. Thus by the virtue of the autonomy and self-governing status of TRCN, it has been prompted to confer on registered teachers the following benefits or:

Legal status as teachers - Freedom to add certain designations before or after their names as may be determined by TRCN for the identification of registered teachers in Nigeria, such as MTRCN (Member TRCN), FTRCN (fellow TRCN), etc.

Freedom to impart their professional skills, knowledge and values within the education system subject to regulation by TRCN.

iii. Participation in all TRCN activities, that is open to member.

v. Professional salary scales, allowing and other benefits that may be secured by profession, TRCN for registered teachers.

## **Emerging Challenges of Teaching Profession in Nigeria**

Generally, teachers' preparation programs often emphasize three vital elements in their programs. Those elements are preparing aspiring educators to possess and demonstrate the knowledge, skills and dispositions needed to be an effective instructor. Content knowledge is certainly necessary to provide learners with accurate information to be learned and later applied in life situations. Skills, in this listing, refer to the pedagogy of teaching. Teaching profession had been confronted with various challenges; the challenges made the recognition of teaching as a profession a controversy by the members of the society, to the extent that some members of teachers' in training want to make teaching profession as a stepping stone to their different areas of interest. The situation is therefore, attributed to the emerging challenges confronting the operation of teaching as a profession. Other challenges are discussed as follows;

The first is poor teachers' salary Structure and other Remunerations. The teacher salaries are too poor and they are poorly remunerated in some cases, teachers' salaries had been misappropriated, embezzled or used to award contract by the disheartening politicians (Abdul kareem (1997). Some of the salaries are not coming and in many States Teachers salary is not paid promptly. The situations however, affect the teachers' moral, productivity and relegate the teachers' effectiveness to the lowest level.

The second is the deteriorating condition of resources allocation for enhance Teaching-Learning process. Many schools are established without instructional facilities like: Textbooks, Writing materials, Furniture, Chalks etc. the teachers are working under poor school environment, the school environment are not conducive for effective Teaching Learning process. Many classrooms exist without furniture, window and Doors, many are dilapidated buildings. The situation cannot guarantee the quality education and produce quality product (Oke, 2011). The situation makes the profession to be disrespected among other professions, Gross abuse of Teachers' Ethical Code of Conduct, Teacher Registration Council (TRCN) (2004) outlined the ethical code of conduct that are strictly mandating all teachers in the profession, such as teachers' commitment, honesty, Political engagement, morally and ethically sound etc. However, among teachers today there are series of sexual misconduct, defamation of teachers, high rate of examination misconduct, disloyalty to the profession, embezzlement of school funds, falsification of school records, misappropriation of instructional resources provided for the schools. However, the above ethical and code of conduct lower the integrity of the teaching profession (Ozano 2013).

The third is the differential categorization of teachers. The teachers are categorized into different sub groups, such as Primary School Teachers, Secondary School Teachers, private School Teachers, colleges of Education Lecturers, polytechnic Lectures, and University Lecturers; Even at the polytechnics some lecturers are categorized into Instructors and Technologist. The problem emanated from differential categorization made teachers to see themselves differently and difficult to speak with one voice and fight common sense. 3.4 Discriminative Political Interference. Akindutire (2001) reiterates discriminative political interference in the professionalism of public service in Nigeria: that in Nigeria, there are different national commission such as National Population Commissions, Independent National Electoral Commission (INEC), National Petroleum Commission (NPC), and National Teachers' Institution (NTI), University basic Education Commission (UBEC), National University Commission (NUC), National Education

Research and Development Commission (NERDC). It should be noted that the appointment of these commissions have political influence, it is disheartening to note that out of these commission only national universal Basic Education Commission that has sub divisions like state Universal Basic Education, Universal Basic Education Board and local Government Education Universal Basic Education Board. While all other staff of other commissions are paid directly from the Federal Government the National University Basic Education are to be awaiting the State and Local Government contribution to meet up with the teacher's salaries, this is unfair and injustice (Ogundele, 2015).

The fourth is the low degree of autonomy accorded to teaching profession The profession is opened to anybody that has gone to schools, it was observed that the stake holder in the teaching profession did not check the entrance of non-qualified people in teaching; many unqualified people are still found in the teaching profession. Rakum (2010) observed that in the teaching profession there are HND, B.sc, M.A, Msc, Ph.D. without educational background. The author noted that the external influence from the government and influential figure in the country rendered autonomy of teaching profession questionable. The porosity in the entry into the teaching profession constitute high problem, there is absolute and relative size in teaching profession population. The large percentages of Nigerian work force are teachers. The high population however, made the teaching policy implementation controllable. The high population do affect the teacher's involvement in the decision making process because the decision makers find it difficult to know which category of the teachers to be involved in the decision making process. The population also gulp highest percentage of the yearly budgeting allocation which is not governmental interest. 3.6 Teachers are Fragmented into Different Associations Teachers in the profession have different association like: Nigerian Union of Teacher (NUT). All Nigeria Conference of Principal of Secondary Schools (ANCOPSS) Vice Chancellors Association of Nigeria University, Science Teachers Association etc. the fragmentation also affects one voice into a situation and it affects togetherness in the profession

### **Conclusion, summary and recommendations**

The reality on ground is that teaching is now recognized in Nigeria as a profession with accredited professional status backed with appropriate status. This reality is a settled standard which is underscored by the consensus amongst educational researchers such as Tuinamuana (2011), Ingvarson (2010) and Hattie (2011) that teaching standards are here to stay. The global education community strives to improve outcomes for students and look to favorable results to vindicate their efforts. To this extent to harness the gains of professionalism and equally sustain the benefits of registration requirements for the teaching profession in Nigeria, if the under listed recommendations could be actively taken on board, then products of the Nigerian educational sector will have a good cutting edge advantage to compete successfully on the global scene and thereby contribute optimally to developments in Nigeria.

#### *Recommendations:*

- i. Periodic Publication of TRCN activities and annual reports accessible to the public.
- ii. Establishment of National Teachers' Salary Commission



Promoting Good School Resources Maintenance Culture Adequate maintenance culture should be put in place to improve the Educational facilities status to its originality.

Establishment of quality assurance monitoring body for the teaching profession

Reduction in the Level of Political Interference Political interference which leads to the relegation of teachers' integrity should be avoided.

Structural Approach and Periodic Review of Teacher Education Programme.

Periodic monitoring and enforcements of compliance with the TRCN requirements by stakeholders in the education sector.

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## THE EFFECTS OF TERRORISM ON PEACE AND NATIONAL DEVELOPMENT IN NIGERIA

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**Abstract:** *Issues bothering on national security are very crucial for the material progress of any polity. This assertion is against this framework of truism that sustainable development is a function of an enabling environment. It is against this backdrop that this study examined the effects of terrorism on peace and national development in the South-South geopolitical zone of Nigeria. The study employed qualitative and quantitative methods of drawing data from primary and secondary sources, reviewed existing literature from journals, online articles, and research projects. The research adopted the Frustration-Aggression theory. A cross-sectional research design was adopted and data was collected via a survey of 300 respondents in the South-South geopolitical zone of Nigeria using non-probabilistic sampling techniques. Data collected were analyzed using percentages, Pearson's Coefficient of correlation and linear regression analysis with the aid of Statistical Package for Social Sciences (SPSS) Version 23. The correlation coefficient (r) values are -0.369 and -0.353. The results showed that there is a strong negative relationship between terrorism and peace and between terrorism and national development. On the basis of these findings, the research recommended that the Nigerian government should create employment for youths, who are unemployed in the South-South geopolitical zone and should come up with programmes that will provide infrastructural facilities and genuine women empowerment. Corrupt politicians should be punished to serve as a lesson to others who intend to loot the nation's wealth. Government at all levels must eschew corruption in the fight against criminality, terrorism and insecurity. The democratic system in place must begin to deliver the needed social goods so as to improve the standard of living of Nigerians and deliver many citizens in the South-South geopolitical zone from absolute poverty to which they have been subjected for a long while. Government should plug all the holes through which scarce resources are being siphoned so as to free resources for national development and equipping of the military to fulfil its functions of providing peace and security to Nigerians.*

**Keywords:** *Terrorism, peace, national development, South-South*

### Introduction

Issues bordering on national security are very critical for the material progress of any polity. This assertion is against the backdrop of the truism that sustainable development is a function of an enabling environment. Nigeria, just like other countries, has her own peculiar challenges and problems. Hutchful (2002) cited in Adebayo (2014:480) is of the view that "the survival of any society is its laws and order which are imbibed on national security." Insecurity leaves in its wake the tales of woe which the country and her citizens have had to contend with over the years (Adebayo, 2014). Nigeria being a developing nation still has her own share of political, cultural, social and economic problems which have over the years affected its citizens (Adebayo, 2013). However, various challenges have befallen the Nigerian state which has hindered its development potentials since the country became a democratic state. These security issues range from

armed robbery, ethnic conflicts across the different geo-political zones, kidnappings, to terrorism and insurgency in the South-South and North-Eastern parts of the country. Nigeria has a population of about 200 million, and it is Africa's largest country in terms of demographic size. With a Gross Domestic Product (GDP) of US\$415 billion, it is the second largest economy after South Africa. Nigeria holds the record for being the largest oil producer on the continent and the sixth in Organization of the Petroleum Exporting Countries (OPEC) (Shehu, 2015:40). The country is well endowed with petroleum, gas and yet-untapped mineral resources. Its agricultural potentials are considerable, although the country remains a net importer of food. In the last decade, growth was 7.4% and is projected to be 6.9% by the end of 2012 (Shehu, 2015:40). Udu and Edeh (2019) as a country, there should be a target to attain some level of security by protecting its populace from crime, social insecurity, and structural violence. Indeed, without the protection and safety of citizens, plans for peace and national development will fail (Akinyetun, 2017:16). A major phenomenon bedeviling various countries across the world and mostly Africa in varying levels as it affects policies and development is the issue of insecurity. Reducing the rate of crimes to the barest minimum is what any nation is striving towards development should target (Awojobi, 2014:144). The magnitude of the insecurity situation in the country has become so grave that the Army, Police Force, Air Force etcetera. have all been drafted into maintaining internal security. This has led to palpable fear among the people as security of lives and properties can no longer be guaranteed. The phenomenon of crime has impacted negatively on the political, economic and social life of Nigerians (Shehu, 2015:41).

The emergence of insurgency has introduced a terrorist dimension, hitherto unknown, into the criminal space in Nigeria. Series of bombings have been carried out by the terrorists, as well as taking hostage of innocent citizens. Even the United Nations Building in Abuja was not spared in the bombing spree. In rich as well as poor countries, terrorism exerts a heavy toll on national economies. It is inevitable that the economic impact of terrorism would be more felt in unsophisticated mono-cultural low-income economies than they would be felt in highly advanced, diversified industrial economies (Adebayo, 2014:481). Therefore, the continued rise in insecurity in the country, if not checked, may result in greater investor apathy for the country and resulting in low inflow of Foreign Direct Investment (FDI), and would make institutional investors look for other stable economies to invest their money. When people feel insecure in a country, their appetite to invest, to buy or rent from the product of investment reduces; and that is why all over the world, any country that radiates an environment of insecurity naturally repels investment initiatives from both the international community and its own local investors (Awojobi, 2014:144). Hence, crime is a threat to the economic, political and social security of a nation and a major factor associated with underdevelopment; because it discourages both local and foreign investments, reduces the quality of life, destroys human and social capital, damages relationship between citizens and the states, thus undermining democracy, rule of law and the ability of the country to promote development (Adebayo, 2013b). Terrorism has created widespread insecurity across northern Nigeria, increased tensions among various ethnic communities, interrupted development activities, frightened off investors, and generated concerns among Nigeria's northern neighbours. Terrorists have been responsible for near daily attacks in Borno and Yobe States and behind the January 20th attack in Kano that killed almost 200 people and three major attacks in Abuja, including the bombing of the United Nations headquarters in August 2012. Terrorist's

attacks on churches and mosques are particularly disturbing because they are intended to inflame religious tensions and upset the nation's social cohesion (Eme&Ibietan, 2012). In recent times, studies have emerged to address the problem of terrorism which have assumed a monstrous dimension in Nigeria both in the frequency of occurrence and the sophistication in character, while the existing studies focused on the occurrence of terrorism and its effects on national security and development in the North-Eastern part of Nigeria, empirical studies about the impact of terrorism on peace and national development in the South-South geopolitical zone is relatively lacking. Hence, this research work was aimed at examining the impact of terrorism on peace and national development in Nigeria via the survey of respondents in the South-South geopolitical zone of Nigeria.

### **Statement of the Problem**

Terrorism became a frequently used term in Nigeria since 2009 when insurgency started after the death of Mohammed Yusuf, a Boko Haram leader. From that time, the activities of the sect have continued unabated despite the effort of government to curtail the heinous crime of the sect. The activities of terrorists have caused the country the lives of over 10,000 people (Udu and Edeh 2019). Most of the operations of terrorists are concentrated in the North East of Nigeria. Terrorists in Nigeria have used kidnapping and raping of women as a tool of war (Awojobi, 2014). Over the last decade, Nigeria had experienced tremendous security challenges ranging from armed robbery, ethnic conflicts across the different geopolitical zones, kidnappings to terrorism and insurgency in the South-South and North-East. Since 1999, the trend in security challenges has attained a bewildering dimension. Terrorism according to Mbaegbu (2017:234), "creates significant problems in failed states like Nigeria, impedes the development, and creates new threats to international security". Nigeria is currently enmeshed in a myriad of security challenges that pose a threat to security and national development. Terrorism increases "the cost of doing business for the private sector and providing public services. Resources that would have been invested in increasing output, fund education, health and other welfare programmes are diverted to crime control and prevention" (Adebayo, 2013). Awojobi (2014), Akinyetun (2017), Adelaja, Labo and Penar (2018) and Udu and Edeh (2019) affirm that a situation where the funds allocated to security alone is almost equal to funds allocated to education, health and critical infrastructure combined in a fiscal year, as is the case with Nigeria is detrimental to peace and national development.

In recent times, studies have emerged to address the problem of terrorism which has assumed a monstrous dimension in Nigeria both in the frequency of occurrence and the sophistication in character. While the existing studies focused on the occurrence of terrorism and its effects on national security and development in the North-Eastern part of Nigeria, empirical studies about the impact of terrorism on peace and national development in Nigeria is relatively lacking. Hence, this research work was aimed at examining the impact of terrorism on peace and national development in Nigeria via the survey of respondents in the South-South geopolitical zone of Nigeria.

### **Research objectives**

The general research objective was to evaluate the effects of terrorism on peace and national development in Nigeria. The following were the specific objectives:

To examine the relationship between terrorism and peace in Nigeria.

To examine the relationship between terrorism and national development in Nigeria.

To examine the extent to which terrorism impact on peace in Nigeria.

To examine the extent to which terrorism impact on national development in Nigeria.

Research Hypothesis

The following hypotheses were tested in this study:

H1: There will be no significant relationship between terrorism and peace in Nigeria.

H2: There will be no significant relationship between terrorism and national development in Nigeria.

H3: Terrorism does not have a significant effect on peace in Nigeria.

H4: Terrorism does not have a significant effect on national development in Nigeria.

### **Conceptual Clarification**

Given the nature of this research, it is significant to outline the essential concepts employed in the study.

#### *The Concept of Terrorism*

Despite decades of effort, with even greater focus after September 11 attack on the world trade centre in the United States in 2001, attempts to develop a generally accepted legal concept of terrorism have failed (Golder & Williams, 2004: 270). The failure is made possible because of the individual variability both in kinds of conflicts and in their methods of operation. Conflicts occur under very many different circumstances and take a bewildering variety of forms (Golder & Williams, 2004). However, Burton (1979: 11), defined terrorism as “a range of social and political problems whose behavioural scope is boundless and includes behaviour that appears to be abnormal”. Burton (1979) when further to state that it’s an unconventional political violence or the threat of political violence meant to have an impact on both the immediate victims and the audience that is carried out by non-state actors and, or clandestine state agents. Burton’s clarification points clearly in the direction that ‘non-state-actors and/or clandestine state agents’ use illegal explosive devices to perpetrate ‘unconventional political violence’ meant to create ‘impact on both the immediate victims and the audience.’ In line with this argument, Rapoport (2017) asserts that terrorism is a global phenomenon involving the use of terror for a wide range of purposes.

#### *Causes of Terrorism in Nigeria*

Studies have examined the root causes of terrorism in Nigeria and these causes can be grouped as social, youth unemployment, economic, religious, political, corruption, foreign link or connection, poverty and ethnic politics. The above root causes of terrorism were discussed in this subheading. Poverty and unemployment have been identified by some studies as common causes of terrorism. (Shehu, 2015; Adesoji, Abdullahi, & Penar 2018; Kamta, Azadi & Scheffran, 2020). However, several studies have found no link between poverty, unemployment and terrorism (Shehu, 2015; Adesoji, Abdullahi, & Penar

2018). The general belief of security and intelligence community is that people who are economically deprived are more likely to resort to violence as a way to express their grievances. That is poverty and unemployment create terrorism. The theory of relative deprivation explains that when people feel deprived of something they are expected to have, they become discontent, hence could use violence to express their grievances. Although, it is argued that poor economic conditions such as lack of employment opportunities and poverty create the condition for people to join terrorist organizations. A study by Kavanagh (2013) found out that poor but highly educated people were the ones likely to participate in terrorism (Adesoji, Abdullahi, & Penar 2018: 38). In a research carried out by Shehu (2015) he found evidence that the greater the income inequality there is in a country, the greater the incidence of domestic terrorist attacks. Krieger & Meierrieks (2014) cited in (Shehu, 2015) sampled 114 countries between 1985 and 2012, both found out that income inequality is correlated with terrorism. But, other empirical studies have found no support to suggest that the income distribution of a country is related to terrorism. In northern Nigeria, there is the common perception that violent extremism is entrenched in the socioeconomic problems of the country. For example, Ayegba (2015) argued that poverty and unemployment are the driving forces behind the insurgency in Nigeria. Further in the study, Ayegba (2015) claimed that the high rate of youth unemployment has resulted in poverty and insecurity in the country. Adebayo (2014:480) argued that, “socio-economic indices such as poverty, unemployment, inequality, economic underdevelopment, low education, brought about the emergence and persistence of Boko Haram terrorism in Nigeria.” These assertions suggest that the pervasive poverty and unemployment in northern Nigeria create the condition for young people to be manipulated and recruited by Boko Haram. Similarly, Kamta, Azadi & Scheffran (2020) are of the view that though, poverty is the reason why youths become terrorist in Nigeria, it is not enough factors, and rather the neglect of the socioeconomic region of the North is the key cause for the cause of terrorism in the country. Although, some studies have found no link between poverty and terrorism, the vicious cycle of poverty and unemployment make it easy for people to become prey for Boko Haram recruitment.

It is common belief that religious tension and religious fundamentalism is another cause of terrorism in Nigeria. With respect to Boko Haram, religion plays a vital role in their discourse. The group holds extreme religious ideology, which they use as the basis to commit their heinous crimes. Omale (2013:98) argued that the rise of Boko Haram is embedded in Islamic fundamentalism, which they use to justify their actions. According to Omale (2013:98) the group aims to promote Sharia law and create an Islamic state in Northern Nigeria. As a result, it has waged war on any group or western idea, which they believe is against Islam. This has created the notion that terrorism is linked to religious fundamentalism. In the study, why do people join Boko Haram? Onuoha (2014) found out that, “ignorance of religious teaching is the leading factor influencing the adoption of extreme religious views, especially among youths” in all the northern states surveyed. Onuoha (2014) added that, religious and ethnic tensions are found to cause terrorism. Historically, Nigeria has experienced recurrent ethno-religious clashes. Although, it is hard to claim that the emergence of Boko Haram is related to religious or ethnic conflict, some studies have found a positive relationship between religious, ethnic tensions and terrorism. This implies that societies experiencing religious tension can become a breeding ground for terrorists to operate (Akinyetun, 2017).

With respect to the political root causes of terrorism, several studies have indicated that the lack of civil liberties, corruption, weak political institutions, political instability, weak government, high level of repression, civil wars can foment the incidence of terrorism. In addition, a study by Adesoji, Labo & Penar (2018) shows that societies with large complex multiparty systems are more prone to terrorist incidence than those with few homogeneous systems (Adesoji, et al. 2018). Also, democratic countries, which are assumed to be in a better position to stop terrorist attacks, are more prone to terrorist attacks than autocratic countries. Krieger & Meierrieks cited in (Udama, 2013: 112) argued that democratic countries are prone to terrorist attacks due to the promotion of democratic ideals like respect for civil liberties and free press, which open doors for terrorists to operate and also hinder counter terrorism measures. On domestic terrorism in North-East Nigeria, some studies blamed the emergence of Boko Haram on the country's elite politics. Kamta et al., (2020) argued that "Boko Haram is a political construct, sponsored by politicians." According to Udama, 2013:113) Boko Haram emerged from the struggle among northern and southern political elite to gain control of state political power, especially after the death of President Yar'Adua. The re-election of Jonathan in 2011 led to the use of Boko Haram as an instrument of destruction by northern political elite. However, these claims cannot fully explain the emergence of Boko Haram, since other political and social phenomenon could contribute to the rise of the group. For instance, some scholars have argued that emergence of the group could be linked to bad governance, corruption and economic deprivation in northern Nigeria, which has fostered the rise of radical extremist groups (Udama, 2013).

In Nigeria, the vicious cycle of poverty that happened is due to youth's unemployment which approximately over 64 million youths' are unemployed and 1.6 million are under employed. Unemployment causes social frustration, dejection, dependency on family and desperation that forced youths to embark on bad social attitudes of violent crimes, assault, burglary, extortion, kidnapping, militancy, destruction of lives and more recently is terrorism (Kamta, et al., 2018). According to Awogbenle (2010:833), unemployment became a great problem on Nigerian youths and juxtaposed a terrible risk and fear to the society. The economical and psychological pressure of youth unemployment is a disaster to both individual and society (Awogbenle&Iwuamadi, 2010).

Nigeria is a country with almost 200 million people and approximately 500 ethnic groups speaking different languages and culture with about fifty percent Muslims, forty percent Christians and ten percent belonging to other religious groups (Shehu, 2015: 45). The country has abundant of human and natural resources and number six in terms of oil wealth global ranking, and an OPEC member. Despite all these endowment of human and natural resources, Nigeria has currently been ranked as 161 out of 189 poor economies by Human Development Index (Oluwabunmi, 2020). According to International Fund for Agricultural Development (IFAD, 2007), that despite the Nigerian resources of human and natural endowment as well as oil wealth, the country ranked as one of the poorest countries in the global ranking with 70 percent of its population as poor and 30 percent in absolute poverty (Kester, 2012). This problem of poverty caused many of Nigerian citizens to engage in social violence. According to Shettima (2009), the Almajiri (child pupil) scattered all over the streets with calabash in their hands for alms begging looking very dirty, hungry, and thirsty and in traffic hazards. In northern Nigeria, the Almajiris were seriously neglected and this made them willingly join Boko Haram and engage in violent



aggression and other social and criminal activities of Boko Haram. As reported in Saturday Tribune of 14th July, 2012, a fifteen year suicide-bomber (an Almajiri) attacked the Maiduguri Central Mosque and killed ten innocent Nigerians with the narrow escape of the Emir (Shehu) of Borno and the Borno State Deputy Speaker (Sampon, 2011:4).

The high number of poverty is caused by high level of corruption in Nigeria as it was ranked among the most corrupt country in the world in 2001 (the Transparency International Corruption Index, 2001). According to Adetoro 2012 cited in (Suleiman, 2011), the majority of Nigerian agencies and ministries were found guilty of corruption and the police was ranked as the most corrupt agency among them which gives chance to Boko Haram insurgency to expand its militant activities. Utebor, (2012) reported that illegal public executions of Boko Haram sects and hundreds of extra-judicial killings by Nigerian police as depicted on the Al-Jazeera TV, were allowed to “go un-investigated and unpunished. Due to high number of police corruption and injustice, Utebor (2012) stated that the former president of Nigeria, Olusegun Obasanjo categorized the National Assembly political office holders as ‘rogues and armed robbers’ due to their oil scandal in Nigeria. This confirms the allegation of the Central Bank of Nigerian Governor against the Nigerian political office holders (that are less than one percent of the population) for sharing more than twenty five percent of the national budgets to themselves (Sanusi, 2010).

Again, Boko Haram is a representative of the movement of Islamic Jihad Propagation in northern Nigeria, but it is being questioned that there is a signal of foreign intervention or influence from other foreign countries or organization that finance it with money and weapons to discharge its insurgency accordingly and continue with its daily violent activities, kidnapping, raping, assault, burglary, extension, terrorism, militancy and other social violence. According to United Nations reports (2011), Boko Haram has a connection with Al-Qaeda Islamic Movement (AQIM) in the Maghreb region in order to expand its mission (Nossiter, 2012). Also, the link between the Boko Haram, AQIM and Somalia’s Al-Shabaab are considered the similarities of their violent activities of suicide bombing attacks and contacting the outside terrorists with an intention to relate with one another in order to threaten the United Nations and its allies due to the suicide bombing of United Nations House in Nigeria in August, 2011 by Boko Haram (Suleiman, 2011).

#### *Youth and Terrorism in Nigeria*

In Nigeria, over sixty-four million youths are not gainfully employed and over one million are said to be underemployed (Adebayo, 2014: 482). Despite the above figure, unemployment rate has continued to be on the rise in spite of the natural and human resources Nigeria is blessed with. Lingering youth unemployment is evident in Nigeria (Adebayo, 2013a). One of the major reasons why terrorism has continued to thrive in Nigeria is as a result of youth’s unemployment which has brought about poverty in the country. This has made recruiting young boys and girls into becoming terrorists very easy as most youths see it as a source of income to take care of their family. Unemployment has become a major problem tormenting the lives of the Nigerian youths and this poses a serious security risk to the country. The phenomenon of youth unemployment is devastating to both the individual and the society as a whole both psychologically and economically. Unemployment causes frustration, dejection, desperation and dependency on family members and friends who also have their own problems to contend with. This precarious situation has left the youths in a vicious cycle of poverty that daily erodes their

confidence and bright future (Adebayo, 2013a) making them prone to becoming terrorists or involving themselves in crimes thereby increasing insecurity in the country. In 2013, the United States Institute for Peace carried out a study in Nigeria on the brain behind easy radicalization on youths despite all the efforts and policies of government to put an end to insurgency in the country. The states used for this study were Borno, Sokoto, Yobe, Kaduna, Gombe, and Kano. Some of the variances are because mobilization can be very context-specific. Personal involvement in terrorism among its membership also varies widely. Some are foot soldiers or the builders of the bomb. Others are criminals, or strategists (Onuoha, 2014). Nonetheless, the study discovered social, religious, economic factors to be responsible for radicalization of youths into becoming terrorist in Nigeria. Though, economic factor was the core reason why youths have links to terrorism in the country (Onuoha, 2014). Ucha (2015) puts it that joblessness is a major factor contributing to poverty in Nigeria. When citizens are not gainfully employed, their source of livelihood reduces overtime. When the cost of living goes up, the standard of living falls. In Nigeria, millions of young people are out of jobs and this has made them get involved in crimes like internet scam, terrorism and kidnapping etc... The situation of poverty and unemployment in Nigeria can be appropriately described using the epitaph of Onimode's paradox of wealth and mass poverty. Nothing explains the paradox of poverty in the midst of plenty in Nigeria than what Onimode cited in (Usman, 2015:96). Usman (2015:96) noted that "in contrast to the cynicism of the vicious circle of poverty theorist that a country is poor because it is poor, Africa and especially in Nigeria is poor not because it is not endowed with resources but due to poor management of these resources by its political leaders. Put it differently, the abundant resources, human and materials that the country is blessed with ironically underpin the basis of profound misery of the vast majority of the people (Ucha, 2015). For a country like Nigeria that parades high deposits of material and mineral resources which range from its famous oil and natural gas to substantial reserves of coal, iron ore, zinc, tin, limestone, lead and niobium and many untapped ones including a significant proportion of arable land, approximately 90%, has no business to populate poor citizens. Coincidentally, the country's vast resource complements its large population (Adebayo, 2014).

Nigeria has a young population, with 42.4 percent aged between 0 to 14 years and just around 5 percent over the age of 65. Despite this, majority of them remain either unemployed or underemployed (Ajaegbu, 2012). Thus, Awogbenie & Iwuamadi (2010) contended that during this period, overall unemployment experienced quantum leap from 12.3 percent of labour force to 23.9 percent. However, Usman (2015:96) noted that the situation became more critical in 2011 when Nigerians aged 15 to 24 (37.7%) and those between ages 25 to 44 (22.4%) were willing to work but are not gainfully employed. According to Usman (2015:96) in 2011 46.5% of youths who are unemployed are educated male youths who are to be breadwinners of their families. These groups of youths can easily be lured into becoming terrorists. The magnitude and expansion of poverty in Nigeria and the threat it poses makes it one of the biggest challenges in the nation today (Adawo, 2012:389). Ajaegbu (2012:315) who argued that 'violent crimes such as armed robbery, kidnapping and terrorism are the most inhumane crimes that continue to plague Nigeria. Lately, kidnappings for ransom and terrorism have taken centre stage leading to bloodshed and economic setbacks. The reasons for these are not farfetched as studies have linked rising youth joblessness to the increase in violent crimes. Furthermore, Ajufu (2013:308)

corroborated the above assertion when she said “unemployment has become a major problem bedeviling the lives of Nigerian youths, causing increased militancy, terrorism and so on. The high rate of unemployment among youths in the country has contributed to the high rate of poverty and insecurity in Nigeria. Ironically, northern Nigeria has held on to power for substantial period since the country gained independence in 1960, but continues to occupy the lower level of human development index when compared to southern Nigeria, as regional poverty is always widespread and even more severe there”. Consequently, it is convenient to say that when a particular segment of a country’s population especially the productive youths has no job and decent living, the tendency is that they become easy targets for terrorism and other evil vices in the society. This clearly expresses the current situation the country is facing. In a country like Nigeria where those who looted the commonwealth of the people are flaunting them freely in the face of extreme poverty and hunger, temptation to extremism and violent behaviour naturally become irresistible and attractive to those without any form of consolation. In the writing of Pizza & Hippel (2012:34) “the notion that poverty is a root cause of terrorist violence is widely asserted. This assertion is not surprising considering how well it fits with basic liberal economic theory, which pre-supposes that individuals are motivated primarily by material wellbeing. Those who have opportunities to sustain and better themselves will likely accept the system in which they live and behave peacefully. By contrast, those confronting socio-economic distress and deprivation are more likely to be drawn to radical and possibly violent movements, including terrorist movements.”

The above quotation is supported by several submissions of those who believe that extremism and security challenges posed to 21st century civilization is reinforced by poverty, unemployment, illiteracy and ignorance (Pizza & Hippel 2012:34). For instance, while commenting on the rapidity with which terrorism was taking on America and the rest of the global community in 1994, Bill Clinton, the then American president said that “the forces of terror and extremism... feed on disillusionment, on poverty, on despair.” Thus, in his view, containing and putting an end to terrorism is to spread prosperity and security to all.” Again, the al-Qaeda-led attacks on the World Trade Centre and the Pentagon on September 11, 2001, further bolstered the poverty terrorism thesis. The advent of democratic rule in 1999 raised hopes that the long years of suffering, poverty, inequality and alienation of the mass of people to era of prosperity, leadership at all levels of governance failed the people. Their expectations and hopes were dampened as their situations and conditions deteriorated and exacerbated with increased unemployment rate, illiteracy, low income and hunger. This led to the youths forming several ethnic based armed groups and sporadic search for tribal identity. This led to militancy in the South-South geopolitical zone, kidnapping and robbery in the East and West, and series of religious violence including the prevailing extremism vis-a-vis terrorism in the North.

The rate of poverty in Nigeria has worsened since the late 1990s, to the extent that the country is now considered as one of the twenty poorest countries of the world (Adebayo, 2013c). The frustration and desperation that daily torment the unemployed creates a fertile ground for crime to thrive. In recent times, there have been notable adverse social, economic and political developments in Nigeria, a consequence of youth unemployment and underemployment, particularly exemplified by increasing militancy, violent crimes, kidnapping, restiveness and political instability (Ajufo, 2013). The scariest undertone of Nigeria’s socio-economic underachievement, by far, is the steady rise in

youth crime, nurtured in a climate of increasing national income and the simultaneous failure of employment generation and poverty alleviation programmes. Armed insurgency and terrorism culminating in wanton destruction of lives and property by Boko Haram extremists in the northern part of the country are now competing for space in international headlines. The season of discontent has special ramifications for a nation with unemployed millions, and the net effect has been a tragic precipitation of violent crimes, assault, burglary, extortion and kidnapping etc. Decades of social and political turmoil have helped turn the strategically located African nation into an established junction for international drug smugglers (Okafor, 2011). Other highlights of Nigeria's prolific crime syndicates are economic fraud usually in the form of innovative internet scams, money laundering and racketeering (Ajufo, 2013). Furthermore, Adejumo&Tayo-Olajubulu (2009) contended that unemployment has been identified as the major cause of social vices like terrorism, armed robbery, destitution, prostitution, political thuggery, and kidnapping. What holds true for Nigeria and most other nations of equivalent human development indicators is the fact that crime is often a means of survival. The youths are one of the greatest assets a nation could possibly possess. The National Youth Development Policy (2001) asserts that the youths are the foundation of a society; their energies, inventiveness, character and orientation define the pattern of development and security of a nation. Through their creative talents and labour power, a nation makes giant strides. The youths are a particular segment of the national population that is sensitive, energetic, active, and the most productive phase of life of citizens. The youths are also the most volatile when their energies are misdirected or channelled into wrong endeavours. Consequently, youth unemployment poses a great threat to the country's stability and development, and if not checkmated on time, it may lead to disastrous consequences for the nation. Desperation can drive the unemployed youths into living outside the law in order to survive and as a means of expressing dissatisfaction at the apparent neglect of their very existence. This situation has afforded the Boko Haram terrorist sect the luxury of easy recruitment of young people into their fold.

### *Terrorism and Peace*

Over the years, the pursuit of political objective via sporadic terrorism and violence has frustrated the amount of work put into domestic and global maintenance of peace and security. The attack on government by terrorists in the twenty first century as backed up by the advancement in sophisticated technology has weakened many governments all over the globe. Terrorists activities are transnational and have inevitably crossed porous borders. This has made it difficult for governments to control security systems since technology considers no border. The concept of terrorism is a subject of intense controversy within the United Nations (UN) and other peace fostering organizations. There is no consensus definition of terrorism, thus, terrorists possess a great merit of that weakness to pursue their clandestine political objectives. Humphries (2002:732), defines terrorism as, the "use of violence, sometimes indiscriminately against persons and property for nominal purpose of making a political statement." This entails scars, death and loss of lives and properties, following the promiscuous act of terror. The nightmare on the soil of the United States of America (USA) precisely the World Trade Centre (WTC) and the Pentagon in New York City (NYC) on 11 September 2001(9/11), Mumbai attacks in 2008, Bali bombing, Istanbul bombings, Chechnya, London bombings, Madrid, Kosovo, Montenegro, Israel, East

Timor, Northern Island, Kashmir and the Abuja December bombing by Boko Haram. With this going rate of terror and horror, there is a call for utilitarian approach to curb insurgency in achieving peace. However peace itself has become very essential in today's world.

The word 'peace' in the English language is derived from the Latin 'pax'. Peace in the Roman Empire meant a cessation in fighting as well as rule over subject races. A modern equivalent is found in definitions of peace through deterrence. This definition describes peace in terms of what it is not, rather than what it is. The term 'peace' does not merely imply the absence of overt violence (sometimes referred to as 'negative peace'). It also encompasses the presence of social, economic and political justice, which is essential to the notion of 'positive peace' (Hicks, 1985). Peace is a relationship variable, not a trait. Peace exists among individuals, groups, and nations; it is not a trait or a predisposition in an individual, group, or nation. Peace is dynamic, not a static process. The level of peace constantly increases or decreases with the actions of each relevant party. Peace is an active process, not a passive state. Passive coexistence is not a viable path to peace. Building and maintaining peace takes active involvement. Peace is hard to build and easy to destroy. It may take years to build up a stable peace, then one act can destroy it (terrorism). The relationship between the concept of terrorism and peace are numerous following their frequent interactive nature as one seems to influence the other. According to Tichaona (2013: 695) Terrorists activities weaken states ability to provide peace to its citizens. Women; children and men have all suffered the consequences of terrorism. Terrorism disrupts livelihoods, increases violence and fear, affects production in all sectors of economy, destroys infrastructure and has resulted in bloodshed. In all cases of terrorist attacks, it has disrupted normal life, stalled production in the economy and international effort to provide peace and security. This justifies the importance of providing an analysis on the effects of terrorism in maintaining international peace and security (Tichaona, 2013).

Terrorism is a menace, the magnitude of destruction, loss of life, injuries and disabilities have all made mankind fail to find comfort in their governments as citizens are left vulnerable to indiscriminate attacks of terrorists. The effects of terrorism range from short, medium and even long term. Peace happens to breed and yield more economic benefits than in an atmosphere of terror. Abadie (2007:7) states that terrorism "reduces capital stock of a country, threatens higher level of uncertainty, increases counter terrorism expenditure, and drawing resources from productive sectors for use in security and affects specific industries like tourism." Also on the global economy in 2019 \$14.5 trillion in purchasing power parity (PPP) terms. This figure is equivalent to 10.6 per cent of the world's economic activity (gross world product) or \$1,909 per person. The economic impact of terror improved by 0.2 per cent from 2018 to 2019. The biggest improvement was in armed conflict, which decreased by 29 per cent to \$521 billion, owing to a fall in the intensity of conflict in the Middle-East and North Africa. There was also a substantial reduction in the economic impact of terrorism, which fell by 48 per cent from 2018 to 2019. Violence continues to have a significant impact on economic performance around the globe. In the ten countries most affected by violence, the average economic impact of violence was equivalent to 41 per cent of GDP on average, compared to under 4 per cent in the countries least affected by violence. Syria, South Sudan, Afghanistan and Venezuela incurred the largest proportional economic cost of violence in 2019, equivalent to 60, 57, 51 and 48 per cent of GDP, respectively.

However, terrorism set to destroy what peace has built over time. This notwithstanding, the occurrence of terror calls for peace and its value, while peace builds whatever horror, terror has caused or would have caused. Gasper (2008:12) states that “human security redirects attention in the discussions of security from the national or state level to human beings as the potential victims; beyond physical violence as the only relevant threat; and beyond physical harm as the only relevant damage.” Human security includes economic security, food security, health security, environmental security, personal security, community security and political security. As such the masses will revolt and use violence on their government. This also breeds an environment for the emergence of terrorists thereby having a negative effect on peace.

### *Terrorism and National Development*

Different scholars from the field of social sciences, and humanities have all shared their views on terrorism and national development. According to the United States Department of Defense (2000), terrorism is “the calculated use of unlawful violence or threat of unlawful violence to inculcate fear; intended to coerce or to intimidate governments or societies in the pursuit of goals that are generally political, religious or ideological”. Inherent in this definition are the three key elements of violence, fear, and intimidation. All three elements conjoin to instigate terror in the victims or those at the receiving end. The American Federal Bureau of Investigation (FBI) (2002), on its part, defines terrorism as “the unlawful use of force and violence against persons or property to intimidate or coerce a government, the civilian population, or any segment thereof, in furtherance of political or social objectives”. The U.S. State Department, on the other hand, understands it as the deployment of “premeditated politically-motivated violence perpetrated against noncombatant targets by subnational groups or clandestine agents, usually intended to influence an audience. Quoted in Omotola (2010), The African Union (AU) sees terrorism as “any act which is a violation of the criminal laws of a state party and which may endanger the life, physical integrity or freedom of, or cause serious injury or death to, any person, any member or group of persons or causes or may cause damage to public or private property, natural resources, environmental or cultural heritage”. Terrorism has been described as the “criminal acts intended or calculated to provoke a state of terror in the general public, a group of persons or particular persons for political purposes that are in any circumstance unjustifiable, whatever the considerations of a political, philosophical, ideological, racial, ethnic, religious or any other nature that may be invoked to justify them” (UN, 1994).

Terrorism has always had huge financial implications and burden to the affected country. In Nigeria, terrorism has had negative effects on the overall national development of the country. For example, it has been estimated that the city of New York alone lost US\$21 billion as a result of the 9/11 terrorist attacks. With the establishment of the Homeland Security, the US Government now has to spend a whopping US\$500 billion on security alone. Globally, it has also been calculated that world GDP decreased by a whopping US\$3.6 trillion in 2002 as a direct and indirect consequence of terrorist activities in 2001. This amount can be put in perspective when we realize it amounts to a third of the GDP of the United States and exceeds the combined GDP of Argentina, Italy and Britain. Another area of economic cost relates to the impact of terrorism on international trade supply chains, that is, the sequence of steps that global suppliers of goods take to

get products from one area to another (Mailafia, 2013). In a similar way, the budget of N921.91 billion earmarked to combat terrorism in Nigeria in the year 2012 alone, could have been deployed to national development programmes that the nation desperately need. According to (Ekundayo, 2015:11) national development is the “overall development or a collective socioeconomic, political and technological advancement of a country or nation. This is best achieved through development planning which can be described as the country’s collection of strategies, policies, plans, programmes and projects and others, mapped out by the government.” In the same vein, Adebayo (2013: 353) defines development, “as an important mode of production in modern society and the key in classifying countries as developed, underdeveloped, developing or emerging economies based on their level of industrialization”. Imhonopi (2004) argues that national development in Nigeria over the years is low because of factors such as poor infrastructural development, low level of technology, inadequate capital, poor state of the agricultural sector, low manpower development, poor planning and implementation, high degree of dependence on foreign raw materials, political instability, unfavourable government policies, entrenched official corruption, tribalism and nepotism. While these factors are true, another challenge that may further set the country back in achieving rapid development is the deepening terrorist activities in Nigeria especially as triggered in the South-South geopolitical zone and Boko Haram terror groups in the northern part of the country. All these over the years have affected national development negatively in Nigeria (Imhonopi, 2004).

Apart from the economic and monetary costs associated with terrorism, there are also social and psychological costs. Terrorism erodes inter-communal trust and destroys the reservoir of social capital that is so vital to building harmonious societies and bringing together community energies for national development. The attendant proliferation of small arms and the militarization of society results in a vicious cycle of violence which hampers national cohesion and stability. While Lawal & Oluwatoyin (2011) see national development as the overall development, socio-economic, political as well as religious advancement of a country. The long term impact of such violence on cities and regions is best exemplified by the penury that has affected Kaduna and Jos. Kaduna used to be one of the most prosperous cities in Nigeria. The Kaduna and Jos violence are as a result of religious conflicts which Lawal & Oluwatoyin (2011) view to be against the religious advancement of Nigeria. It was in many ways the industrial hub of the North, a cosmopolitan city with over a dozen textile firms and prosperous trading companies. The Kaduna of today is a tragically divided city in which Muslims live predominantly in the North and Christians predominantly in the South. All the textiles companies have shut down and most investors have packed up their businesses. The Jos Plateau is following a similar trend, as it loses its cosmopolitanism and local economies are destroyed. The tragedy is that the collapse of local economies and the erosion of social capital reinforce a downward spiral of further impoverishment, which in itself sows the seeds of further conflict and under development. In the South-South geopolitical zone, the activities of the militants have in different ways affected national development in Nigeria. Bombings of pipelines and closing down crude oil productions in the country have negative effects on the overall development of the country (Eme & Ibieta, 2012).

## **Theoretical Framework**

This study adopted the frustration and aggression theory. The frustration-aggression theory is associated with the works of Dollard, Doob, Miller, Mowrer & Sears (1939). The core assumption of this theory is that “aggression is always a consequence of frustration” (1939:1). The authors argued that individuals are motivated to achieve life ambitions and fulfil destiny, but when these expectations are thwarted, frustration sets in. In their line of thought, the occurrence of aggressive behaviour presupposes the existence of frustration; and that “the existence of frustration always leads to some form of aggression” (Dollard et al., 1939: 1). However, it is important to note that the existence of frustration does not always lead to aggression, given that frustration may have other consequences other than aggression. The concept of Frustration-Aggression as a way to terrorism brings to mind that frustration and aggression are vice versa. Social disciplines assume it as a cause of social upsets derived out of governments’ alienating policies (Berkowiz, 1989). According to this theory, the common people not only are deprived of their rights in the society but the means of strengthening their rights are also blocked from them, hence they are unable to react to those deprivations. This blocking occurs by the mighty in the society or by the established system which dominates the entire circumstances. In this case, the deprived, marginalized and frustrated individuals or groups attempt to express their frustration and annoyance. In the words of Miller (1939), this frustration produces a variety of retaliatory actions such as the diffusion of frustration into aggression and the terrorism does not express only an individual’s psychological state but it necessarily means to express about the prevailing phenomenon in the whole society or country. Furthermore, it might be caused by internal or external factors. Internally, the basic reasons for this state are mal-governance, political destabilization which further creates economic inequality, injustice, un-employment, while the external factors can be exemplified through direct or indirect occupation (Berkowitz, 1989). Thus, when the frustrated people are unable to fight against the mighty powers they react violently against state’s writ or external occupation. Insurgency, revolutionary and sub-revolutionary terrorism and international terrorism are examples of this reaction. The main difference between the crime and terrorism as a resultant factor of aggression is that crime is a disorganized act committed by an individual or group of individuals for materialistic interests, while terrorism is a systemic action, committed by group as a result of frustration (Tedeschi & Felson, 1994).

Terrorism can be driven by frustration, oppression, exploitation and social inequalities. The use of terror and violence by terrorist groups is aimed to intimidate or coerce government and the public in order to promote political, social ideological and religious or philosophical objectives. Looking at the militants attacks in the South-South geopolitical zone, one can affirm that the astronomically relative deprivation is in terms of the economic deprivation which has brought about poverty to the South-South geopolitical zone. The South-South geopolitical zone where most of the nation’s crude oil resides, yet one of the poorest regions in the country. Majority of the youths are unemployed as their sources of livelihood have been polluted via oil spillage, lack access to quality water, no access to quality education and therefore, lacks development. These are some of the reasons that have triggered the acts of terrorism in the South-South geopolitical zone.



In this context, aggression may develop as a consequence of having been exposed to an extremely frustrating condition sufficient enough to provoke a sense of worthiness and hopelessness. Kukah (1993) argues in favour of this position that the militants in the South-South geopolitical zone face complexities, contradictions and challenges emanating from their inability to meet up with basic human needs like foods, cloth and shelter. Soyinka (2012) agrees with this position and argues that, “economic factors, such as unemployment, wasted resources; social marginalization and massive corruption are responsible for nurturing the current season of violent discontent in the region”. It is however important to note that the existence of frustration does not always lead to aggression, given that frustration may have other consequences other than aggression.

## Methodology

The study adopted across-sectional research design. This means that primary source was utilized. The researcher administered questionnaires to some notable personalities and institutions in the selected States of the South-South geopolitical zone of Nigeria.

### *Research Instruments*

This study utilized primary data. Primary data was sourced using the questionnaire. The questionnaire was divided into sections one and two using the five point Likert scale of close ended structured questionnaire. Section one was designed to elicit bio-data of respondents while section two was used to obtain information on the effects of terrorism on peace and national development in Nigeria.

### *Population of the Study and Sampling Techniques*

Data was collected via a survey of 300 respondents in South-South geopolitical zone of Nigeria using purposive sampling technique. According to Obasi (2000), purposive sampling is a method in which the researcher selects people purposely for the study because of their ability to make useful data available to meet the requirements of the interrogation. The research instrument used for the study was the structured questionnaire. Out of the 300 copies of questionnaire administered, 232 were retrieved and analyzed given a response rate of 77.3%. Out of the 232 respondents, 91 were female and 141 were male. The items of measurement were rated on 5-point likert response type scale which ranks responses on a scale of (1) strongly disagreed to (5) strongly agreed.

**Table 1: Distribution of Questionnaire and Response Rate**

S/N	South – South States	Questionnaire Distributed	Questionnaire Retrieved	Percentage Retrieved
1	Delta	50	47	15.7
2	Rivers	50	42	14
3	Bayelsa	50	33	11
4	Edo	50	36	12
5	Akwa Ibom	50	41	13.6
6	Cross River	50	33	11
	Total	300	232	77.3

*Reliability and Validity of Instrument*

The reliability was established through a trial test conducted on 30 respondents in Delta State who also took part in the study. Cronbach Alpha method was used to establish the internal consistency of the instrument as shown in the table below.

**Table 2: Reliability Statistics of Variable**

Scale	Number of Item	Cronbach's Alpha
Terrorism	12	0.793

Source: From the Questionnaire Administered, 2020

The result yielded a coefficient of 0.793 which satisfied the general recommended level of 0.70 for the research indicators (Cronbach, 1951). Content validity was employed for this study to ensure the validity of the instruments, by subjecting it to independent assessors for cross-examination. These assessors are the main research supervisor and other experts who are scholars in this field from the Department of Political Science and International Relations, for their thorough and in-depth scrutiny, before it was used. This is to ensure that this work attains a high level of accuracy and reliability in all of its content. Hence, researcher satisfied both the reliability and validity of the scale.

*Area of the Study*

The study focused on Delta and Edo States in the South-South geopolitical zone of Nigeria. The region is situated in the southern part of Nigeria. The geopolitical zone is made up of six states namely: Delta, Akwa-Ibom, Bayelsa, Cross River, Edo, and Rivers. Over half of the South-South is made up of a network of creeks and small islands, making it very difficult to navigate and to establish large settlements. The rural population tends to live in small scattered hamlets of 50 to 500 persons, some maintaining links with larger towns such Port Harcourt, Calabar, Warri, Yenagoa, etcetera.

*Method of Data Analysis*

The primary data was presented and analysed using percentages, Pearson's coefficient of correlation and linear regression analysis with the aid of Statistical Package of Social Science (SPSS) version 23.

**Presentation, Analysis and Interpretation of Results**

The data collected for this Study was presented and analyzed with frequency distribution and percentages while the hypotheses formulated were tested using Pearson's coefficient of correlation and linear regression analysis. Of the three hundred (300) copies of questionnaire administered, two hundred and thirty two questionnaires properly filled were retrieved and used for the study. The questionnaire administered consists of respondent's personal data and the items that addressed the purpose of the study.

**Table 3 Sex of Respondents**

Sex	Frequency	Percentage
Male	141	60.8
Female	91	39.2
Total	232	100.00

Source: Field work, 2021

Table 1 show that 60.8% of the respondents were male, while 39.2% were female

**Table 4 Marital Status of Respondents**

Marital Status of Respondents	Frequency	Percentage
Single	87	37.5
Married	132	56.9
Divorced	13	5.6
Total	232	100.00

Source: Field work, 2020

Table 2 the distribution of marital status of respondents as presented by the above table shows more married respondents (56.9%) as against the single which accounted for (37.5%) and little percentage of divorced (5.6%).

**Table 5 Age Distribution Respondents**

Age	Frequency	Percentage
18 – 30 yrs	73	31.5
31 – 40 yrs	97	41.8
41 and above	62	26.7
Total	232	100.00

Source: Field work, 2021

Table 3 shows that 31.5% of the respondents fall between the age of 18-30 years, 41.8% fall between 31-40years and 26.7% fall above 41 years, this indicates that people within the age 31-40 years have the highest population of respondents.

**Table 6 Level of Education of Respondents**

Level of Education	Frequency	Percentage
WASSCE/GCE	51	22.0
BSc / HND	77	33.2
Master Degree Holder	57	24.6
Professional Certificate	47	20.3
Total	232	100.00

Source: Field work, 2021

Table 4 shows that 33.2% of the respondents have attained University Level Education, 22.0% of respondents have attained Secondary School Education, 24.6% Masters and a small percentage of professional certificates which account for 20.3%.

### Testing of Hypotheses

**Hypothesis 1:** There is no significant relationship between terrorism and peace in Nigeria.

**Table 7 Correlation Matrix**

Variables	Terrorism	Peace
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Terrorism	Pearson Correlation sig. (2-tailed) N	1 232	- 0.369** 0.000 232
Peace	Pearson Correlation Sig. (2-tailed) N	- 0.369** 0.000 232	1 232

\*\* Correlation is significant at 0.01 levels (2-tailed)

Source: Field work, 2021

**Hypothesis 1:** There is no significant relationship between terrorism and peace in Nigeria. Table 5 shows negative correlation between terrorism and peace. There exists significant correlation between the independent (terrorism) and dependent (peace) variables ( $r = -0.369$ ,  $n = 232$ ,  $p < 0.01$ ). The table 4.1.5 shows negative correlation between the independent (terrorism) and dependent (peace). This implies that as terrorism is increasing, peace is decreasing. Therefore, the null hypothesis was rejected.

**Hypothesis 2:** There is no significant relationship between terrorism and national development in Nigeria.

**Table 8 Correlation Matrix**

Variables		Terrorism	national development
Terrorism	Pearson Correlation sig. (2-tailed) N	1 232	- 0.353** 0.000 232
national development	Pearson Correlation Sig. (2-tailed) N	- 0.353** 0.000 232	1 232

\*\* Correlation is significant at 0.01 levels (2-tailed)

Source: Field work, 2021

Table 6 shows negative correlation between terrorism and national development. There exists significant negative correlation between the independent (terrorism) and dependent (national development) variables ( $r = -0.353$ ,  $n = 232$ ,  $p < 0.01$ ). This implies that as terrorism is increasing, national development is decreasing. Therefore, the null hypothesis is rejected.

### Linear Regression Analysis

**Hypothesis 3:** Terrorism does not have a significant effect on peace in Nigeria

**Table 9 Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adj-R <sup>2</sup>	Std. Error of the estimate
1	- 0.313	- 0.255	- 0.1404	0.093

a. Predictors (Constant), terrorism

b. Dependent variable: peace

Source: Field work, 2021

**Table 10 ANOVA<sup>a</sup>**

Model		Sum of square	Df	Mean	F.	Sig.	Remark
1	Regression	- 3.837	2	- 2.547	9.369	0.000 <sup>b</sup>	Sig.
	Residual	- 1.792	228				
	Total	- 5.629	230				

- a. Dependent variable: peace
  - b. Predictors: (constant), terrorism
- Source: Field work, 2021

**Hypothesis 3:** Terrorism does not have a significant effect on peace in Nigeria.

The linear regression results show ( $R^2$ ) value of - 0.255 which revealed that terrorism independently accounted for - 25.5% of the variation in peace in Nigeria. The F. statistics of 9.369 revealed that the model is statistically significant at 0.05 significant levels. This implies that as terrorism is increasing by 1%, peace is decreasing by 25.5%. Therefore, the null hypothesis is rejected. Thus, terrorism has significant influence on peace in Nigeria.

**Hypothesis 4:** Terrorism does not have a significant effect on national development in Nigeria

**Table 11 Model Summary<sup>b</sup>**

Model	R	R <sup>2</sup>	Adj-R <sup>2</sup>	Std. Error of the estimate
1	- 0.327	- 0.187	- 0.099	0.015

- c. Predictors (Constant), terrorism
  - d. Dependent variable: national development
- Source: Field work, 2021

**Table 12 ANOVA<sup>a</sup>**

Model		Sum of square	Df	Mean	F.	Sig.	Remark
1	Regression	- 2.767	2	- 2.634	11.201	0.000 <sup>b</sup>	Sig.
	Residual	- 1.900	228				
	Total	- 4.667	230				

- c. Dependent variable: national development
  - d. Predictors: (constant), terrorism
- Source: Field work, 2021

**Hypothesis 4:** Terrorism does not have a significant effect on national development in Nigeria.

The linear regression results show ( $R^2$ ) value of -0.187 which revealed that terrorism independently accounted for -18.7% of the variation in national development in Nigeria. The F. statistics of 11.201 revealed that the model is statistically significant at 0.05 significant levels. This implies that as terrorism is increasing by 1%, national development is decreasing by 18.7%. Therefore, the null hypothesis was rejected. Thus, terrorism has significant influence on national development in Nigeria.

**Table 11 respondents responses on what should Government do to bring lasting Peace to the Nigeria**

No of persons	Frequency	Percentage
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98	Generate employment opportunities for the youths	42.3
53	Provision of infrastructural facilities and genuine women empowerment	22.8
81	Corrupt politician be punished to restore the glory of Nigeria	34.9
232		100.00

Source: Field work, 2021

## Discussion of Findings

The study examined the effects of terrorism on peace and national development in Nigeria. The analysis above answered the questions posed in the study and tested the hypotheses of the research. The study discovered that there is significant relationship between terrorism and peace in Nigeria. This finding, however, is in agreement with previous studies carried out by (Egugbo, 2016; Tichaona, 2013; Steward, 2012; Gasper, 2008; Aja, 2006 & Humphries, 2002). Thus, the study revealed that terrorism exerts a negative significant effect on peace. Consequently, when terrorism increases, peace decreases. Terrorism has resulted in nightmares in the United States of America with the bombings of the World Trade Centre (WTC) and the Pentagon in New York City (NYC) on September 11, 2001 (9/11). All the cities that have experienced terrorists' attack have a decline in peace. Mumbai attack in November 2008, Istanbul bombings of 2016, London bombings of 7th July 2005 (7/7), and the Abuja 31st December 2010 bombing (Humphries 2002:732). Terrorists' activities weaken each country's ability to provide peace for its citizens. The Nigerian situation is akin to what Humphries (2002:732) describes concerning Mumbai, Chechnya, Bali, Istanbul, Madrid, Kosovo, Israel, East Timor, Kashmir, among others, where terrorism disrupts likelihoods, increases violence and fear and has resulted in bloodshed; where terrorism was initially rooted in religion but later took a political dimension. Thus, wherever and whenever terrorism is increasing, peace is decreasing among the people. The second research hypothesis which stated that there will be no relationship between terrorism and national development was rejected. The result revealed that there is significant negative relationship between terrorism and national development. This implies that as terrorism is increasing, national development is decreasing. The finding is consistent with the previous studies of (Zakaria, Jun & Ahmed, 2019; Khan & Yusof, 2017; Bazic, 2016; Mehmood, 2014; Mapolisa & Matsekesta, 2013, Ocal, 2010 and Mailafia, 2013). In countries where terrorism exists, there is the tendency that development will be hampered due to the activities of terrorists. Terrorists are bound to destroy already existing growth and development. This will further make national and state government divert finances meant for national development to purchase of nuclear arsenals in battling terrorism. In the case of Nigeria, terrorism has overtime destroyed previous achievements made by successive governments and finances meant for development are now being channelled to fighting terrorism in Nigeria.

Consequently, when terrorism increases, national development decreases. Terrorism has always had huge financial implications in the countries being affected. In Nigeria, terrorism has had negative effects on the overall national development. This is similar to the experience in the United States of America where it has been estimated that the New York City (NYC) alone lost US\$21 billion as a result of the September 11, 2001 terrorist attacks. Significantly, with the establishment of the Homeland Security, the US Government today spends a huge sum of US\$500 billion on security alone. Globally, it has

also been calculated that the world GDP (Gross Domestic Product), that is, the total market value of the goods and services produced by a country's economy during a specified period of time, decreased by a whopping US\$3.6 trillion in 2002 as a direct and indirect effect of terrorism in 2001. This monetary value can be put in perspective when we realize that it is amounts to a third of the Gross Domestic Product of the United States and also exceeds the combined Gross Domestic Product of Argentina, Italy and Britain (Mailafia, 2013).

Like in the United States where the government spends about US\$500 billion on security alone, so also in Nigeria, in the year 2012 alone, the budget of ₦921.91 billion was earmarked to combat terrorism (Mailafia, 2013). This could have been deployed to national development programmes in the country. Therefore, wherever terrorism is increasing, national development is decreasing. Succinctly, the analysis on the effect of terrorism on peace in Nigeria: the study revealed that terrorism has. This is in line with previous studies by (Suror & Guido, 2017; Cinar, 2017; Dinar, 2015). The question on the effect of terrorism on national development in Nigeria reveals that terrorism independently accounted for 18.7% of the variation in national development in Nigeria. This also shows that as terrorism is increasing by 1%, national development is decreasing by 18.7%. Thus, terrorism has great influence on national development in Nigeria. This falls in line with past studies by (AK, Aydin & Dinar, 2015; Cinar, 2017; Guido, 2017).

## **Conclusion**

Issues bordering on national security which embodies peace and development are very critical for the material progress of any polity. As a result of this, the study looked at the effects of terrorism on peace and national development in Nigeria using the South-South geopolitical zone as its case study. It reveals that there is a strong negative relationship between terrorism and peace. There also exists a strong negative relationship with national development in the South-South of Nigeria. Although, the study agreed that the government should come up with programmes that will provide infrastructural facilities to empower women, generate employment for the youths in Nigeria and punish corrupt politicians looting the nation's wealth, it went further to note that the heinous activities of terrorists' group have significant effect on peace and national development in the region and have accounted for poor living standard of people living in the region. These have the propensity to upset the gains crude oil exploration would have brought not just to the South-South Geopolitical zone but to the country at large.

## **Recommendations**

The recommendations herein are based on our findings above. The recommendations embody a tripartite dimension or implication, namely: practical, empirical and theoretical implications. These implications are enumerated below:

- 1) There is need for the Nigerian government to generate employment for youths who are unemployed in the country.
- 2) Government should come up with programmes that will provide infrastructural facilities and genuine women empowerment.
- 3) Corrupt politicians should be punished to serve as a lesson to others who intend to loot the nation's wealth.

- 4) Government at all levels must eschew corruption in the fight against criminality, terrorism and insecurity.
- 5) The democratic system in place must begin to deliver the needed social goods so as to improve the standard of living of Nigerians and deliver many citizens in the South-South of Nigeria from abject poverty to which they have been subjected for a long time. Therefore, government should plug all the holes through which scarce resources are being siphoned so as to have enough resources for national development and equipping of the military to fulfil its functions of providing peace and security to Nigerians.

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## LEGAL AND ACCOUNTING CONSIDERATIONS ON THE CONCEPT OF PATRIMONY

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**Abstract:** *The concept of patrimony has many semantic values, as the notion of patrimony transcends time and undergoes connotative mutations. In the present study, we aim to analyze the concept of patrimony in an interdisciplinary approach, at the intersection of legal sciences with economic sciences. We aim to highlight the similarities and conceptual differences between legal patrimony and accounting patrimony. The research will be completed with an empirical experiment with the purpose of validating the research hypothesis on conceptual differences.*

**Keywords:** *patrimony, legal patrimony, accounting patrimony, legal empirical study.*

### **Introduction and historical aspects of patrimony**

From an early age, we calculate our age, we measure our weight and height. A little later, we start to manage our own existence, we record our realized incomes, we determine the necessary expenses for carrying out some activities, thus realizing an analysis of our own patrimony. In the following, we aim to make an in-depth analysis of the concept of patrimony from an interdisciplinary, legal, and accounting perspective, being interesting from the perspective that the link between the two social sciences, law and accounting, is almost indissoluble. The concept of patrimony has many semantic values, as the notion of patrimony transcends time and undergoes connotative mutations, the only ones we can call to present now all these are historians, used to extract chronologically the sequence of events.

"Patrimony" was a real topic of thought among scientists, in terms of its significance and place, which is analyzed in all aspects. In this sense, the year 1980 was declared the Year of Patrimony in France, on which occasion there were numerous scientific events and popularization of heritage issues. The French people, at that time said that "the patrimony of skills or knowledge forms our intellectual patrimony." At the same time, the literary and the artistic patrimony, together form the cultural patrimony, or simply, the culture, which also includes the moral and spiritual patrimony (Imbs P., 1982). These connotations were unanimously recognized, people being outraged by the situations in which these values were endangered because they harmed the moral patrimony. Also, in certain contexts, politicians brought up the notion of patrimony. E.g., Charles de Gaulle, in the midst of the war, was provisionally called the "guarantor of the religious, intellectual and moral patrimony of his country." Benjamin Constant, appreciated the patrimony as something related to his family, consisting in a chosen education and good manners, which he passed on to his children. Étienne Pivert de Senancour, describes misery as probably the only patrimony of some people, while an ordinary man, a soldier, considers courage as his

only patrimony. Dautec writes about the hereditary patrimony in line, and Plantefol considers that the stability of the characters is related to a constant of the hereditary patrimony represented by specific chromosomes and appreciates the patrimony similar to the genotype (Imbs P., 1982).

In Roman law, *patrimonium* was defined as a "sphere of tangible property (*corpore*) that were inherited by the *pater familias*", hence the etymology of the word patrimony, and which they had passed on to their heirs. In the old Roman sense, it was the correspondent of the term "*hereditas*" (the mass of goods or, more precisely, the rights and obligations of succession, seen in their unity, in the "mass" (Ciucă V.M., 2014). In the Ancient and Old Ages, respectively, of the Roman law, fragments of the patrimony were designated, *in concreto*: the pecuniary, which designated the ensemble of small animals, and later of the "*mancipi things*"; "Family" which originally meant a group of slaves, "*famulus*" being the first name for the slave, and later to designate all of "*mancipi things*"; among these *mancipi* goods, the most important were "*heredium*", i.e. the land with the rustic family house, from the countryside and *fundus*, the agricultural land which was the economic support of the family group under the authority of *pater familias*; in relation to the present time, we notice that what has been lost is the sacred, moral and spiritual character, which was attached to the notion of family patrimony. Only in the Classical Age of Roman law, the notion of "patrimony" is seen in a note similar to the contemporary one, designating "a set of rights and debts, without distinguishing by nature and mode of acquisition", but determining a composition of patrimony (Ciucă V.M., 2014).

Nowadays, moral and cultural patrimony defines the group and marks the individuals that make it up. Thus, we notice that step by step an ideological edifice has been built that maintains the main values that underlie humanity.

Summarizing all these definitions, despite appearances fueled by strong metaphorical reverberations that the figurative meaning implies, it cannot be denied that each of the meanings implies a more substantial or a more discreet legal burden (Vieriu V., 2021). But we can appreciate that the value of individuals is measured in their contribution to progress or the development of civilization, a conclusion we reached after analyzing the notion of heritage that has many connotations susceptible to metamorphosis over time.

### **Accounting patrimony and Legal patrimony**

Analyzing the concept of patrimony through the prism of law and accounting *lato sensu*, we can observe in these sciences a temporal evolution of this notion that is the central object of our study, but which never represented the result of the intersection between the foundations of law and economic concepts in force. From a legal point of view, starting with a horizontal analysis, we notice that in modern French law, the notion of patrimony was enshrined in the Napoleonic Code, without the drafters of this Code leaning on the definition of this notion. The texts and principles of this Code have allowed, after more than half a century of practical application, the elaboration of the personalist theory of patrimony: "*Patrimony, being an emanation of personality and expression of the legal force with which a person is invested as such, results: that only natural and legal persons can have a patrimony; that every person necessarily has a patrimony, even if he does not currently possess any money; that a person can have only one patrimony in the proper sense of the word*" (Aubury C., Rau C., 1873). This is the essence of personality theory,

which is still famous today. We notice that the connection between the person and the patrimony is not only implicit, but becomes explicit, even defining, substantiating the idea of the indivisibility of the patrimony (Stoica V., 2017).

However, this theory has not been sheltered from criticism, considering that the Theory of Personality is an obstacle in the evolution of business life. Thus, the German School of Civil Law initiated the tendency of depersonalization of the patrimony materialized in the "Theory of the patrimony of affectation or of the patrimony-purpose". This theory, conceived by the jurists Brinzz and Bekker, later taken over in France through Saleilles, no longer links the unity of the patrimony to the person of its holder, but to the purpose for which the patrimony is affected, the idea of affectation becoming defining for the patrimony (Josserand L., 1938). We can see that this theory remains relevant, being taken over by Romanian commercial law and even surviving to this day. Like the natural person, the legal entity, also called a moral entity, is the owner of its own patrimony, without multiplying the patrimony of a natural person. As a result, the idea of affectation ceased to undermine the indissoluble link between patrimony and the natural or legal person, thus becoming the basis for recognizing the divisibility of patrimony into several masses of goods with distinct legal regimes (Josserand L., 1938). Therefore, after a long evolution, the legal notion of patrimony remains related to the idea of the person, which explains its unity but without excluding the idea of division and affectation in the specific cases provided by law. We note, therefore, that according to Roman law, the patrimony remains its own, even if it is divided into several masses of pecuniary rights and obligations, each with a distinct regime (Stoica V, 2017).

Continuing the analysis, but in a vertical sense, on the provisions contained in the Romanian Civil Code of 1864 and the Civil Code in force, we could see that, similar to Napoleon's Code in French law, the Civil Code of 1864 does not contain a general legal definition of heritage. However, the notion of patrimony was used in some articles of the normative act. Thus, in art. 781 mentioned "the separation of the deceased's patrimony from that of the heir", and art. 784 specified "The creditors of the heir cannot request the separation of the patrimonies against the creditors of the succession". However, without expressly referring to the notion of patrimony, art. 1718 of the Civil Code of 1864 approached, through its content, a definition. According to him, "everyone who is personally obliged is obliged to fulfil his duties with all his goods, movable and immovable, present and future". Therefore, "duties, movable and immovable property, present and future" constituted the content of the patrimony as a legal notion (Stoica V, 2017).

*De lege lata*, the notion of patrimony is explicitly defined in art. 31 par. (1) Civil Code: "Any natural or legal person is the owner of a patrimony that includes all the rights and debts that can be valued in money and belong to it". In par. (2) and (3) it is added that it may be the subject of a division or affectation, in the cases expressly provided by law; the patrimonies of affectation being defined as "fiduciary patrimonial masses, constituted according to the provisions of the Civil Code, and assigned to the exercise of an authorized profession, to which are added other patrimonies determined by law".

In the following, we consider that an analysis of these defining elements of the notion of patrimony is required, namely, the fact that the rights and obligations that make up the patrimony are pecuniary, and they form a legal universality and patrimony is an attribute of personality.

It was first stated that the patrimony is made up only of rights and obligations with economic content, i.e., evaluable in money, and then they were named as patrimonial. The content of the patrimony does not include the non-patrimonial personal rights, but nevertheless, the illicit deeds by which they are violated generate a report of tortious civil liability. Thus, the right to request the material reparation of the damage thus caused is a patrimonial one since its object is assessable in money and will enter directly into the patrimony of the injured person (Fircă M.C, 2015). The reasoning does not apply *mutatis mutandis* if the repair of the damage is not material in nature. The value of rights and obligations in the content of the patrimony is important, as they determine the value of the patrimony as a whole, overall. From a legal perspective, the rights make up the assets, and the debts the liabilities, the economic value of the legal patrimony being determined by the result obtained following the decrease of the two. On this basis, the state of solvency or insolvency of a person's patrimony is also determined. We emphasize that the state of insolvency should not be confused with insolvency, the latter assuming a higher liability than the asset, while a person in a state of insolvency is not necessarily insolvent, it is possible to be in this state due to lack of liquidity. The assessment of the state of solvency or insolvency is made by reporting at a given time, i.e., according to the real rights existing in the patrimony and the due receivables, as the state of solvency and insolvency are relative and temporary, and not absolute and final.

Although we mentioned that the rights and obligations that make up the patrimony have a pecuniary value, this does not mean that all these have as object sums of money, but only that they are evaluable in money, with the mention, of course, that they do not have a determined value at any time. e.g., the value of the real estate that is only determinable and fluctuates over time. We also mention that the material identity to which the rights and debts refer is not important, but only that they have an economic, monetary value (Stoica V., 2017). All these mentions made regarding the criterion of patrimonialism, enjoy an express regulation, in art. 31 para. (1) Civil Code by the phrase "all rights and debts that can be valued in money".

Based on this criterion, it was also stated that the component elements of the patrimony are fungible, as they have a pecuniary value, thus justifying the theory of damages - interests, the principle of enrichment without just cause, as well as the real subrogation (Aubury C., Rau C., 1873). As we have said repeatedly, the patrimony includes rights and debts with economic content, but the goods that form their object will not be considered. This is because, in Romanian civil law, even patrimonial rights are goods, on the one hand, and on the other hand, patrimony is a legal notion, so an intellectual reality, so it can only be formed of intellectual elements, i.e., from patrimonial rights and obligations, respectively intangible assets, but not from material and tangible assets. Another argument with practical importance is precisely that, in the hypothesis that both the patrimonial rights and the goods that form their object would be included in the patrimony, a doubling of the economic value would be reached, distorting the relationship between active and passive in terms of veracity. Moreover, it is possible for a good to be exercised simultaneously on rights that are in different patrimonies, or this would lead to the false conclusion that one and the same good could be "accounted" in the assets of each patrimony, in reality, the right that everyone has over the respective good is accounted for. e.g., the bare property is in the patrimony of one person, and the right of usufruct in the patrimony of another.

Going over the individuality of each right and of each duty that makes up the patrimony, they constitute a whole, i.e., a universality, which acquires an autonomous reality, distinct from these elements. Therefore, the legal notion of patrimony is understood as a universality of rights and obligations with economic value, in other words, patrimony is a legal universality and not a de facto one. The universality of law is distinguished from that of fact, by the fact that in its content are found both active elements and debts; moreover, in the case of de facto universality, the goods that compose it are not fungible, in the sense described above, and in the case of the alienation of the goods it can no longer preserve the whole since the real subrogation does not operate. E.g. - a classic - a library whose unity results from the material nature of the goods that compose it, and not from its economic value, so that the alienation of books, *ut singuli*, determines the decrease of the whole, and the price received does not take the place of alienated goods.

Differentiating the patrimony from the individuality of the component elements is important to understand that the unity of legal universality is preserved regardless of the dynamics of the patrimonial flows; i.e. a person may acquire new pecuniary rights or debts, may alienate or extinguish existing rights and debts, without prejudice to the existence of the patrimony as such, this being the reasoning for which the patrimony may be the object of the general guarantee of creditors (Stoica V., 2017). Thus, we note that, regardless of the changes that take place in the individuality of patrimonial rights and obligations, "legal universality is preserved as a permanent, continuous reality throughout the person's existence". However, as a legal universality, the patrimony includes not only present patrimonial rights and debts, but also "future rights and debts, thus emphasizing the permanence and continuity of the patrimony as a legal reality during the existence of a person". This fact results from the use of the phrase "present and future goods" which is found both in the Code of 1864 and in the New Civil Code, in art. 2324, para. (1).

The last defining element of the notion of patrimony, *sine qua non* in the comprehensive sense of the notion of patrimony, is the fact that "patrimony is an attribute of personality". From the idea of attribute of personality derives the idea of belonging, in the sense that the elements of the patrimony can belong only to its holder; this idea of belonging is expressly regulated in art. 31 para. (1). Being therefore an attribute of the personality, we can deduce several features of the patrimony: only the persons can have a patrimony and the possibility of the existence of a patrimony without holder is denied. We must be aware that "*subjects of law form the nodes of the legal network made up of legal relations of public and private law, without which the cohesion of human communities in the modern world cannot be understood (Stoica V., 2017).*" Another feature is that any person has a patrimony, the existence of legal universality does not depend on the amount of pecuniary rights and obligations belonging to a person nor on the ratio between assets and liabilities. *Sine qua non*, for legal persons, the existence of the patrimony and the assurance of its economic substance is a condition of existence, and as for the natural persons, "*they have a patrimony, no matter how poor they are (Stoica V., 2017).*"

At the same time, it is worth mentioning in the category of patrimony features and the fact that a person can only have a patrimony, the consecration of the notion of patrimony of affectation is not likely to lead to another conclusion, since the phrase "patrimony of affectation" does not mean a multiplication of the patrimony, but only the possibility of dividing the unique patrimony into several patrimonial masses, hence the character of the divisibility of the patrimony (Baiaș A.F., Chelaru E., Macovei I., 2014).

We also reiterate that the patrimony, as an attribute of the personality, cannot be learned by its holder, being therefore inalienable. The inalienability of the patrimony must not be analyzed by reporting through its individual elements, but as “*universitas iuris*”. The transfer of the patrimony of a natural person to its heirs, the transmission, integral or divided, of the patrimony of a legal person in case of its reorganization, are not contrary nor does not invalidate the inalienability of the patrimony (Baiaș A.F., Chelaru E., Macovei I., 2014). The reasoning being that the object of the transmission is not the patrimony, but all the rights and debts existing at a given moment in the patrimony or in a patrimonial mass of the transmitter. *Mutatis mutandis* in the case of universal or universal transfer, which is only partially correct, in the sense that all rights and obligations in an estate or estate are transferred, in a unitary or fractional manner, in respect of a particular time, and not in the meaning of the transmission of the patrimony, which cannot be reduced, from a temporal point of view, at a certain moment, but as said before, it is characterized by permanence and continuity during the existence of its holder.

We conclude by saying that patrimony is inalienable, and patrimonial rights and obligations are, in principle, autonomous and alienable, universally, or privately.

The presentation of all the above elements was necessary precisely in order to bring together all those notions and the relief in the end, the definition of the legal notion of patrimony as designating *brevitatis causa* "all rights and debts with economic content belonging to a person". The accounting perspective on the concept of patrimony differs significantly from the legal one, with some authors appreciating that “*the existence of patrimony is the cause of the existence of accounting and, implicitly, the object of its representation and registration*” (Munteanu V., Nicuăleu M., Ibănișteanu D., Gheorghe C., 2020). As an independent scientific discipline, accounting has its own object of research that distinguishes it from other sciences. The declared objective of accounting, as a scientific and technical theory of registration, is the clear, reliable, and complete reflection of the situation of the patrimony, of the results obtained from its use and of the financial performances of the patrimonial unit.

With the development of economic science, patrimony as an object of study of accounting can be defined as representing *the totality, respectively, the universality of tangible and intangible values, accounted for in the form of tangible, intangible or financial assets, current assets, treasury, and receivables*. For the existence of the patrimony, the existence of two elements is required: a natural or legal person, as a subject of rights and obligations, which in accordance with the Accounting Law no. 82/1991 has the obligation to manage and organize its own accounting and economic assets, which represent the objects of rights and obligations (Pânteă P.I., Bodeă G., 2014).

The form of presenting the patrimony in accounting is that of a balance with equal parts, conventionally, on the left side is the economic patrimony, and on the right, the legal patrimony; the economic content is the material support, while the legal content represents its origin. Therefore, the economic patrimony consists of economic goods, as objects of rights and obligations, evaluable in money; they form the material substance of the patrimony and are materialized in tangible or intangible assets. Whereas the legal patrimony is formed by the rights and obligations with economic value that represent, the cause, the legal provenance of the concrete patrimonial elements that form the legal substance of the patrimony. In accounting, economic assets are known as equity assets, while rights and obligations as equity liabilities, which results in a generally valid equation:



ACTIVE = PASSIVE.

The patrimony of a natural or legal person is highlighted by what is called balance, this term derives from the Latin "balance", meaning balance with two plates (Hormonea E., Budugan D., Georgescu I., Istrate I., Păvăloaia L., Rusu A., 2017), we see how the idea of balance prevails, embodied in the equation ACTIVE = PASSIVE. In accordance with the Romanian accounting norms, OMFP 1802/2014, the balance sheet is presented in the following form:

ACTIVE	PASIVE= equity + debts
Fixed assets	Equity (Share capital, capital premiums, reserves, profit, or loss for the year)
Intangible assets (software, concessions, patents, licenses, trademarks, development expenses, goodwill etc.)	
Tangible fixed assets	
Financial fixed assets (medium and long-term receivables; equity securities)	
Current assets	Liability
Stocks (Goods, raw materials, and consumables; finished products and work in progress; biological assets in stocks harvested as agricultural products or sold as such; packaging, inventory items, stocks to third parties)	Financial debts
Current receivables (up to 12 months)	2. Other debts (fiscal, salary, social, commercial: suppliers and debts to customers)
Treasury (bank or house accounts)	Adjustments and provisions
Short-term financial investments	
Prepayments	Income in advance
TOTAL ACTIVE=TOTAL PASSIVE	

Putting in the plates of the goddess Themis, the patrimony in its legal conception and the patrimony object of the accounting, we observe with great ease how the two plates are not in balance, and this because the notions, as they are defined through the prism of these sciences, do not coincide. are regulated and perceived almost antagonistically. Therefore, we notice significant differences, firstly, the fact that tangible assets fall into the notion of accounting patrimony, and secondly, that in the economic conception not only does it not apply, but the legal conception is vehemently contradicted, according to which only the rights and the patrimonial obligations, and not the goods that form their object. The legal reasoning underlying this legal theory is also refuted, in the sense that a "double accounting" would be reached in a person's patrimony, if both the right and its object, represented by the good, were mentioned, as well as that the same good could end up being in two patrimonies simultaneously. Thus, the reasoning in economics, more precisely accounting, is that, by the presence of an asset in the patrimony, it means that the holder has a right or, as the case may be, a payment claim on it, and this indicates the balance sheet, and then the fact that a good is simultaneously in two patrimonies, it does not mean that two persons have a full right over it, but that one person has a right over it, while the other has a debt, which is also indicated by the balance sheet; the latter situation is maintained even if both have partial rights over the good, because always, correlative to a right, it is an obligation.

We observe, therefore, the difference of conception and perception of the notion of patrimony, in accounting, by reference to the norms of civil law, where the pecuniary rights are those that make up the asset, while the obligations make up the liability, and the ratio between asset and liability indicates the state of solvency, and the probability of them being equal being very small.

### Accounting patrimony vs. Legal patrimony – a short empirical experiment

We consider that it is necessary to concretize this dichotomous and purely theoretical analysis that we carried out on the notion of patrimony-object of accounting and patrimony as defined by the legal norms, by elaborating a pertinent case study. Thus, starting from the following factual hypothesis, we will draw up both a balance sheet in accordance with the accounting norms in force, and a patrimony as it is presented according to the legal norms, more easily capturing the notable differences. We propose that through a short empirical experiment to obtain the clearest possible analysis of the financial situation of a legal entity, presenting its commercial activity but also the components, in order to subsequently prepare its balance sheet, in accordance with the accounting rules, and then, on the basis of the same factual situation, to sketch *de jure* patrimony, precisely to prove the research hypothesis, theorized up to this point.

E.g. „POPESCU ANDREI SRL” has as object of activity the cultivation of plants for pharmaceutical use and their commercialization in various forms, i.e. both on the markets, at the stands, and through the order houses and internet on the website „www.laviesaine.ro ”, In accordance with the classes provided in the CAEN code. The entity holds an unpaid subscribed capital in the amount of 6,000 lei to be contributed by the shareholders, on which it has a receivable of the same value, 6,000 lei, and a paid-in subscribed capital of 76,500 lei, know-how, whose value is appreciated as being 15,250 lei. He owns land used for cultivating plants worth 13,200 lei, constructions worth 60,000 lei, has in his bank account the amount of 16,631 lei and cash in cash 500 lei, equipment, and other devices necessary for harvesting plants worth 62,000 lei, seeds, pesticides, and other substances for cultivation worth 3,450 lei as well as raw materials 2,000 lei. „POPESCU ANDREI SRL” has a bank loan in the amount of 55,500 lei, but it also has a due payment obligation towards the packaging suppliers with the amount of 5,740 lei and towards the equipment suppliers of 4,012 lei as well as a debt of 3,500 lei compared to various creditors. Following the sales in the current month, "POPESCU ANDREI SRL" has receivables in the amount of 5,142 lei. It registers a debt to employees, for the due salaries, amounting to 16,441 and owes a salary tax amounting to 1,000 lei. It also holds provisions for pending litigation, amounting to 10,000 lei and has legal reserves amounting to 5,480 lei.

Active			Liabilities		
Initial balance sheet					
Nr.	The element's name	Amount	Nr.	The element's name	Amount
1.	Know-how	15.250	1.	Unpaid subscribed capital	6.000
2.	Lands	13.200	2.	Paid subscribed capital	76.500
3.	Construction	60.000	3.	Legal reserves	5.480
4.	Equipment	62.000	4.	Provisions	10.000

5.	Raw materials	2.000	5.	Suppliers	5.740
6.	Consumables	3.450	6.	Suppliers of fixed assets	4.012
7.	Clients	5.142	7.	Personally due remuneration	16.441
8.	Settlements with capital associations	6.000	8.	Payroll tax	1.000
9.	Bank accounts	16.631	9.	Various creditors	3.500
10.	Cash	500	10.	Bank credits	55.500
Total active		184.173	Total passive		184.173

By highlighting the theorizing elaborated above regarding the patrimony - object of accounting, in a concrete example, we can make some more intelligible assessments now, which visibly and indisputably present veracity; the patrimonial asset consists only of economic goods, as objects of rights and obligations evaluable in money, which give material substance to the patrimony, being materialized in material or corporal goods (lands, constructions, equipment, etc.) and as intangible or intangible goods (receivables, know-how), and on the other hand, the liability is made up of the rights and obligations with economic value that represent the cause, the legal origin of the patrimonial elements that make up the legal substance of the patrimony. As we have already mentioned, according to the economic conception of the patrimony, it doubles in accounting as economic patrimony, formed by economic goods, as we explained previously the legal patrimony, and on the other side, formed by the rights and obligations with economic value which indicates the origin of the goods from the economic patrimony. The double representation of the patrimony in the accounting supposes that any modification of it in the sense of its increase or decrease to affect both the economic goods and the rights and obligations with economic value. Thus, a value equality of the economic patrimony with the legal one is always maintained, i.e., of the assets with the liabilities, called balance sheet equality (Pântea I.P., Bodea G.,2012).

Always, the two parts of the balance sheet, assets and liabilities, will be equal, and this is because any economic good is the expression of rights or obligations with economic value, and any right or obligation with economic value is a generator of economic goods. In accordance with the legal norms, which state that the patrimonial asset is represented by the totality of the rights with patrimonial value, without including the objects of these rights, i.e., the goods, and the liability by the totality of the pecuniary obligations, the patrimony of "POPESCU ANDREI SRL" so:

ACTIVE	PASSIVE
Know-how rights The property right over the lands used for the cultivation of the commercialized plants. Ownership of constructions. The property right over the raw material, over the equipment. The right to lease on other equipment used in season. Debt rights owed by various debtors. Debt rights consisting of (bank accounts, share capital, subscribed capital).	Obligation to pay the lessor. The supplier's payment obligation. The obligation to pay the salaries and the related social contributions. The obligation to pay the bank loan. The obligation to pay other creditors.

Other receivables consisting of (provisions, legal reserves).	
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Visibly, it is observed that there is no equality between the two parties, active and passive; that only the pecuniary rights are presented and not the goods, their object; that the appearance of the rights and obligations to the patrimonial asset or liability is certainly different from the patrimony-object of the accounting as previously presented.

## Conclusions

"Although it does not govern the world, the figures express the way in which it is governed!", therefore, the presentation of the patrimony and in its meaning of object of accounting, is not only conclusive but imposes itself sine qua non on this realm of legal science with all its branches, which regulate the patrimony in a distinct way, and this for that what is relevant in legal relations is precisely the patrimony as it is presented in the accounting records. Moreover, precisely this meaning of the patrimony, and not the de jure one, seems to be identical with the first definition that the Explanatory Dictionary of the Romanian language gives to this word, "PATRIMÓNIU, patrimonii, sn (Jur.) Totality of rights and obligations with economic value, as well as the material goods to which these rights refer, which belong to a person natural or legal (Iorgu I., 1998).; thus, resulting in a prevalence of this meaning, in relation to the other connotations or meanings that the word patrimony implies.

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## **DERADICALIZATION, REHABILITATION, AND REINTEGRATION OF EXTREMISTS IN NIGERIA**

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**Abstract:** *Despite the military campaign against the Boko Haram insurgency, the extremists' activities and violent crimes in form of abductions, deadly suicide bombings, ambushes continue. The continued perpetration of the above-highlighted activities exposes the limitation of military strategies in tackling violent crimes in Nigeria. The threats posed by the sect nonetheless, the government of Nigeria introduced a soft approach policy to reintegrate them back to society. The study for this reason assesses the extent to which the soft approach policy of the government is capable of deradicalizing, rehabilitating, and reintegrating repentant Boko Haram extremists back into Nigerian society. Using analysis of Operation Safe Corridor programmes and the content analysis of the various events relating to the deradicalization exercise, the study concluded that the programme lacks a clear reintegration strategy, and its implementation, if care is not taken, will only compound extremists' activities in the country.*

**Keywords:** *Counterterrorism, Deradicalization, Rehabilitation, Reintegration, Extremism, Boko Haram*

### **Introduction**

The security issue has continued to dominate the academic and political discourses, especially following the September 11, 2001 attacks in Washington DC and New York in the United States by the Al Qaeda. The present twenty-first-century world is shaped by the event of 9/11 and its consequences (Osita, Alumona, and Onuoha, 2019). The event has not only triggered a long-term insurgency in Iraq, but also sparked counterterrorism and civil war in Iran (Tan, 2009), and equally caused crisis and displacement of more than half of Syria's population (UNHCR, 2020). The event equally ignited the November 15, 2003 attacks on a Synagogues in Istanbul, the March 11, 2004 commuter trains attacks in Madrid, and the increase in terrorist activities and radicalism in many Islamic countries (Rabasa, Waxman, Larson and Marcum, 2004), as well as Nigeria which is regarded to as a secular country. The increase in terrorist activities has brought to light the essentiality of security of lives and properties of the people in any given country. Following 9/11, Muhammad Ali, who was regarded as an Islamic fundamentalist and the founder of Boko Haram was said to have received the assurance of funds from Bin Ladin, the leader of Al Qaeda to start the jihad movement in Nigeria. Muhammad Ali was tutored in jihad fundamentalism in Saudi Arabia and equally received training in Afghanistan, after which he later came back to Nigeria in 2002 (Zenn, 2020). Boko Haram in Nigeria was said to have started with the teaching of the Holy Quran by itinerants. The group gradually began to have many followers especially among the youths in north-eastern Nigeria, Niger, Chad, and Cameroon (Ngare, 2012; Okoli&Lortyer, 2014). The movement at the time of its

formation in 2002 was "peaceful." However, there was an indication that the sect was founded to propagate Islam and engage in jihad (Zenn, 2020). The group however showed its true colour when it launched attacks on police stations and government offices in Bornu state in 2009. The aftermath of the confrontation between government forces and the group resulted in the killing of over 800 members of the sect and the release of hundreds of criminals in a jailbreak.

Following the 2009 attacks, a counterinsurgency task force which consisted of the Army, Airforce, Navy, Department of the State Security (DSS), and Nigerian Police were set up in an attempt to put an end to the insurgency. The reason for a joint task force was to allow the pooling of resources and enable the flow of communication between the various parts of the security groups (Hussein, 2012). There is no doubt that the task force counterinsurgency operations from Operation Flush in 2009 to the current Operation Lafiya Dole have recorded some level of success. The success includes regaining part of the territories that have been seized by the insurgents and freeing some of their captives. A certain level of failures has also been recorded despite the largest deployment of security apparatus against the group. Regardless of the failures, the Nigerian government has formed a multinational taskforce and other security networks, including the Civilian Joint Task Force (CJTF) to secure the people and the community. The CJTF, since its inception, has provided intelligence supports for the counterinsurgency task force in the north-eastern region (Bamidele, 2016). They have also used various military equipment to curb the activities of Boko Haram insurgents.

Despite the various efforts of the government to end the insurgency activities, it has not succeeded in doing so, and so, Boko Haram activities continue. The sect has successfully carried out 1,639 offensive attacks on villages, towns, churches, mosques, motor parks, government offices, and international institutions (Akubo and Okolo, 2019). Due to the insurgency activities, over 37,000 armless civilians have been killed and more than 2,500,000 have been displaced (CFR, 2020). Apart from the insecurity challenges caused by insurgency activities, there were also economic and monetary costs. For instance, many local and foreign investors that have age-long businesses in northeastern parts of the country have relocated to other parts of the country while a good number of investors have left the country (Adegbami, 2013; Attahand Mokwenye, 2019).

Several countries of the world have adopted the 'soft power approach' for counterterrorism due to the understanding that extremism war goes beyond military might (Johnston, 2009; Cordesman, 2006). Following the successes of the "soft power" approach for counterterrorism in Saudi Arabia, Yemen, Pakistan, Indonesia, Singapore, and the United Kingdom, the government of Nigeria, launched the deradicalization, rehabilitation, and reintegration strategy in 2016, using a soft power approach. However, the strategies have proved ineffective. This has therefore brought about large population displacement, disruption of social services, economic deterioration, and food insecurity. This is to say that, the government adopted strategies to curb insurgency activities in north-eastern Nigeria has not yielded tangible results. Rather, the approaches have birthed a new generation of radicalized youths (Omenma, Onyishi, and Okoli, 2020). Onapajo and Ozden (2020) note that military responses to violence negate the principle of fundamental human rights and threaten the existence of the state. Omenma, Onyishi, and Okolie (2020) argue that an ideological war cannot be won with guns and bombs. The approaches of government for handling the insurgency fit this context. After a decade of reliance on the

military might, the government launched Operation Safe Corridor policy, a deradicalization, rehabilitation, and reintegration strategy as non-military approaches for managing the insurgency. It was as a result of the foregoing that the study examines the extent to which the policy of soft approach is capable of deradicalization, rehabilitation, and reintegration of repentant Boko Haram extremists back to the society in Nigeria.

### **Theoretical Point of Departure**

The study draws on theories and concepts developed in peace studies literature; including the causes of terrorism and counterterrorism, especially on Boko Haram insurgency in Nigeria and some West African countries. This is because there is extant literature on terrorism and counterterrorism in Nigeria, and this has generated a wealth of grounded theories that can be tested. In this regard, Braithwaite's *Crime, Shame, and Reintegration* were used to interpret the deradicalization, rehabilitation, and reintegration of repentant Boko Haram extremists in North-eastern Nigeria. Braithwaite (1989) claims that people engage in the act of terrorism because of some underlying social disintegration caused primarily by the failure of the society to reintegrate the 'individuals' into 'society', a lack of channel for reintegrating the errant individuals to their moral state. According to Braithwaite (1989), the overwhelming number of destructive crimes is committed by males and factors like unemployment, low education, belief system, weak attachment to family, and community. Thus, the stronger one's relationship with the people in the community, the lower the likelihood of getting involved in criminal activities. Braithwaite further states that effective control of violence and terrorism involves the moral deployment of various technologies of shame. The concept of shame means the whole series of behaviours channelled at offenders. Braithwaite goes further to explain the difference between 'integrative shaming' and 'stigmatization'. To him, integrative shaming is about bringing back the offender into society and giving him the necessary help, while 'stigmatization' has to do with punishing the offenders either by imprisoning or putting him or her to death. Thus, this theory provides a framework for testing the credibility of the argument that the deradicalization and rehabilitation of terrorists encourage a decrease in the Boko Haram insurgents in Nigeria. Also, it provides a basis for testing the extent to which the society is willing to reintegrate the repentant extremists into moral and social consensus.

### **Boko Haram Extremists' Deradicalisation and Re-integration Process**

Deradicalisation and disengagement mean that the extremists are no longer posing threat to the state. The government deradicalization exercise is one of the soft approaches for countering insurgency. The primary goal of deradicalization is to disengage, despite the arguments that it is not possible to deradicalize without disengagement. Bartlet and Miller (2012) opined that deradicalization entails two approaches which could be assumed to be non-violent and violent in pattern, consequently it is a procedure of recreating extremist views into peaceful action from the degree of committing further violent attacks. IPI (2010) confirmed that both deradicalization and radicalization are a by-product of social ties, family. According to El-said (2015), deradicalization is the disconnection from violent activity. It is a package of measures designed, policies, and implemented by constituted authority towards normalizing the groups and individuals who at one time or the other



radicalized or violent towards repentance. In entering into the conversation, the plausibility of Batlet & Miller (2012) and El-said (2015) is obtainable and realistic to a very large extent. However, the low economic empowerment in the families and failure of governance in the area of security is an essential tool in deradicalizing Boko Haram members (Umar et al., 2019). Porta and Lafree (2012) noted that the subject of anti-radicalization is the quitting of violent behaviour, attitudes, and belief that are embedded in extremist ideology groups and consequently devoid of security threat in the society. In this regard, deradicalization in its process may adopt its form from both informal and formal processes depending on a particular approach that is initiated. It is also imperative to observe that deradicalization cannot be substantiated without considering the bedrock of counter-terrorism in any given environment. USIP (2012) considered the importance of deradicalization as an aftermath of attending to fundamental issues confronting the governed in the society, which include poverty, several deprivations among others. Rana (2011) equally maintained that the deradicalization of terrorists can be grouped into four approaches. These are - the societal approach, security approach, political approach, and ideological approach. Similarly, the above approaches determine the subject for deradicalization, achieving the aims and goals of deradicalization, and neutralizing the threat to life and property. Hence, peacebuilding is pursued through the adopted method of counter-terrorism without a doubt. In another prone area, deradicalization has been regarded as a step in ensuring that society is free from extremists. Goodstein (2010) describes deradicalization as the strategy for rehabilitation, prevention, and after-care approach. Rehabilitation attempts to realign the radicalized and gradually return them into the society, preventing the entry of non-extremist individuals, and aftercare ensures adequate reintegration, prospect, and monitoring of the process of in-depth disengagement from radicalism.

Nigeria inaugurated her deradicalization programme named Operation Safe Corridor (OSC) in 2015. The programme aimed to receive voluntary repentant Boko Haram extremists. The government established Operation Safe Corridor after concluding that it would be difficult to defeat the Boko Haram insurgency which it started battling in 2009 with military might alone (International Crisis Group, 2021). The Federal government formed the Operation Safe Corridor through the Defence Headquarters. The programme apart from deradicalizing the repentant extremist aimed to reintegrate them into their respective communities as productive and law-abiding citizens of the country. The repentant members would access deradicalization exercises, civic programmes, and undertake vocation training to become useful vessels to their respective communities after the exercise.

Under the Operation Safe Corridor, the Boko Haram extremists are subjected to an extremely secretive internal military screening. Repentant extremists that are considered high-risk are put in military detention. At the initial stage of OSC, the military and correctional officials in charge of the programme partnered with the International Organisation for Migration (OIM). However, the partnership did not include delivery of the deradicalization exercise, assessment of the participants, and evaluation of the programme (Bukarti, Audu, Bulama, and Bryson, Rachel, 2019). Also, repentant extremists are given psychological support, taught vocational training at the military-run facility in Gombe State. The government also established centre for women and children

and elderly people associated with Boko Haram. These set of people are considered low-risk individuals (Brechenmacher, 2018).

The office of the National Security Adviser stated that the objective of the programme should be driven towards changing the views, beliefs, attitudes, values of the extremist rather than changing their behaviour (Salihu and Yakubu, 2021). Hence, the repentant Boko Haram extremists are guided by careful interpretation of the Holy Qur'an. The misinterpretation of the Holy Qur'an has been used by radical leaders to misguide their subordinate militants. In a related development, Non-Governmental Organisations (NGOs) also engages the radicals in the northern part of the country through Peace Initiative Network (PIN) by promoting interaction between the young people from disparate background to ease radicalism; help members of the group to develop leadership, collaborating on proffering solution to radicals; and strengthening a peaceful society in Northern Nigeria (Radicalism, 2013). In addition, the Neem Foundation synergy as funded by the United Nations tagged "Yellow Ribbon." Also aims to reintegrate male and young adults who would have been indoctrinated or forced by Islamist militant leaders, and therefore pledging allegiance to the syndicate (Salihu, 2015). European Policy Plan Network (2015) ascertained in the statement that

Counter-radicalization emphasizes the promotion of formidable communal values which aims to make communities resilient to harmful and violent influences. A major distinction between counter-radicalization and deradicalization abounds in their timing, unit of analysis, and target audience. Counter-radicalization is ideally targeted at communities, while deradicalization is targeted at reversing individual violent ideologies. While assessing the deradicalization programme, Asim (2015) noted that OSC in Nigeria seeks to subvert individual resolution to radicalize through refutations, positive illustrations, and education as well as counter-narratives. It attempts to inspire victims who turned or who may wish to radicalize to channelling their strength to the acceptable norm in society. In the case of youths, counter-radicalization efforts may lead to a systematic redeployment or removal of such individuals from toxic environments to reduce the prospects of susceptibility. For Basia (2012), counter-radicalization efforts do not necessarily embody or reflect obvious counter-terrorism nature. Initiatives like taking down the online presence of groups with radical worldviews could limit their ability to propagate hateful and intolerant ideas. Publishing and promoting counter-radical narratives, monitoring, tracking, and engaging persons of interest are all community-based radicalization prevention initiatives. Hamidi 2016 supported a non-military approach for deradicalization, however, they argued that Nigeria's approach differs from what is obtainable in Sweden which left out religious ideology with the claim that its inclusion would foster islamophobia. However, Indonesia and Saudi Arabia identify ideology reorientation as the primary focus of their deradicalization programme. A review of the Operation Safe Corridor in Nigeria suggests "application of the logic of crime and place by focusing on deradicalization efforts that seek to amend behaviour, intending to reintroduce ex-combatants into communal life" (Salihu and Yakubu, 2021). While the OSC seems like a promising counter-insurgency approach, the criteria which the military is using for selecting the "low-risk" versus "high-risk" extremists that are cleared for the programme have been a subject of controversy. As a result, repentant members have no way of knowing if they will be considered for deradicalization and reintegration programmes after surrendering (Brechenmacher, 2018).

## **Reintegration of the Deradicalised Extremists and People's Perception**

The reintegration of the repentant extremists into civilian life is often the most debated of the deradicalization, rehabilitation, and reintegration programmes. It is argued that rebuilding interpersonal trust for the repentant extremists in a war-turned community is difficult. The inability to stop the insurgency complicates the reintegration exercise and promotes distrust among the government and the affected communities. While affected communities were hostile to the programme, people in other parts of the country have registered their displeasure about the exercise. For instance, Senator Ali Udume, representing Borno South Senatorial District on the floor of the National Assembly states that I disagree with the deradicalization and reintegration exercise. The war is not over and some criminals that have been killing people say that you are doing Operation Safe Corridor for them. I am completely against that idea. They know my position on that, you can't do that. It is when you win the war and some people surrender that you think about something like that (Nathaniel, 2020).

The disapproval of the exercise was also established by the people interviewed in the process of this study. One of the interviewees states Boko Haram extremists have been ravaging communities in Nigeria for more than a decade. They have killed and maimed many, destroyed the livelihood, and rendered thousands in North-East homeless. Some of them are still in IDP camps. He further stated that it will be difficult for any community to accept those responsible for their misfortune to their midst. Another interviewee who have felt the pain from the Boko Haram group lamented thus: They killed my husband in the market in a broad daylight, while struggling and trying to make ends meet. They, therefore, left me with little children to take care of. I wished they have killed me too that day. The worst part of the story is the government has continued to spend a lot of money on them while we are all abandoned.

Judging from the views expressed above, violence is still engraved in the mind of the people. The victims of insurgence actions find it difficult to move on and there is little or no help from the government in addressing their problems over the years. Therefore, reintegration of the repentant extremists can be seen as perceived leniency toward the perpetrators of heinous crimes. Not at variance from the disapproval expressed in the foregoing are the views among local communities. They claimed that it was too early for repentant extremists to be reintegrated into the community. They would have preferred a long-term rehabilitation exercise and greater support for both repentant extremists and the affected communities. One of the people in the community states that: In as much as the reintegration of the extremists will bring peace to the country, I will support it. However, no matter how the government tries, it will be difficult to reintegrate the Boko Haram group member back to society especially that people's needs are not met. How do you expect me to receive the people that destroyed my means of livelihood without compensating me first? If government forces us to accept them, it only means that they are encouraging violence and extremism in the country.

Corroborating this view, Brechenmacher (2018) states that it will be extremely difficult to be in harmony with someone who has killed one's relatives or destroyed one's properties. This is what happened with Ibrahim Dubji, a repentant extremist that has been with the Boko Haram sect for years. He was among those that undergone deradicalization exercise, after which he was released to go to his community in Gwazo. However, the

people of the community were hostile to receive him as they were not ready to allow him into the community (Lawal and Adam, 2020).

From all indications, the policy has continued to further divide the country along ethnic lines. The Northerner group, who are major of Hausa-Fulani extraction, were partially in support of the policy, simply because most of the members of Boko Haram relate in one way or the other with them. On the contrary, the Southerner who are predominantly Yoruba and Igbo rejects the policy. Their rejection was based on the fact that those who derive joy in killing people must be killed too. For them, granting amnesty to criminals who have killed many people was not good enough and it could further threaten the corporate existence of the country.

## Conclusion

The study has attempted to examine the deradicalization and re-integration exercise for the repentant Boko Haram extremists in Nigeria. The study then concluded that the soft approach for deradicalization and re-integration of the repentant extremists although has worked in some countries, however, has not helped the situation in the country as the Boko Haram activities including the killing of people and destruction of their properties continue from time to time. The policy has failed due to noticeable gaps in the design and implementation of the programme. The fact that some issues that contributed to the insurgency activities have not been resolved, while the victims of insurgent activities were abandoned with their many challenges. Consequently, the affected victims and their relatives within communities are not ready nor willing to accept the deradicalized extremists back to the communities. Without addressing these attached issues, there can be no full and proper deradicalization and reintegration of the Boko Haram extremists back into society.

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## LOCAL GOVERNMENT AND THE CONSTITUTION: THE NIGERIAN EXPERIENCE

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**Abstract:** *What is or should be the research relationship between local government and the constitution? How can the research relationship be explored? What should be the investigative parameters and criteria? Put more directly, what form of relationship exists or should exist between local government and the constitution? How can the relationship be investigated? Of more fundamental necessity, is there any justification to investigate the relationship? Consequently, of what relevance is the study of the relationship to scholarship? The questions are crucial to both the understanding of the theory and practice of federalism and to the specialty, local government studies in Nigeria in particular. Apart from assisting in creating scholarly avenues for a profound study of power interplays in federally organized systems, part of the objectives of the paper is to as well place the Nigerian experience under close scrutiny and perhaps use it to generate issues and problems of comparative research that would in turn impact tremendously on generalization and theory building within the sub-field and specialty. Data sources are secondary and this can be justified by the nature of the research topic and the attendant core/research questions. This mode of analysis is descriptive, qualitative, historical and philosophical. Most likely arising from the existence of paucity of materials on the study of the relations up between local government and the constitution, the paper suggests that the existing perspective especially as pioneered by Gboyega (1981), be reinforced with a concrete focus on the problematic issue of judicial interpretation within established social science research rules and methodology.*

**Keywords:** *Local Government. Constitution*

### Introduction

What are the theoretical and empirical relationships between local government and the constitution? Within what intellectual outlook should the study of the relationship be based? Put more directly, how is the constitution and local government related? Has the relationship any specific character and or form? What is the basis of the relationship? And how can the basis are explained? All the questions try to examine the critical issues in the idea of local government, and how the idea can in turn foster development. Beyond this, there is the need to provide the necessary intellectual basis for discussing local government within the broad framework of the constitution, a neglected area of research in local government studies. It is hoped that the discussion here engaged will help to advance discourse on local government beyond the theoretically and politically mundane matters to issues of critical substance in law and political theory, the supposed foundations of local government thoughts. Again, how should the subject (local government and the constitution) be approached? This is indeed a very big question. Notwithstanding, the investigation will no doubt benefit from comparative analyses and disquisitions. The

apposite question remains: What is the comparative import of the Nigerian experience? Nigeria, it is here argued, provides fascinating experience, especially given the tardiness of her developmental directions, and the uniqueness of her party politics. It is perhaps the only country in the world where a Constitution was prepared (1999 Constitution), but was never put to use. It is perhaps also the only country in the world where violations of constitutional provisions (in relation to the structure and operations of the local government) are taken as normal, and therefore not queried with perhaps the recent action of the “elected” local government executives in Oyo State (prelude to hand over date of May 29, 2007), who decided to challenge their dissolution in court by Mr. Adebayo Alao-Akala, the Executive Governor of Oyo State, Nigeria. The legal battle, one recalls, is still on and therefore there is little that can be said for now.

The constitution of any country is usually the fundamental legal charter of the country. It is considered as the fundamental legal charter because it defines the framework of government, and goes ahead to specify the structure of governmental operations and processes. As argued by Kenneth C. Wheare (1953), it is an essential precondition of the “federal principle”. Multiple as these preconditions are, the striking difference remains the cumbersomeness in its amendment procedures and hence the characterization, rigid and flexible constitutions. The postulate by Wheare leads one to ask the question: Is local government indeed a third-tier level of government so recognized by the constitution? To what extent is this characteristic of federal system, and what is the extent of variation and compliance? Beyond defining the framework of government, the constitution gives power to every tier of government and goes ahead to provide a limitation as well. To what extent does the Nigerian constitution give political power to local government, and what is the amount of power that is so given? In other words, to what extent does the constitution recognize local government as a tier of government? How is this recognition protected, and by what enabling instruments? Answers to these and other questions shall constitute the preoccupation of the paper. Towards this end, the paper is divided into the following parts. Part one focuses on further elaboration of the relationship between local government and the constitution from the perspective of federalism. Part two provides a historical-development perspective to the issues raised in the theoretical elaboration, while part three discuss the implication of the Nigerian experience on standard comparative research methodology. Part four provides the conclusion.

### **Local Government and the Constitution: Further Theoretical Substantiation and Exploits**

How can the theoretical (philosophical) relationship between local government and the constitution be further substantiated and or expatiated? This requires an in-depth probe into the meaning of federalism. In other words, any justification and or elaboration of the relationship between the two require deep and profound study of federalism. This is so because only in relations to federalism can the relationship be properly understood in its logical and empirical contexts. The position, no doubt, seems to neglect the fact that local government and the constitution (especially the relationship between the two) are also common to unitary systems, but the standard test of the status of the local government as recognized and provided for in the constitution and law can only be adequately and sufficiently tested within the federal framework of government, one humbly submits.



The reading of federalism from the classical perspective suggests to one that it is all about the sharing and allocation of political powers in such a way that the composite units remain independent and yet coordinate. Surprising enough, the classical understanding of federalism is of limited value to the ongoing analysis. This is because the federalists concerned themselves with power relations between the centre and the States to the detriment of the local government. The local government was least thought of in the growth and development of federalism as a philosophy of governmental organization. It is only consequential today that federal constitutions expect the States to make laws for the structure, organization and operations of the local government. This is indeed a major limitation to the task of examining the relationship between the local government and the constitution, as every initial/pioneering effort was targeted only at defending the States from the likely excesses of the central government as envisaged.

The connection and or relationship between local government and the constitution can be looked at from three principal angles. These angles are (a) the extent to which the constitution serves as the source of political power for the local government, or the extent to which we can say that the local government derives its existence (legally and politically) from the constitution, (b) the extent to which the sources of its funding are defined clearly by the constitution, and (c) the extent which its relationships with other tiers of government is either defined or provided in the constitution.

**As Source of Political Power:** Just like other tier of government, the local government derives its power from the constitution. This remains a basic feature of all constitutional democracies, irrespective of its structure of government. However, typical of federal constitutions, such constitutions specify in clear terms the powers and limitations of every tier of government, including the local government.

**Fund Generation and Taxation:** The constitution does not only define the powers of local government in relation to other tiers of government, it goes further to provide for local government its revenue sources and how such can be maximally tapped. Such include tenement rates, hackney permits, etc, as internal revenue sources and allocation from the federation accounts, grants, etc, as external revenue sources.

**Inter-governmental Relations:** The constitution is not only basic to federal systems of government, in particular a written one, it as well defined intergovernmental relations. The relationship among local governments (local-local), between local governments and the States (state-local), among the States (state-state), and between the States and the federal (federal-state), among others, are explicitly provided for in the constitution and properly defined as well.

The question that is apposite is: What is the intellectual basis and or rationalization for these relationships as provided for in most constitutions: federal and unitary, especially the former? The answer to this can be instantly looked at from the theory of separation of powers, and the principle of checks and balances. The choice of the latter can again be justified by the hope which democracy provides as the lesson learned from the collapse of the ancient regimes arising principally from the concentration of political powers in either one individual or a selected few. While the theory of separation of powers addresses or prevents most likely, the evil that might attend the concentration of powers in one organ of government, and the principle of checks and balances ingeniously provide a mechanism through which power is used to check power, their relationship to the question raised explains also the reason d'être and or justification of federalism. Those who believe in

States rights, especially at the inception of American federalism, had argued for the need to protect State and local governments from the expected over-bearing influence of the central or national government. It was as well hoped that democracy would not only ensure the protection of rights (through majority rule decision), it would as well ensure a systematic order in the way in which rules are applied within the generally accepted principle of constitutionalism or supremacy of the constitution.

The link between local government and the constitution can hence be most forcefully explained within what in literature is regarded to as “the theory of local government”. In other words, the appreciation of the intellectual basis in which the link between local government and the constitution is constructed can as well be critically looked at from the associated normative constructs and or exploits in political theory. The political theory of local government attempts to put forward some kinds of rationalization for its existence in the standard fashion of intellectual rigour and sophistication best represented in the works of J.S. Mill (1975), C.F Wilson (1948), K. Panter-Brick (1954), W.J.M. Mackenzie (1961), L.J. Sharpe (1961), among others.

Since local government is thought to be of importance in building democracy and in making of rational choices, it is considered as well that it (local government) be effectively protected by the constitution, especially in extremely divided societies. As the engine of democracy and the closest avenue of reaching the people, local government powers need also be properly defined within the overall framework of whole system governance, especially as population growth keeps increasing, and as cities and towns grow in endemic urbanization problems.

### **Local Government and the Constitution: The Nigerian Experience**

The Nigerian experience is here examined from three republican constitutions. These are the 1963, 1979 and 1999 constitutions.

#### *The 1963 Republican Constitution*

Before the attainment of independence in 1960, there was what one can call a disjointed system of local government operation in Nigeria. As disjointed as the system then was, it was yet characterized by colonial integration of the variegated cultures. The three regions (the West, East, and North) had different legislative enactments, all serving the purpose of colonialism within the administrative framework or policy of “indirect rule”. The 1963 Constitution was indeed a federal constitution in the true sense of the term, Section 86 of it provides that: “The executive authority of a Region shall extend to the execution and maintenance of the constitution of the Region and to all matters with respect to which the legislature of the Region has for the time being power to make laws but shall be so exercised as not to impede or prejudice the exercise of the executive authority of the federation or to endanger the continuance of federal government in Nigeria”. Section 2 further provides that: “Nigeria shall be a federation comprising regions and a federal territory and shall be a Republic of the Federal Republic of Nigeria”. It is as well contained in the constitution, Section 3 (1) and (2) that: “There shall be four regions, that is to say, Northern Nigeria, Eastern Nigeria, Western Nigeria and Mid-Western Nigeria; “the Regions and the Federal territory shall consist of the areas comprised in those territories respectively on the thirtieth day of September, 1963”. From the above, what is made clear

in the constitution is that the local government is not legally recognized as a tier of government even though the constitution is clear on the fact that Nigeria is a federal system of government. As the 1963 constitution is clear on the fact that Nigeria is a federal system of government. As the 1963 constitution divided powers between the federal and the regions in the schedule under the caption, “The Legislative List”, “The Executive Legislative List”, and “The Concurrent Legislative List”, the local government was at least considered let alone assigned some functions to perform. The conclusion that can be arrived at is that local government under the 1963 constitution was not a tier of government in the strict legal application and terminology.

#### *The 1979 Constitution*

The processes that led to the framing of the 1979 constitution are already well documented by Gboyega (1979). It is however, significant to note that for the first time in the history of Nigeria, local government (in name and constitutional responsibilities) was embedded in a comprehensive legal documentation in both theory and practice, especially as the theory and practice relate to the “federal principle”. This of course can be traced to the 1976 Local Government Reform, in particular it’s associated “Guidelines”. Local Government is explicitly provided for in chapter one, part two of the 1979 Constitution. Section 7 (1) of the constitution declares unequivocally that: “The system of local government by democratically elected local government councils is under this constitution guaranteed: and accordingly, the Government of every State shall ensure their existence under a law which provides for the establishment, structure, composition finance and functions of such councils. Subsections 1,2,3,4,5 and 6 equally addresses fundamental issues relating to the creation, area delimitation, public revenue sharing and the role of the local government in economic development planning, among others. Part one of the first schedule of the 1979 Constitution did not only mention the number of States in Nigeria, but also the number of local governments per each state of the federation. The ideas were indeed novel.

#### *The 1999 Constitution*

The 1999 Constitution, present constitution which Nigeria operates, also in Section 7, like that of the 1979 constitution, word for word, recognizes: “The system of local government by democratically elected local government councils..,” Other critical issues of creation, boundary or area delimitation, role in economic development planning, among others, are equally addresses like in the 1979 constitution, in section 7, subsection 2,3,4,5 and 6. It is not just enough in the paper to undertake a cursory examination of the relationship between the local government and the constitution by only looking at the extent to which the 1963, 1979 and the 1999 Constitutions either attempted to recognize local government as a tier of government within the Nigerian federal framework, or determine the extent to which the various constitutions give recognition to the need for local government. It will, here reasoned, and within the context of informed scholarship, be worthwhile if we can as well engage ourselves with the extent of compliant to the provisions of the constitution and in the process determine the contemporary relevance of the federal alternative to Nigeria. Accepted that the local government was least thought of in the 1963 constitution, the 1979 and 1999 constitutions remain ineffective legal instruments in meeting the 21st century needs and challenges of the local government in

Nigeria. What is provided for in the 1999 Constitution is a “system of local government by democratically elected local government councils...”. But the question can be asked: To what extent is the Nigerian local governments a system, and to what extent too is it governed by “democratically elected local government councils...”? The two questions in one require elaborate details. The idea of “system”, here conceived, is based on the Estonian understanding of “political system” and the Parsonian understanding of “social system”. But from the restricted view of administrative coinage which serves immediate use here, the Nigerian local government is far from being a system of coordinating parts. It is rather totally disjointedly, unorganized and faulty. It is however, important to recall that the 1976 Local Government Reform, fired by the exemplary leadership character of General Murtala Ramat Mohammed, attempted for the first time to provide an integrated framework of local government system in Nigeria. The corruption of the civilian government of the Shehu Shagari and that of the military administration that later followed, destroyed to the very foundation the philosophy that informed the famous 1976 local government reorganization.

While the 1999 Constitution empowers Electoral Commissions at the State level to organize elections into the local government councils, this can only be done if the Independent National Electoral Commission (INEC), a national/federal executive body, supplies the State’s Electoral Commission with the List of Registered Voters. This practically means that elections into the local government council can only take place at the behest of the Federal Government as the Independent Electoral Commission is only Independent in name. With the legitimacy crisis which the entire 2007 General Elections placed on the present administration of President Umar Musa Yar’adua, the hope of a quick dismemberment of the present caretaker committees and their replacement by a democratically elected local government council deems day by day. In some States of Nigeria, caricatures and or resemblances of democratic arrangements were (and still are) crafted without the electorates having significant inputs into these arrangements as elections were allegedly rigged and the outcomes of judicial verdict very contradictory even when matters of evidence are similar in their presentations.

Significantly too, the provision of the law says that ten percent of internally generated revenue of the States be made available to the local government only exists in theory. The practice is that the States, through the Joint Account which they maintain with the local governments, an account whose creation is also supported by law, siphon most of the revenues that otherwise should have accrued to the local governments, partly due to the stinking corruption, and partly due to the overbearing influence of the State Governors. At this juncture, it has be governments and the constitution to the come important to now ask: Of what relevance is the discourse on local governments and the constitution to the whole body of knowledge, and more importantly, to political theory? We here recognize that literature in this particular area of research is both scanty and skeletal. Also, the little information that exist on this, address the intergovernmental relations component such as the excellent work of Gboyega (1981). The discourse has become important in the light of the following:

First, it is here argued that the true test of federalism, its propositions and postulations, rest in a concrete examination of the encroachments that follow the broad constitutional provision in federal systems that empower only the State to legislate on the structure, operations and revenue of the local governments. There is therefore the urgent

and imperative need to examine the theoretical bases that have informed the practice in real life governmental operations and processes. Second, beyond the import which the discourse serves in appreciating key issues of political theory, especially the rationalization and justification of local government, the legal dimension is as well important in helping to fashion for political systems the right constitutional framework that provides the relevant basis for sustainable development, peace and prosperity.

### **The Nigerian Experience: Implications for Comparative Research**

The Nigerian experience of the relationship between local government and the constitution obviously has serious implication for comparative research and study. It has, among others, created the basis in which some formulations can be made with respect to the study of cross-national experiences. The fact that the constitution, among others, determines the framework and structure of government means that any comparative study/investigation should begin to look for similarities and dissimilarities in the workings of constitutions, in particular in the relationship between the constitution and local government. The implication which the Nigerian experience poses for comparative research can be better appreciated if we first seek to know the conclusions that were arrived at from our study of the Nigerian experience. The Nigerian experience and or study presents a bad omen for the “federal principle” all over the world, in particular, the federal societies of the Third World. The running, existence and operations of the local governments seem to depend largely on the behest of the executive, especially the Governor with or without the State legislature. In place of “elected local government councils”, a constitutional requirement and or provision are new coinages such as “sole administratorship”, “transition committees”, “caretaker committees”, etc. while the constitution and the various laws provide for tenure of three years for local government elected councils, it is either that this is aborted all of sudden, or that they are replaced with “transition or caretaker committees”, whichever pleases the political calculation of the Governor or Executive Governor as sometimes called. From the Nigerian experience, local government systematically fits into the permutation of electoral process nationally. For instance, the self-acclaimed biggest party in Africa, the People’s Democratic Party (PDP), recently decided that election into the local government councils could only come up not earlier than December, 2007 after the party would have had its National Convention in October, 2007 hopefully. It might be one of the tactics to address the legitimacy crisis which the administration of President Umar Yar’adua currently faces, or a bid to ensure that the PDP is fully entrenched in Nigeria.

The second conclusion of the Nigerian study of the relationship between local government and the constitution is that local government is far from being a tier of government in the strict legal terminology. Until recently when President Umar Yar’adua ordered that the withheld local government funds of Lagos State be immediately released, his predecessor, President Olusegun Obasanjo, in spite of the Supreme Court ruling on the subject, kept hold on the funds for politically related reasons. What is clear from this Nigerian experience is that party differences exert recognizable limitation on the legal status of the local government. Related to this is the fact that where lack of separation exists between government and the ruling party, governmental processes and procedures are compromised to the detriment of due process and constitutional provisions. It is worth

recalling here that out of the five State Governors that took the federal government to court over the creation of additional local governments at different times before the 2007 General Elections, only ex-Governor Bola Tinubu of Lagos State fought it to the last as the other Governors had to “chicken out”, obviously because of the overwhelming power of ex-President Olusegun Obasanjo, either as ex-General or Leader of the People’s Democratic Party (PDP).

The question remains: How can the Nigerian experience provide reliable basis for comparative research? In other words, how can the relationship between local government and the constitution provide basis and opportunity for comparative research? Before we shall attempt to provide answers, it is pertinent to emphasize that the relationship between local government and the constitution is not restricted to a federal environment along. But what is the most important to stress is that the relationship between local government and the constitution is better studied in environments whose constitutions are both written and rigid. As these remain significant features of federal political systems, the conclusion is most likely that federal systems are very appropriate for the study.

Important as the Nigerian experience is, the degree of its reliability and dependability for comparative research is however, constrained by the “uniqueness” and peculiarities of the Nigerian environment. Nigeria is perhaps the only country in the world where constitutional provisions are violated and everybody pretends to be unaware or goes to sleep. Second, Nigeria is characterised by uncertainties and inconsistencies. Some still continue to question the framing of the 1999 constitution of the “elective principle” in Nigeria in 1922, democracy in Nigeria is still in its embryo. All these factors tend to limit the opportunity of using the Nigerian case study for the purpose of comparative research. Just as in the specialized field of comparative politics where competing paradigms flood the process of comparative research and investigation, the Nigeria experience with respect to the relationship between local government and the constitution can in spite of the problems identified and discussed above, still provide directions to cross-national research especially in the area of conceptual formulation. Concepts such as “function”, “actor”, “environment”, “input and output”, “stability”, “pattern maintenance”, etc, which already serve the purpose of comparative research in political science can as well be used to either investigate the Nigerian or global experiences. Specifically, we might seek to determine or know the equivalences of “function”, “actor”, etc, of the Nigerian local government system in other political systems of the world.

The Nigerian experience can therefore offer reliable basis and or framework for comparative research. The focus of the comparative research can be placed on questions such as: What should be the relationship, in both theory and practice, between local government and the constitution? Should the constitution necessarily specify a dependent relationship? What specific form and character should the relationship take? Should the relationship be limited to power of establishment, creation and or control, or should be relationship be as defined in the sources of revenue available to each tier of government as specified in the constitution? What consequences and policy implications do the questions above pose either for sustainable democracy or institution-building? The questions though regionally framed, but can however, be extended to other political systems with the view to determining where differences and or variations exist, and what implications arising there from. These, no doubt, constitute the nuclei of comparative research methodology of the social science genre.

## Conclusion

The paper has set for itself the task of examining the relationship between the local government and the constitution within the Nigerian experience of the theory and practice of federalism. The constitution ever remains a legal framework defining the structure of any government and the relationship between and among the agencies of government, among others. The Nigerian experience is very appealing as the local government is yet to enjoy the status of a tier of government judged by the continuing violation of the constitution which requires that local government should be democratically administered and managed. However, the Nigerian experience provides scholarly opportunities for researching into an obviously neglected area in social science study and analysis. A focus on this area of neglect will no doubt help to rebuild and reframe the thought on local government, in particular its relationships with other tiers of government.

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## COMPARATIVE LAW ASPECTS REGARDING THE SPECIALIZED CENTRAL PUBLIC ADMINISTRATION

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**Abstract:** *This article constitutes a study dedicated to the specialized central public administration in various countries. The purpose of this article is to analyze the constitutional and legal rules of contemporary States relating to ministerial and extra-ministerial administration. The trends of development of the ministerial system are analyzed, as well as the basic factors determining the number of ministries, the organization and functioning of these public authorities. In addition, the principles of organizing the specialized central authorities and some of their specific features are examined.*

**Keywords:** *specialized central public administration, ministry, minister, autonomous authorities.*

### **Introduction**

The specialized central public administration is an important element of the public administration system of any contemporary state, having the mission to enforce the laws and to provide qualitative public services to beneficiaries in one or more branches or areas of social life. The notion of specialized central administration is defined, in a formal organic, but also functional material sense, as a set of administrative, governmental or autonomous bodies within the state administration, through which the execution of the provisions of the law is organized, in a certain field of activity, through executive or public services activities [19, p.639]. There is no single formula for all states regarding the organization and functioning of the specialized central public administration. Obviously, the relevant constitutional provisions may also differ from state to state. For example, in the Romanian Constitution [7], provisions regarding the specialized central administration can be found in Section 1 of Chapter V „Public Administration”. Thus, according to art.116 of the Romanian Constitution „(1) The Ministries are organized only under the subordination of the Government. (2) Other specialized bodies may be organized under the subordination of the Government or of the ministries or as autonomous administrative authorities”. Therefore, in Romania, the specialized central public administration consists of the ministerial administration and the extra-ministerial administration, which, in turn, consists of other specialized central authorities subordinated to the Government or to the ministries and autonomous central authorities [23, p.215].

In terms of how it is written, the option of the Romanian constituent legislator is not unique in the European and international constitutional landscape. Thus, if we analyze the constitutions of other states, we will find that many of them include parts dedicated to the regulation of public administration, together with the other executive authorities or separately (Germany, Greece, Ireland, Italy, the Netherlands). There are also states whose Constitutions regulate exclusively the Government, reserving to the law the regulation of

the other components of the executive power (Belgium, France, Luxembourg, Spain), as well as isolated situations, in which not even the organization and the functioning of the Government enjoy a constitutional regulation (Denmark) [8, p.71].

### **Ministerial administration**

Not only in Romania, but in most contemporary states the specialized central public administration consists of the ministerial administration and the extra-ministerial administration. As A. Iorgovan mentions, the term „ministerial administration” in the administrative doctrine designates the specialized central bodies that are directly subordinated to the Government, regardless of whether or not they have the name of ministries, and their head is, by right, based on Constitution, part of the Government, but there are, in each country, bodies, called committees, councils, agencies, departments whose head, as a rule, is not part of the Government [10, p.434]. Ministries are the basic element in the system of specialized central public administration authorities, being created in order to organize the administration in the most important areas of socio-economic and political life. The importance of ministries is also emphasized by the fact that their leaders are part of the government.

From the perspective of comparative law, the administrative doctrine notes that the current Western constitutions, as a rule, do not contain comprehensive regulations on the organization and functioning of the ministerial administration, because it is one of the areas most often subject to change. Constituent legislators are limited to some provisions of principle value in terms of organization, but especially in terms of the functioning of ministries, being closely related to the clarification of the constitutional status of ministers [10, p.434].

In general, the number, name and competence of ministries are not expressly established by the Constitution. However, there are countries where the rules of law applicable to the establishment of ministries are intended to ensure stability. For example, in Ireland, the minimum and maximum number of ministries are set by the Constitution, and the actual number of ministries – by law. Thus, Article 28 of the Constitution of Ireland of 1937 expressly states that "the Government shall consist of not less than seven and not more than 15 members who shall be appointed by the President in accordance with the provisions of this Constitution" [5]. In Spain and Italy, ministries are in principle created by law. Often the legal barriers that may arise during the establishment of ministries are blurred by material barriers [4, p.94]. The number of ministries is determined, as a matter of priority, by the volume of public administration tasks in one or another field of activity, but also by the conceptions and political interests of the members of the government. Too many ministries burden the state budget, and coordination is difficult. And a small number of ministries create difficulties through the blockage that occurs through the agglomeration of ministers responsible for too many problems in the field they lead [2, p.201].

The relatively frequent change of the number and title of ministries is found in several states, such as Romania, Belgium, Denmark, France, etc. The question that arises is whether these changes are an adaptation to the dynamics of reality, in order to increase the efficiency of public services with the aim of improving executive activity or, rather, would often be the result of partisan errors or pressures. A categorical answer, it is argued in the doctrine, would be difficult to give, regardless of the state to which we refer [9, p.72].

The ministerial system is a living mechanism, constantly changing and developing. The development takes place under the influence of two basic tendencies: the dismemberment (differentiation) of the ministerial system and the integration (fortification) of the ministerial element.

From a historical point of view, the first development trend of the ministerial system was its dismemberment. Thus, in several European countries (eg Prussia, Belgium) there was initially only one ministry – of Home Affairs, which was responsible for administration in the basic areas of social life. Subsequently, separate ministries, such as the Ministry of Education, Labor, Health, Economy, Agriculture, etc., began to dismember within this ministry. We find this trend even today in some states, in cases where they consider that a narrower specialization is needed and divide the functions of some ministries. The trend of integration, on the contrary, leads to the formation of super-ministries, which include several ministries with similar functions. As an example, we can bring here the Ministry of the Economy, Finance and the Recovery from France, whose tasks are concerned with all issues of interest to the state economy.

Another example of a super-minister is the German Ministry of Labor and Economy, created in 2002 as a result of the merging of the Ministry of Economy and the Ministry of Labor. When this ministry was created, the task was to make the economy more dynamic and to reduce the level of unemployment in the country. Later this ministry was dismembered in two, today there is the Federal Ministry of Labor and Social Affairs and the Federal Ministry of Economic Cooperation and Development.

Another example is U.S. Department of Homeland Security created in 2002 in the USA, which united 22 various services, responsible for security: border service, services for exceptional cases, etc. [14, p.58-59]. It was formed as a result of the Homeland Security Act, enacted the previous year in response to the 9/11 attacks. The Department of Homeland Security works to improve the security of the United States. The Department's work includes customs, border, and immigration enforcement, emergency response to natural and manmade disasters, antiterrorism work, and cybersecurity. With more than 240,000 employees, DHS is the third-largest Cabinet department, after the Departments of Defense and Veterans Affairs.

It should be noted that if the reorganization of the ministerial administration takes place without a reasoned substantiation, only through a mechanical merging of several ministries in order to reduce their number, the reorganization will not take long. These two above-mentioned trends are not excluded, but, on the contrary, complement each other. Each trend has its advantages and disadvantages. As advantages of the integration trend we can mention: the reduction of the number of members of the government, the reduction of the expenses, the possibility to achieve more easily a unique policy in a field of administration. As a disadvantage may be the fact that the chances increase that a wrong decision will be made as a result of the removal of the decision-making subject from the object of administration.

The development of the social and economic functions of the states during the 20th century generated a sudden increase of their administrative tasks, having as a consequence the increase of the number of ministries. In most states, in addition to „classical” ministries, such as the Ministry of Finance, the Ministry of Foreign Affairs, the Ministry of Home Affairs etc., new ministries have been established, their appearance being determined by a number of factors, such as: technical and scientific progress, the emergence of new state

functions (Ministry of Digital Development, Communications and Mass Communication in Russian Federation; Federal Ministry of Transport and Digital infrastructure in Germany etc.) or the need to solve urgent problems (Ministry of Immigration, Refugees and Citizenship in Canada, Ministry of Environment and Water in Bulgaria etc.).

Although it may have some disadvantages, the integration trend has become the basic trend of the development of central public administration in recent decades in several states. As an example of this, we can give the case of the Republic of Moldova, which currently has 13 ministries, compared, for example, with the period 2006-2007, when 17 ministries were active. When starting the process of reorganizing the system of ministerial administration, the government must take into account not only the advantages and disadvantages set out above, but also the concrete socio-political and economic situation. The number of ministries is also determined by the form of government of the state. Thus, in presidential republics, the number of ministries is usually smaller. This is explained, firstly, by the high degree of centralization of the administration (the president is the head of the executive branch), and secondly, by the possibility of forming a government, without granting ministerial posts to representatives of various parliamentary factions [18, p. 62]. We have a different situation in the case of parliamentary republics, where the number of ministries usually ranges from 20 to 40. Most often, the creation of „extra” ministerial posts takes place in the case of the formation of coalition governments.

The system of ministries usually corresponds to the character and volume of the State’s tasks. In some countries, this system is characterized by instability and the creation of a new government is accompanied by its reorganization. In very few countries, the number of ministries remains unchanged over a long period. This stability can be determined either by the traditions of state administration in a specific country (for example, in Finland, since independence, over more than 60 years, only one ministry – that of environmental protection – has been created), whether by the fact that the system of ministries is provided at constitutional or other level (Austria, Poland, USA, Mexico etc.) [11, p.47]. The ministerial administration is usually organized in accordance with the principle of branch management, in order to cover the most important areas of state leadership, as well as the fundamental directions of social development. The authors of administrative law classify the ministries, according to the nature of the activity they carry out, in three main categories: a) ministries with economic activity (such as the Ministry of Economy, Energy and Business Environment, the Ministry of Agriculture and Rural Development); b) ministries with socio-cultural and scientific activity (such as the Ministry of Education and Research, the Ministry of Labor and Social Protection); c) ministries with political-administrative activity (such as the Ministry of Home Affairs or the Ministry of Foreign Affairs) [3, p.224]. However, that classification must not be interpreted rigidly, in the sense that they fulfill only the duties of the group to which they belong. On the contrary, in addition to the majority economic attributions performed by ministries with economic activity, for example, they also fulfill social, administrative and scientific attributions, and conversely, economic attributions are also fulfilled by other ministries with predominantly social and cultural-scientific or administrative activity [16, p.93].

The complex nature of the tasks performed by ministries can have the consequence that one and the same ministry can be assigned to two groups at the same time. For example, the Ministry of Tourism present in several states (Italy, Bulgaria, Canada etc.) is

usually assigned to the category of ministries with economic activity, but we cannot deny that it also exercises socio-cultural responsibilities.

Although most ministries are organized on the basis of the principle of branch management, we currently find ministries created on the basis of the principle of beneficiaries of services provided by the ministry (Ministry of Veterans Affairs in Canada, Federal Ministry for Family Affairs, Senior Citizens, Women and Youth in Germany, Ministry of Children and Families in Norway), as well as ministries created on the basis of a combination of both these principles (Ministry of Families, Children and Social Development of Families in Canada).

In order to support specific territories, ministries may be set up on the basis of the regional territorial principle. As an example we can give the UK Ministry of Northern Ireland (Northern Ireland Office) or the Ministry of Development of the far East and the Arctic in Russian Federation.

### **European perspective**

The name of the ministry may also reflect the major objective of the state at a certain stage, an objective that is provided in the governing program of the party / parties in power. As an example in this regard we can give the Ministry of Foreign Affairs and European Integration of the Republic of Moldova.

The areas in which the ministries operate are determined to a large extent by the geographical position, by implication the priority areas in the country's economy (for example, in Canada – Ministry of Fisheries, Oceans and the Canadian Coast Guard, in Norway – Ministry of Fisheries and Seafood, in France – Ministry of Marine Affairs, in Germany – Federal Ministry of Food and Agriculture).

There may be ad-hoc ministries, which are created in order to solve concrete tasks, followed by the dissolution of the ministry. The Ministry of Denationalization created in 1986 in Canada can serve as an example.

Although ministries operate in various fields, some common features can still be identified. Thus, the specialists from the western countries, as a rule, highlight the following basic functions of the ministries [11, p.43]:

- the function of transforming national policy tasks into concrete administrative activities. This function consists in elaborating the forms and methods of activity meant to achieve the purpose for which the ministry was created;
- the function of leading the services of the ministry. The realization of this function takes place in three basic directions: determining the budget, selecting the staff, as well as organizing the ministry, i.e. determining its structure and dividing the competence of the ministry between its structural elements;
- coordination function. The coordination activity at ministerial level includes firstly, the regulation of the daily administration activity; secondly, the coordination of the activity of the structures that are not part of the ministry, but which are obliged to approve some activities;
- the control function, which is permanently performed by the managers regarding the subordinates, the managers being entitled to give indications that are obligatory for execution.

Although the holders of executive power are everywhere free to establish their governing structures within the democratic framework, the function of ministries is broadly the same: to program the activities entrusted to them, to prepare draft decisions that the Government must submit to Parliament, to ensure the connection with the executive bodies of the local administration [3, p.219].

The way of organization and functioning of each ministry is regulated, as a rule, in the special act by which it is created: law or normative act issued by the head of state, government or minister. In some states, there are standard regulations for ministries. For example, in the Republic of Moldova, the Law on specialized central public administration, no. 98 of 04.05.2012 [12], contains general regulations on the organization and functioning of ministries, while the legal status of each ministry is determined by government decision. Art.7 of the Law of the Republic of Moldova on government, no.136 of 07-07-2017 [13], expressly provides that “The Government establishes the organization and functioning, the fields of activity, the structure and the limit staff of the other central administrative authorities subordinated to the Government and of the organizational structures within their sphere of competence, coordinate and control their activity”.

In Romania, the provisions of Law No 90/2001 on the organization and functioning of the Government of Romania and Ministries have been taken over in the Administrative Code, approved by the Emergency Ordinance No 57 of 03.07.2019 [6], which contains Title II „Specialized Central Public Administration”. According to Article 62(3) of the Administrative Code, the aspects specific to the organization and functioning of the Ministry responsible for national defense and the Ministry responsible for public order are regulated by special laws, and as regards the other Ministries, by Government Decision.

In Western countries, the theory of administration starts from the fact that the task of each ministry is to exercise public power in a certain field. In order to accomplish this task, the ministry must have a leader (minister), qualified staff and financial possibilities, provided by the budget. The totality of these three components of the ministerial element – minister, staff and budget – sets in motion the state authority, allows it to function effectively and to perform the assigned tasks [11, p.43].

The Minister is responsible for the organization and internal management of his ministerial department, as well as for the application of general regulations in the field of civil service and public accounting. The Minister combines political and administrative functions. Politically, he participates in the actions of the Government and is accountable to Parliament in solidarity with the other members of the Government. From an administrative point of view, he is the head of the entrusted ministerial department and fulfills attributions in this respect [4, p.98].

Leaving aside their governmental role, ministers exercise very important administrative duties. They directly appoint many officials and propose the appointment of senior officials to the Head of State. They maintain discipline in the services and keep them in good order. They have regulatory powers, giving instructions to their subordinates and setting the rules of conduct in their ministry, executing the hierarchical power over all officials, giving them orders and imposing sanctions, etc.

As mentioned above, as a member of the government, the Minister has political power and as head of the ministry, he exercises administrative powers. In recent times, there is a tendency to attribute political leadership to the minister, and the operative administration - to the general secretary of the ministry. In most Western States, the change of minister

does not lead to essential changes in the ministry's structure. For example, in the UK, only political deputy ministers (state ministers and political advisers) leave office together with the minister.

Therefore, the true management of the ministry is carried out by the general secretary, who, unlike the minister, is usually appointed by competition or examination, on the basis of professionalism, from among the career officials. The general secretary is a specialist in the specific field of administration, he exercises exclusively administrative functions and is free from certain political obligations. He ensures the stability of the functioning and the continuity of the ministry's leadership, especially if ministers change frequently. The idea of setting up such a position arose over three decades ago due to the need to ensure continuity in the leadership of a ministerial administration based on the premise that ministers „come and go”, and at the management level there must be a person who knows the evolution of the activity, but especially the legislative initiatives started from the respective ministry [3, p.222].

Although the organization of ministries differs from one country to another, we can nevertheless highlight some common elements: cabinet, internal subdivisions, councils, inspections, territorial services. The cabinet of the minister consists of officials personally elected by the minister on the basis of personal trust, "advisers, whose destiny is linked to that of the minister and whose function lasts as long as that of the minister, the cabinet representing the junction between administration and politics" [3, p.219]. Ministries operate on the basis of the principle of one-person leadership, but in many states, in addition to the minister, the college of the ministry functions as an advisory body. The composition of the college is approved either by the government or by the minister. The colleges consist mainly of the Minister, his deputies, the heads of the main subdivisions and, in some cases, representatives of civil society.

The college meets to discuss important issues related to the activity of the ministry. The decision of the college has an advisory role, and not a binding one. In general, the decisions of the colleges acquire legal force through the act issued by the minister. Although they are advisory bodies, the role of ministerial colleges is significant because they help to avoid making superficial or wrong decisions, and they can prevent excess or abuse of power. The importance of the college is also reflected in the fact that through it the principle of democracy finds expression, being taken into account the opinions of several people. The management of a public authority cannot be assumed by a single body, whether single-person or collegial. It is a complex process, which integrates the functions and activities carried out by several responsible actors, which can be of the same nature. This principle should be understood and applied as a dimension of the process of genuine modernization of public administration. This does not mean reducing the responsibility and, above all, the authority of the one who leads and represents a public institution. It is a balanced combination of the principle of hierarchy with that of democratization in the administration and in the exercise of public functions and dignities. And we believe that the assertion is valid, with certain nuances, also in the private environment [22, p.57].

For each ministry it is specific that functions are distributed among various internal structures: directorates, departments, sections, etc. All internal subdivisions are subject to the Ministry's management (general secretary, cabinet) and only then to the Minister, the principle of hierarchical subordination being present. Each structural element has certain

attributions. The competence of the Ministry consists of the competence of its most important structures.

Within the structure of the Ministry, there are vertical, horizontal and technical services. Vertical services are intended to perform the basic functions of ministries. Horizontal (functional) services contribute to the Ministry's exercise of its basic functions. As an example, we can give the subdivisions dealing with staff issues, the budget, international collaboration, scientific research, etc. The technical services of the Ministry are the subdivisions that exercise tasks of document systematization, planning, statistics, etc. They are ministries with their own control and inspection bodies: financial inspectors, education inspectors etc. In addition to the central apparatus, some ministries may have deconcentrated public services in the territory. Depending on the nature of the tasks, some ministries may have compartments abroad in their field of activity, such as the case of the Ministries of Foreign Affairs.

Referring to the extra-ministerial administration, it should be mentioned that "the establishment of specialized central public administration bodies with other names than ministries, was determined either by the need to carry out a coordinated and unitary activity in solving specialized problems, or by the smaller volume of activity, which does not require the organization of a ministry [17, p.116]. The extra-ministerial administration includes the subordinate and autonomous public administration authorities. By subordinate administrative authorities, other than ministries, we mean those administrative authorities that are organized and function under the subordination of the ministries or of the government or, in the case of presidential republics, of the president. For example, in the Russian Federation (presidential republic) three authorities (Federal Service for Accreditation, Federal Service for Statistics, Federal Service for Intellectual Property) are organized under the Ministry of Economic Development, the Federal Tourism Agency is organized under the Government's authority, Foreign Intelligence Service is organized under the subordination of The President of the country.

In the case of the USA, which according to the form of government, is a classic presidential republic, where the government lacks in its modern sense, there are 15 main agencies / executive departments. The heads of these 15 agencies are also members of the president's cabinet. Thus, in the USA we find authorities subordinated either to the President or to the executive departments (ministries). Under the subordination of the President of the country are organized such authorities as Council of Economic Advisers, Council on Environmental Quality, National Security Council, Office of Management and Budget, Office of National Drug Control Policy, Office of Science and Technology Policy, Office of the United States Trade Representative. As example of authorities subordinated to the executive departments we can give: Administration for Children and Families, Agency for Healthcare Research and Quality subordinated to the U.S. Department of Health and Human Services, U.S. Bureau of Economic Analysis Department of Commerce, Federal Bureau of Investigation (FBI) under the U.S. Department of Justice, Office of Elementary and Secondary Education under U.S. Department of Education etc. In Romania, which is a semi-presidential republic, specialized bodies, other than ministries, can be organized only under the subordination of the Government or ministries or as autonomous administrative authorities.

Administrative authorities subordinated to the government or the ministry may have various names, as specified by the national law of each state. For example, in the



Republic of Moldova, the Law on specialized central public administration, no. 98 of 04-05-2012, establishes in art.14 paragraph (1) that „In order to ensure the implementation of the state policy in certain sub-fields or spheres within the fields of activity entrusted to a ministry, administrative authorities can be created under its authority in the form of legal organization of agencies, state services and state inspectorates”.

Thus, the Agency is a separate organizational structure in the administrative system of a ministry, which is set up to exercise the management functions of certain sub-domains or spheres in the fields of activity of the ministry. The state service is a separate organizational structure in the administrative system of a ministry, which is established for the provision of public administrative services (state registration, issuance of documents necessary for the initiation and / or conduct of business in other fields). The state inspectorate is a separate organizational structure in the administrative system of a ministry, which is established for the exercise of state supervision and control functions in subdomains or spheres of the ministry's fields of activity. The heads of the public administration authorities subordinated to the ministries are usually appointed and dismissed by the ministers, and the heads of the administrative authorities subordinated to the government are appointed and released by the government. The legal status of these authorities is determined by the framework law and government decisions approving the regulations on the organization and functioning. In each national system of public administration, the sphere of the specialized central administration includes also certain authorities that are not subordinated to the Government, forming the sphere of “independent agencies” according to a phrase specific to the Anglo-Saxon doctrine [3, p.220].

As for the autonomous administrative authorities, their genesis is on the North American continent, in 1887 a legislative act (Interstate Commerce Act) of the United States Congress was drafted for the first time by which normative powers were delegated in favor of a federal commission. The Commission was called the Interstate Commerce Commission and subsequently acquired the task of overseeing the implementation of its own regulations. ... For the Europe of reference remains the eighth decade, when the emergence of autonomous authorities was justified by the need to remove from the competence of public administration those activities that had a technical character and a complexity that required special specialization and professional expertise [15, p. 988]. The circle and the name of the autonomous administrative authorities differ from state to state, being determined not only by the needs of social life, but also by the geopolitical development tendencies of the states. Thus, the creation of the European Union has led to the establishment of several autonomous authorities in the Member States of the Union. For example, for Romania, which became a full member on 1 January 2007, the phenomenon of legislative and institutional harmonization began in 2000, so that “the Romanian administrative system was enriched by the need to transpose the rules belonging to another legal system (of the European Union) and adopted not only new legal standards, but also administrative institutions” [20, p.155-164].

The doctrine states that „the spread of agencies within the EU has been approached mainly from the perspective of European integration. It was found that they offer an alternative to political integration, through technical specialization and neutrality in the decision-making process, while ensuring transparency, increasing the coherence of public policies and the credibility of the administration to the general public” [21, p.83].

States in the process of EU integration have been obliged to transpose the *acquis communautaire* into their own legislation and to adapt their institutional practices to the requirements of the supranational organization. However, legacy and institutional harmonization should not be achieved anyway. Although there is an objective need for legislative harmonization and coherent implementation of standards on a larger scale than the national one, the constitutional assimilation of agencies (autonomous administrative authorities) is largely based on their adequacy to the pre-existing institutional structures of that state. [21, p.95].

As a common element between the autonomous authorities and ministries or other authorities subordinated to the Government or ministries is the fact that it carries out an executive activity having as object the organization of the application and the concrete implementation of the laws. At the same time, the autonomous administrative authorities have some specific features. An important feature of these authorities is that they have autonomy, a status that excludes the existence of a subordination to the Government or ministry. The fact that the autonomous authorities do not have hierarchically superior bodies does not mean that they have absolute independence and are not subject to any control. First of all, the content of any autonomy is bounded / restricted by law. Secondly, in the case of the autonomous authorities there is a certain dependence on Parliament. This dependence is manifested by the appointment and dismissal of the leadership of the autonomous administrative authorities by the Parliament. In addition, these authorities usually report annually, or at the request of Parliament, on how they operate. Starting from the importance and autonomous character of activity, the establishment, organization and functioning of these authorities is done by organic law. For example, the Romanian Constitution expressly establishes in art.117 paragraph (3), the principle according to which "autonomous administrative authorities may be established by organic law". Art.70 of the Romanian Administrative Code takes over the constitutional principle stating that „the establishment and dismantling of autonomous administrative authorities is done by organic law". For example, we list among the autonomous administrative authorities of Romania: The Supreme Council of National Defense, The National Bank of Romania, The National Audiovisual Council, The Romanian Intelligence Service, The Foreign Intelligence Service, The Protection and Guard Service, The National Integrity Agency and so on.

In Romania, autonomous administrative authorities can be classified into several categories, depending on their object of activity and the purpose of this activity, as follows: synthesis bodies, such as, for example, the National Authority for the Supervision of Personal Data Processing; coordinating bodies, such as the Supreme Council of National Defense, control bodies, such as the Court of Accounts, the National Integrity Agency [15, p.1001]. In the United States, there are currently 67 autonomous administrative authorities, generically called Independent Agencies. These agencies are not represented in the cabinet and are not part of the President's Executive Office. They deal with government operations, the economy, and regulatory oversight. As example of such agencies we can give: Central Intelligence Agency, Federal Trade Commission, General Services Administration, National Aeronautics and Space Administration, National Labor Relations Board, National Mediation Board, Peace Corps etc. In the United Kingdom, there are also several autonomous administrative authorities, set up to exercise administrative powers in a wide range of areas of social life, which have very broad functions, with a complex structure and

essential autonomy, such as the Bank of England, various services (The Security Service, MI5, is responsible for protecting the UK against threats to national security, The Secret Intelligence Service, often known as MI6, collects Britain's foreign intelligence; The Insolvency Service etc.), committees (Advisory Committee on Releases to the Environment, Committee on Standards in Public Life), councils (Arts Council England, British Council), commissions (Commission for Countering Extremism, The Electoral Commission), agencies (Driver & Vehicle Licensing Agency, Environment Agency) offices (Office for Nuclear Regulation), institutions (National Institute for Health and Care Excellence) etc.

The autonomous administrative authorities of the United Kingdom have the following common features:

- all authorities, although different in name, organization and functioning, are legal persons governed by public law, with special competence and significant administrative-legal and financial autonomy;
- these agencies employ not only civil servants but also other persons, who exercise duties on a public basis. For example, Arts Council England, Arts Council of Wales, Arts Council of Northern Ireland, Arts and Humanities Research Council include the representatives of art people; Teachers' Council include professors from various institutions.
- all agencies, which number more than a thousand in the UK, are active employers, providing over 80% of the total number of civil servants in the country with jobs [1, p.173]. The competence conferred by law on specialized central public administration authorities is reflected in several forms of activity. These are, on the one hand, various material and administrative facts and operations, and on the other, legal acts understood as concrete manifestations of the legal will by which rights and obligations are born, modified or extinguished [15, p.1005].

As an example of an administrative operation, provided by the constitutions of several states (France, Romania, the Republic of Moldova, etc.), we can give the counter-signature of government acts by the ministers who have the obligation to execute them.

As for the legal acts of the specialized central administration, their title differs from state to state, having forms of orders, decisions, instructions, regulations, rules etc. Moreover, even within a State, the names of acts may differ from one authority to another, if there are no detailed regulations that would determine the use of unitary terminology in this regard. The administrative acts that are issued by the ministries and other specialized central administrative authorities in order to accomplish their mission and to fulfill their functions, may have a normative or individual character.

## **Conclusion**

The administrative acts issued by the specialized central public administration are subject to the control of legality exercised by the administrative contentious courts, starting from the right of the injured person by a public authority, provided by several constitutions of democratic States, according to which the person injured in a right of his own by a public authority, by an administrative act or by not resolving a request within the legal period, is entitled to obtain the recognition of the claimed right, the annulment of the act and the compensation for the damage.

In conclusion, we note that, from the point of view of its establishment, in all states the specialized central public administration authorities are appointed authorities. By their nature, or mode of activity, these authorities are unipersonal, although in many States within these authorities there are also certain elements of collegial leadership. From the point of view of territorial competence, they are central authorities that exercise their attributions on the entire territory of the state, including through deconcentrated public services. From the point of view of material competence, these authorities operate in a certain field or branch of activity, some authorities even having an inter-branch competence.

We can also conclude that we do not currently have a single model of specialized central administration, which would be applicable to all states. The legal status of ministries and other specialized central administrative authorities is governed by laws or acts subordinate to laws. The constitutions of contemporary States, as a rule, do not contain detailed regulations on the ministerial and extra-ministerial administration, as this is an area very often subject to change.

In any state, the system of ministries and other specialized central authorities, subordinate or autonomous, their number, mode of formation, organization and functioning is determined by a number of factors, such as: form of government, level of economic development, complexity of the tasks of the public administration at some point in time, the priorities that each government has set in the political program, the geographical situation of the country, historical traditions, etc.

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**LEGAL IMPLICATIONS OF THE CRIMINAL POLICY OF RETURNING  
STATE FINANCIAL LOSSES BY CORPORATIONS IN CORRUPTION  
CRIMINAL ACTS**

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**Abstract:** *The criminal policy of returning state financial losses to corporations as perpetrators of corruption in state financial losses is regulated as additional criminal sanctions in the form of confiscation of goods and payment of replacement money in Article 18 paragraph (1) letter a and letter b of Law Number 31 of 1999 as amended by Law Number 20 of 2001 concerning the Eradication of Corruption Crimes. The purpose of this study is to find out how the legal implications of the criminal policy of returning state financial losses by corporations as perpetrators of criminal acts of corruption are. This research includes normative legal research with several approaches, namely; Historical approach, statutory approach, case approach, and conceptual approach. The results of this study show that the existing criminal policy for recovering state financial losses still has various legal implications which result in non-optimal efforts to recover state financial losses due to corruption in state financial losses committed by corporations.*

**Keywords:** *Criminal Policy, State Financial Losses, Corruption, Corporation.*

## **Introduction**

Corruption is a crime that has multidimensional negative implications, one of which and the most important is the emergence of state financial losses and the obstruction of the continuity of national development so that it hinders efforts to create a just and prosperous society based on Pancasila and the 1945 Constitution. From a historical perspective Philosophically, and sociologically, the formation of regulations for criminal acts of corruption was motivated by the behavior of state officials who abused state finances in the 1957 era, which began when the Dutch began to leave Indonesia and had to release five large trading companies which were then taken over and managed by the Indonesian government. Furthermore, army officers who were placed by the government as the top

management in these companies actually misused the finances of these companies for personal gain. (Semma, 2008). Therefore, in the context of Indonesia, corruption itself was originally a legal term that was only limited to state financial losses, so that the focus of the regulation on corruption was a special form of corruption, namely those involving state or regional financial losses or entities. other laws that use capital and or other concessions from the community (Hamzah, 1984). Therefore, it can be stated that the initial idea behind the formation of regulations for criminal acts of corruption is in order to prevent state financial losses. One of the fundamental changes in Law Number 31 of 1999 as amended by Law Number 20 of 2001 concerning the Eradication of Criminal Acts of Corruption (UU PTPK) from the previous law is the regulation on corporations as legal subjects who can be held criminally responsible. The making of corporations as subjects of criminal law in the law on eradicating corruption can not be separated from the factual conditions where corporations are often used as shields as instruments to commit crimes or become instruments to accommodate the proceeds of criminal acts (Atmasasmita, 2013). Among the types of corruption crimes that can be held accountable to corporations in the PTPK Law are corruption crimes related to state financial losses as regulated in Article 2 paragraph (1) and Article 3. The criminal sanctions imposed on corporations for violations of the two articles are only the principal criminal sanctions of a minimum fine of Rp. 200,000,000.00 (two hundred million rupiah) and a maximum of Rp. 1,000,000,000.00 (one billion rupiah) related to the violation of Article 2 paragraph (1), and a fine of at least Rp. 50,000,000.00 (fifty million rupiah) and a maximum of Rp. 1,000,000,000.00 (one billion rupiah) related to the violation of Article 3, with the maximum penalty plus 1/3 (one third). In addition to the principal criminal sanctions of fines, corporations may also be subject to additional criminal sanctions in the form of confiscation of goods and payment of replacement money as regulated in Article 18 paragraph (1) letters a and b of the PTPK Law.

The additional criminal sanction for confiscation of goods and payment of replacement money is a criminal policy intended to restore state financial losses due to corruption in state financial losses committed by perpetrators of criminal acts, including corporations. Viewed from the aspect of criminal policy, the provision of additional criminal sanctions contained in the PTPK Law is a criminal policy in the legislative or formulative stage which is intended as an effort to overcome crime through criminal law as a part of criminal policy. Criminal policy in the formulation stage has a very strategic role because it is a very decisive initial planning stage (Arief, 2013). Therefore it must be done as carefully as possible. This is because errors or weaknesses in the legislative or formulative policy stages are strategic mistakes that can hinder law enforcement efforts in concreto or in the application stage. Legislative or formulative policies are said to be strategic because they provide the basis, direction, substance and limits of judicial or executive authority. This strategic position implies that the weakness of the criminal law formulation policy will affect criminal law enforcement policies and crime prevention policies (Arief, 2012).

If observed carefully, the criminal policy of returning state financial losses by corporations in criminal acts of corruption in the PTPK Law still sets aside various problems which have implications for the non-optimal effort to recover state financial losses by corporations that commit corruption crimes related to state financial losses. Based on this, it is important to study further on how the legal implications of the criminal policy

of returning state financial losses by corporations as perpetrators of criminal acts of corruption of state financial losses in the law to the return of state financial losses due to corruption of state financial losses that they commit.

## **Method**

This type of research is normative juridical research, namely legal research conducted by studying and interpreting theoretical matters relating to the principles, conceptions, doctrines, and legal norms related to the criminal policy of returning state financial losses due to corruption by corporations in the Law. -Law Number 31 of 1999 as amended by Law Number 20 of 2001 concerning Eradication of Criminal Acts of Corruption (PTPK Law). The purpose of this study is to find out how the legal implications of the criminal policy of returning state financial losses by corporations in criminal acts of corruption to efforts to recover state financial losses. Some of the approaches used in the research are; Historical approach, statutory approach, case approach, and conceptual approach. The legal materials in this study consist of primary legal materials, secondary legal materials, and tertiary legal materials. Primary legal materials are obtained from laws and regulations, ranging from higher levels to lower laws and regulations, especially those related to corruption and criminal acts by corporations, as well as several court decisions related to research problems. While secondary legal materials are legal materials that provide explanations of primary legal materials, including books, as well as the writings of experts related to the hierarchy of laws and regulations, the basis for the authority to form laws and regulations, and the content of laws and regulations invitation. Secondary legal materials are sourced from textbooks containing the basic principles of legal science along with the views of legal experts who have legal scientific capabilities relevant to research problems. Meanwhile, tertiary legal materials are legal materials that provide instructions or explanations of secondary legal materials that can come from dictionaries, both legal and non-legal, encyclopedias in the field of law, and internet sites related to research problems.

## **Results and Discussion**

### *Philosophical Basis for Returning State Financial Losses*

Efforts to recover state financial losses due to corruption in the PTPK Law can only be carried out through additional criminal sanctions for confiscation of goods and payment of replacement money as regulated in Article 18 paragraph (1) letters a and b. Therefore, the two sanctions have a very important position in relation to efforts to recover state financial losses due to the corruption crime of state financial losses. Specifically related to criminal sanctions for confiscation of goods, confiscation of goods or in other terms often also referred to as the return of assets resulting from criminal acts of corruption, it is a means or way to combat profit-oriented criminal acts. According to Fleming as quoted by Purwaning M. Yanuar (Purwaning M. Yanuar, 2007), the return of assets resulting from criminal acts of corruption seen from the perspective of eradicating corruption, is considered as a tool or means to combat criminal acts that are highly profit-oriented, including criminal acts. acquisitions (crimes driven by greed) and organized crimes. In practice and in the most general terms, the return of assets resulting from criminal acts of



corruption is a multi-step process and branches of a number of complexities, encompassing a number of institutions, including the police (in a broad sense including the customs police, and other investigative bodies, the prosecutor's office), the court and possibly the recipients of the proceeds of the crime. As with the additional crime of confiscation of goods, the additional penalty of paying replacement money is also one of the criminal policies related to efforts to recover state financial losses due to corruption that will be used in development. This replacement money is more of an action than a crime (Hamzah, 1993).

Therefore, the confiscation of goods or assets related to criminal acts of corruption, loss of state finances and payment of replacement money in the context of returning state financial losses must also be seen in the framework of realizing the responsibility and protection of the state for all people. It is said that, because the criminal act of corruption, the loss of state finances is essentially a crime that causes harm to all people or citizens. In line with this, Yanuar (2007) citing Potter Donald W.'s opinion, said that a criminal act of corruption is an act of taking state-owned assets which results in the state losing its ability to carry out its obligations and responsibilities in the welfare of the community which has implications for the loss of the basic rights of the community to live in prosperity.

In the theory of justice, there is a principle or doctrine of "crimes does not pay", which means that a lawbreaker does not benefit from the unlawful acts he commits. Therefore, every asset he obtained from a crime must be confiscated. This doctrine is very relevant to the criminal sanctions for confiscation of goods as regulated in Article 18 paragraph (1) letter a of the PTPK Law. This is also in line with the basic principle of "give the state what is the state's right". The state's rights contain state obligations which are individual rights of the community, so that the principle is equal and congruent with the principle of "give the people what the people's rights are".

### *Legal Implication*

As stated above, the criminal policy of returning state financial losses by corporations in criminal acts of corruption in the PTPK Law still sets aside various problems that have implications for the non-optimal effort to recover state financial losses by corporations that commit corruption crimes related to state financial losses as explained above. as follows:

First, criminal sanctions for confiscation of goods and payment of replacement money are used as additional crimes whose application is facultative and not imperative. In contrast to the principal criminal sanctions that are imperative which is the main punishment in a conviction (Hamzah, 1993). Because it is facultative in nature, the legal consequence is whether or not the additional criminal sanctions can be imposed on the defendant, especially the corporation, wholly depends on the judge who will make the decision. Of course, it will be problematic if it is obvious that there is property obtained by the perpetrator from a criminal act of corruption, but the perpetrators, especially corporations, are not subject to these two sanctions.

Second, the confiscation of goods is only limited to goods related to criminal acts of corruption, and not to goods that are not related to criminal acts of corruption. Empirical experience shows that efforts to confiscate the property of perpetrators of corruption do not always run smoothly. On the other hand, various obstacles are often faced by law enforcement officers, including the efforts of perpetrators of corruption to try as much as

possible to eliminate or hide goods related to the corruption they have committed, or have switched in various ways, either intentionally to eliminate traces of the criminal act of corruption. acquisition of such goods, or for any other reason. As a result, law enforcement efforts to track down, confiscate and seize the goods did not run smoothly as expected. The tracking and confiscation efforts will be even more complex if the perpetrator hides these assets abroad through financial instruments (Yusuf, 2013). Another problem is the effort to prove that the goods to be confiscated as goods related to corruption are not always easy in practice, because corruption related to certain state financial losses is carried out with very sophisticated modes, not to mention the high standard of evidence that must be met (beyond reasonable doubt). This is what makes it difficult for public prosecutors except public prosecutors who are intelligent, thorough and have sufficient knowledge (Yusuf, 2013). Therefore, according to the author, proving the goods to be confiscated as items related to a criminal act is much more difficult than proving an item belonging to the perpetrator that is not related to a criminal act of corruption. To prove the goods belonging to the perpetrator, it is only enough to prove the basis for the rights to the goods, especially goods whose ownership according to law is proven through an authentic letter, such as ownership rights to land which prove ownership with a certificate of ownership. Meanwhile, to prove goods related to a crime, it is not enough to prove a certificate of ownership, but it must also be proven that the acquisition of the goods originates from or is related to a criminal act of corruption. The inability of law enforcement to prove the goods to be confiscated as goods related to criminal acts of corruption will have implications for the non-optimal return of state financial losses. Other problems that can occur due to several conditions that may arise in practice are as follows: First, if the confiscation of goods is successful, but the value is not sufficient to compensate for state financial losses, efforts to recover state financial losses will not be achieved. Second, if the confiscation of goods is not successful, either because the goods are not found or the goods are no longer available, the effort to recover the state financial losses will not be achieved. The risk will be different if the confiscation can also be carried out on property that is not related to a criminal act of corruption.

Third, the confiscation of the property of the convict who does not pay the replacement money can only be carried out no later than 1 (one) month after the decision has permanent legal force. Such a period of time can provide an opportunity for perpetrators of criminal acts, including corporations, to transfer their assets before the decision is made, even when the case handling process has not yet reached the trial stage or is still in the investigation or investigation stage. Empirical facts show that the criminal sanctions for paying replacement money that have been imposed in the decision are not always paid by the convict as expected. Various problems that arise also affect the success of the implementation of additional criminal payments for replacement money, which in the end makes efforts to recover state financial losses not optimal or not achieved.

On a practical level, some of the problems that arise include; First, there are convicts who are not willing to pay any replacement money at all. Second, even if you pay, the amount is not in accordance with the value of the sentence imposed. Third, the prosecutor did not find the assets of the convict who did not pay the replacement money, either in whole or in part, to be confiscated by the prosecutor to be auctioned and the results were put into the state treasury as a substitute for paying the replacement money that was not paid by the convict. The prosecutor did not find the convict's assets either because in

fact the convict no longer owns the assets, even if the value does not meet the specified value, or because of the difficulties faced by the prosecutor regarding the convict's efforts to hide his assets which are factually still there. Fourth, specifically for non-corporate convicts, they prefer to serve a prison sentence as a substitute rather than paying a substitute money sentence, especially if the value of the substitute money is quite large. Empirical experience like this can be seen in a study at the Pekanbaru Corruption Court, from 2012-2014 there were 181 sentencing decisions against defendants, one of which was the payment of replacement money. However, from 75% of the total verdicts, very few convicts pay criminal sanctions and prefer to serve substitute prison sentences (Pardede, 2016). In addition, the legal process for criminal acts of corruption is carried out through fairly long stages and takes a long time, starting from the stages of investigation, investigation, pre-prosecution, prosecution to trial in court. In such a period of time, people who are involved in criminal cases of corruption, especially those related to state financial losses, both individuals and corporations, are very likely to transfer or hide their property, whether related or not related to criminal acts of corruption during the legal process before taking place case decided in court. In some cases, when the convict who is sentenced to pay the replacement money does not pay the replacement money, while the convict is proven to have obtained property from a criminal act of corruption, but the property has been transferred by the convict to another party or has been hidden in any way before the court decision is rendered and has the force of permanent law, so that it cannot be known by the prosecutor, then the confiscation efforts carried out by the prosecutor will be in vain which has implications for not being optimal or not achieving efforts to recover state financial losses. This problem will not occur if the confiscation has been carried out long ago since the beginning of the investigation process. Such provisions regarding the confiscation period of course will not be effective in preventing the perpetrators from hiding their property.

Fourth, the provisions for confiscation of the convict's property if the convict does not pay replacement money are facultative. Article 18 paragraph (2) of the PTPK Law regulates the confiscation of the convict's property if the convict does not pay replacement money. However, the provision for confiscation of the convict's property if the convict does not pay the replacement money is facultative and not imperative. This can be seen from the word "can" contained in the article. As a legal consequence, whether or not the convict's property can be confiscated, specifically a corporation, is entirely dependent on the stance of the public prosecutor. However, if the public prosecutor chooses not to confiscate the convict's property, then this has implications for the non-optimal effort to recover state financial losses, even though the public prosecutor's actions normatively do not violate the provisions of Article 18 paragraph (2) of the PTPK Law.

Fifth, there are no other sanctions if the corporation does not pay the replacement money. In Article 18 paragraph (3) of the PTPK Law, it is determined that: In the event that the convict does not have sufficient assets to pay the replacement money as referred to in paragraph (1) letter b, then he is sentenced to imprisonment for a term that does not exceed the maximum threat of the principal sentence. in accordance with the provisions of this Law and the length of the sentence has been determined in a court decision. However, because corporations cannot be subject to corporal punishment, such as imprisonment or confinement, these provisions cannot be applied to corporate actors, and can only be imposed on non-corporate actors. This is also confirmed in the Regulation of the Supreme

Court of the Republic of Indonesia Number 05 of 2014 concerning the Additional Penalty of Substitution for Corruption. In Article 7 paragraph (2) which states; "If the corporation is subject to additional punishment for replacement money as referred to in paragraph (1), the corporation cannot be sentenced to substitute imprisonment for replacement money". The provisions of Article 18 paragraph (3) of the PTPK Law which only regulates imprisonment as a substitute if the non-corporate convict assets are not found to be confiscated and auctioned to serve as replacement money payments if the non-corporate convict does not pay replacement money, shows that the PTPK Law does not consider the perpetrators. corporations as perpetrators of corruption, because their orientation is more towards non-corporate actors or natural humans (Amrullah, 2015). The absence of other criminal sanctions for corporations if the corporation does not have sufficient assets to pay compensation as applies to non-corporate actors, in addition to showing the existence of different (discriminatory) treatment between non-corporate actors and corporate actors, it can also pave the way for corporations to not paying the replacement money because they consider that there are no other sanctions due to not paying the replacement money.

Sixth, there is no arrangement for prosecuting corporations that have been disbanded after a crime has occurred. In the PTPK Law, there are several provisions that regulate the legal implications of a suspect who dies. In Article 33, it is determined that for a suspect who dies during an investigation, while in fact there has been a state financial loss, the investigator shall immediately submit the case file resulting from the investigation to the State Attorney or be handed over to the agency that was harmed for a civil lawsuit against the expert. his inheritance. Meanwhile, according to Article 34, it is determined that if the defendant dies during an examination in court, while there has been a real loss of state finances, the public prosecutor immediately submits a copy of the minutes of the trial to the State Attorney or handed over to the aggrieved agency for investigation. civil lawsuits against their heirs. Then according to the provisions of Article 38 paragraph (5), it is stated that if the defendant dies before the verdict is handed down and there is strong enough evidence that the person concerned has committed a criminal act of corruption, the judge on the demands of the public prosecutor determines the confiscation of the items that have been confiscated.

However, the provisions in several articles above can only be applied to non-corporate criminals and not corporate actors. Against corporations themselves, the PTPK Law does not explicitly regulate charges against corporations suspected of committing criminal acts of corruption and loss of state finances that have been dissolved. So that it can be understood that corporations that have been disbanded after the occurrence of a crime cannot be prosecuted and cannot be punished. This is also emphasized in Article 8 paragraph (1) of the Regulation of the Supreme Court of the Republic of Indonesia Number 13 of 2016 concerning Procedures for Handling Criminal Cases by Corporations, which states: "Corporations that have been dissolved after the occurrence of a criminal act cannot be punished..."

According to Bassiouni as stated by Arief (2008), the goals to be achieved by criminals are generally manifested in social interests that contain certain values that need to be protected, among others: Maintenance of public order, and protection of community members from crime, loss or unjustified dangers carried out by others. Based on this view, the absence of a criminal prosecution arrangement against disbanded corporations related to criminal acts of corruption in state financial losses can be seen as an irrational policy.

This policy is also classified as a policy that is not good in the process of its design and formation, because it does not consider the aspect of returning state financial losses which is one of the main reasons for the formation of the law on eradicating corruption, especially related to the criminal policy of returning state financial losses as regulated in Article 2 paragraph (1) and Article 3 of the PTPK Law. Which policies, according to Bassiouni, as stated by Arief above, cannot protect social interests, protect citizens from crimes, losses or unjustifiable dangers committed by other people in the form of state financial losses incurred.

## **Conclusion**

The criminal policy of returning state financial losses in the current law on eradicating corruption, still sets aside various problems that have implications for the non-optimal effort to recover state financial losses, especially for corporations as perpetrators of corruption in state financial losses.

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## **LAW REVIEW OF ELECTRONIC LIABILITY REGISTRATION AS A FULFILLMENT OF PUBLICITEIT BASIS IN INDONESIA**

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**Abstract:** *Guarantee agreements for immovable objects such as land/buildings, the provisions of Law Number 4 of 1996 concerning Mortgage on Land and objects. To improve mortgage services meet the principles of openness, timeliness, speed, convenience and affordability, it is necessary to utilize information technology, mortgage service procedures can be integrated electronically become more effective and efficient. Spatial Planning of the Head of the National Land Agency Number 9 of 2019 concerning Electronic Integrated Mortgage Services which has been effective since its promulgation. The Ministerial Regulation Number 3 of 2019 concerning the use of electronic systems and 7 of 2019 is concerning changes in the form of certificates. The various ministerial regulations is a step forward and expected to make it easier for the public to get services, especially Electronic HT registration by utilizing technological developments, considered suitable with the current situation of the Indonesian state which are facing the COVID-19 outbreak.*

**Keywords:** *Legal Review; Registration; Mortgage; Publiciteit Principle; Legal Guarantee*

### **Introduction**

According to J. Satrio stated that Legal Guarantee is legal regulations which arranged about collateral for a creditor on the debtor, then law guarantee is law arranged about the guarantee someone's debt (Satrio, 2002). Besides that, Salim H.S also gives formulation of law guarantee which is a whole rule of law which arranged relationship between guarantee of giver and receiver in the relationship with guarantee charge to get the credit facility (Salim, 2007). From the two opinions above, on the formulation of the definition of guarantee law which can be concluded that the core of law guarantee is legal provisions governing the legal relationship between the guarantor or debtor and recipient of the guarantee or creditor as imposition of a certain debt or credit with a guarantee (certain object or person). The Material rights that used as a debt repayment (security rights) are collateral rights which attached to creditors who give the authority to execute objects that are used as collateral if debtor defaults on achievement. If there are a creditors who wants a higher position, more than fellow concurrent creditors, then creditor can agree on the collateral rights, both individual guarantee rights, such as debtors and a borgs that gives him a better position, because there are more than a person who can be billed, as well as an agreement on the right of material security that gives him the right to take precedence in taking payment of the proceeds from selling of certain objects or group of certain objects belonging to debtor, guarantor, and sometimes it is also facilitated in exercising his rights (Widodo et al., 2019). Every activity of banks and credit distributions is needed a juridical provision which become the basic of law. This as a consequence from principals that

Indonesia is a country of law, where law and regulation occupies very important order as a source of law. Likewise for a legal act of granting credit, of course it also requires a strong legal basis. The legal basis for granting credit includes:

Article Number 1338 paragraph (1) Civil Law state that "All agreements made legally apply as law to those who make them". Therefore, with the provisions in Article 1338 paragraph (1), it applies that every agreement made legally, even its strength is similar as the power of law. In Indonesia, the law that specifically regulates Banking is Law Number 10 of 1998 which regulates Amendment to Law Number 7 of 1992 concerning Banking. The definition of banking is strictly regulated, based on Article 1 paragraph (1) of the Law of the Republic of Indonesia Number 10 of 1998 concerning Amendments to Law Number 7 of 1992. Which states that: "Banking is everything related to banks, including institutions, business activities, as well as the methods and processes in carrying out its business activities. Marhainis Abdul Hay which stated that: "Credit Agreements are identical to borrowing agreements and are governed by the provisions of Chapter XIII of Book III of the Civil Code" (Hay, 1975). The same thing was also stated by Mariam Darus Badruzaman: "From the formulation contained in the Banking Law regarding Credit Agreements, it can be concluded that the basis of credit agreement is a loan agreement" in the Civil Code Article 1754. This loan agreement also contains broad meaning, namely the object is an object that runs out if verbruiklening includes money. Based on this loan agreement, the loan recipient becomes the owner of loan and must then returns same type to the lender. Therefore, this credit agreement is a real agreement, namely that the occurrence of a credit agreement is determined by "delivery" of money by bank to the customer (Badruzaman, 1994).

The conditions for the validity of an agreement are generally regulated in the Article 1320 of Civil Code. There are 4 (four) conditions that must be met for the validity of the agreement. The conditions such as:

1. Their deal that reminded him;
2. The ability to make an agreement;
3. A certain thing;
4. A lawful cause.

Credit agreements needed special attention, either by banks as creditors or debtors, because the credit agreement is the basis of contractual relationship between the parties. From the credit agreement, various things can be traced regarding the granting, management, or administration of the credit itself. According to Gatot Wardoyo, credit agreements have several functions:

- a. The credit agreement functions as a principal agreement, meaning that credit agreement is something that determines whether or not other agreements that follow it are canceled, such as a guarantee binding agreement.
- b. The credit agreement serves as evidence regarding the boundaries of rights and obligations between creditors and debtors.
- c. The credit agreement serves as a tool for monitoring credit (Ibrahim, 2004).

The Civil Code (KUH Perdata) is formulated in Articles 1131 and 1132 of the Civil Code. In Article 1131 of the Civil Code it is stated that: "All objects of the debtor, both movable and immovable, both existing and new will exist in the future, become dependents for all individual engagements". The specific provisions concerning banking legislation which is do not explain the position of creditors. The provisions governing credit

guarantees are contained in Law Number 7 of 1992 concerning Banking, Article 8 which states that: "In providing credit, Commercial Banks must have confidence in the ability of debtor to pay off his debts in accordance with the agreement".

The Act of the Republic of Indonesia Number 7 Of 1992 Concerning Banking as Amended by Act Number 10 of 1998 stated that: Paragraph (1): "In extending Credits or Financing based on Sharia Principles, a Commercial Bank shall have confidence based on thorough analysis on the intention, capability and ability of a Debtor Customer to repay its debt or the financing according to the agreed terms. Paragraph (2): A Commercial Bank shall formulate and implement guidance on Credit and Financing is based on Sharia Principles, according to regulations stipulated by Bank Indonesia".

In implementing the credit agreement, it can be made with deed both the private deed and an authentic deed in accordance with applied the law and regulation. The credit agreement which is followed by a guarantee agreement for material in the form of immovable goods such as land or buildings is called a Mortgage Rights (HT), and then it must be followed by the registration of Mortgage Rights to fulfill the principle of publicity (publiciteit).

## **Theoretical Framework**

### *Definition of Mortgage Rights*

According to the online large Indonesian dictionary, the definition of mortgage is goods that are used as collateral (he borrows money from the bank with ~ a plot of land) while the notions of Mortgage is the guarantee given by borrower to lender in any form in accordance with the agreement <https://kbbi.kemdikbud.go.id>. Furthermore, according to the provisions of Article 1 paragraph 1 of Law Number 4 of 1996 the definition of mortgage is: "Mortgage rights on land and objects related to land, hereinafter referred to as Mortgage Rights, security rights imposed on land rights as referred to in paragraph (1). In the Law Number 5 of 1960 concerning Basic Regulations on Agrarian Principles, including or not including other objects which are an integral part of the land, for the settlement of certain debts, which give priority to certain creditors over other creditors".

### *The principle of Mortgage Rights*

In the law of guarantees there are 5 principles, namely as follows:

1. The principle of publicity is namely the principle that all rights, both mortgage rights, fiduciary rights, and mortgages must be registered. This registration is intended so that third parties can know that the collateral is being charged. Registration of mortgage rights at the Land Agency Office, Regency/City National, fiduciary registration is carried out at the Fiduciary Registration Office at the Office of the Ministry of Justice and Human Rights, while the registration of ship mortgages is carried out in front of the registrar and, the registrar of names, namely the harbormaster;
2. The principle of speciality, namely that mortgage rights, fiduciary rights, and mortgages can only be charged on a small amount or on goods that have been registered in the name of a certain person;
3. The principle of indivisibility, namely the principle that debt can be divided cannot result in the distribution of mortgages, fiduciary rights, mortgages, and liens even though partial payments have been made.



4. The principle of *inbezittstelling*, namely the collateral (pawn) must be with the recipient of the pledge;

5. The horizontal principle, namely the building and land are not a single unit. This can be seen in the use of rights of use, both state land and property rights. The building belongs to the person concerned or the mortgagee, but the land belongs to someone else, based on the rights of use (Salim, 2007).

While, principle of mortgage right according to Purwahid Patrik, explained as below:

#### *Principle of publiciteit*

Principle of *publiciteit* can be known from the article number 13 paragraph 1 law of mortgage right which stated that the granting of mortgage rights must be registered at the Land Office of the point, therefore by registering the mortgage right is the absolute condition to create a mortgage right and bonding a mortgage right on the third party.

#### *Principle of Specialiteit*

Principle of *specialiteit* can be known from the explanation in the article number 11 paragraph 1 law of mortgage right which stated that the provision is determined the content which is mandatory for the validity of the APHT mortgage granting deed, Indeed it is not stated in full that the things mentioned in the APHT result in the deed in question being null and void.

#### *Principle of indivisibility*

Principle of *indivisibility* pointed out that in the article 2 paragraph 1 Mortgage law stated that the definition of indivisible nature of mortgage is a Mortgage encumbrance in its entirety the object of Mortgage and every part thereof. The payment of part of the guaranteed debt does not mean the release of part of the mortgage object from the burden of the mortgage, but the mortgage still burdens the entire mortgage object for the remaining debt that has not been paid off. Whereas, the exception from principle of *indivisibility* is found in the constitutions of article 2 paragraph 2 which stated that if the mortgage right charged to some rights that can be promised in the relevant APHT. That the guarantee debt repayment which can be implemented with the installment payment as much as the value of each land right which is part of the object of the mortgage that will be released from the mortgage right, then the mortgage only burdens the student the object of the mortgage to guarantee the remaining debt that has not been paid off (Patrik and Kashadi, 2009).

#### *Subject Of Mortgage Right*

The subject of the mortgage right arranged in the article 8 and 9 constitutions number 4 of 1996 concerning about the mortgage right in both article is determined which become Legal subjects in the assignment of mortgage rights are mortgage providers and mortgage holders at the point of mortgage granting can be individuals or legal entities that have the authority to take legal actions against of the mortgage right object. The holder of mortgage right is consisting of individual or law institutions which domiciled as a debtor. It is commonly in the practice of granting mortgage which called with debtor, which is people borrow money from banking institutions while mortgage rights are called creditors, namely people or legal entities that are domiciled as parties to the debt (Salim, 2007).

### *Object of Mortgage Right*

Basically not every land right can be debt guarantee but land right which can be the guarantee must be fulfilled the condition as follows: It can be assess with money because the debt that is guaranteed in the form of money is included in the rights listed in the general register, because it must meet the publicity requirements, it is transferable because if the debtor is breach the contract, the object used as collateral for the debt will be sold in public and require appointment by law. In civil code and the regulation concerning credit verband and staatsblad 1908-504 as it has changed with Staatsbald 1937-190 has been arranged concerning mortgage object and including: 1. Ownership right; 2. Building right; 3. Cultivation right. While, in the article number 4 and 7 from 1996 constitutions number 4 has been expressly appointed land rights that can be used as collateral for debts, there are 5 kind of land right which can be guaranteed with the mortgage rights namely: 1. Ownership right; 2. Cultivation right; 3. Building right; 4. right of use, both ownership rights and land rights, state rights; 5. land rights including existing or future plant buildings and works are an integral part of the land, which are the property rights of the land rights holder, the burden of which is expressly and stated in the deed of granting rights to the land concerned (Salim, 2007).

### *Registration of Mortgage Right*

It stated among other in point 7, the general explanation above Mortgage Right Laws on the stage of granting mortgage rights by the mortgagee to the creditor, the concerned of mortgage right is not created. The mortgage is created when it is recorded in the land book at the Land Office. It is known that the granting of mortgage rights as outlined in the APHT must be followed by registration obligations by way of being recorded in the land book at the Land Office which at the same time determines the birth of the mortgage right. The obligation to register mortgage rights is further emphasized in Article 13 paragraph 1 of the UHT which states that the granting of mortgage rights must be registered at the Land Office. There are some explanation in the article 13 paragraph 1 means stated a principle of mortgage right is publiciteit principle therefore the registration of mortgage granting is the absolute condition to creating the mortgage right and bond the mortgage right on the third party. Therefore, the registration of mortgage right in the land book at the Land Office who implemented in order ti fulfilling the publiciteit principle because during At the time of the signing of the Mortgage Agreement, a new one was born, namely the promise to provide a new Mortgage Right when the HP was registered in the Land Book at the Land Office. For this reason, the granting of Mortgage Rights must or must be followed by registration in the Land Book at the land office is an absolute prerequisite for the birth of mortgage rights and although bond the mortgage right on third party. Therefore the certainty related mortgage right registration is important for creditor and not only determining the main position on the other creditorexcept also determine its rating in relation to other creditors who are also holders of mortgage rights with the same land as collateral. Rachmadi Usman, SH, (2009) means the registration of mortgage right is important to implemented related with the appearance of preferred claim rights from creditors which determine the creditor's position rating against fellow preferred creditors and determine the creditor's position in the event that there is a confiscation of collateral on the collateral parcel (Satrio, 2002).

### *The Characteristic Of Mortgage Right*

The Mortgage rights as the only institution for guaranteeing land rights for the settlement of certain debts has four kinds of characteristic as follows (Adrian Sutedi, 2010):

Gives the priority position to creditor. This means that the creditor holds mortgage right has the right to take precedence in paying off their debts rather than the other creditors above the result of proceeds from the sale of the object for which the mortgage is encumbered.

Always follow the object in the hands of whoever the object is. It means that the objects that are used as the object of the Mortgage are still burdened by the Mortgage even though in the hands of whomever the object is. Although, the land right which become the Mortgage Right object has been transferred or moves to the other people but the mortgage right which still on the object and still has the power to bond it.

Fulfilling the specialiteit and publiciteit, specialiteit principle means the good that granting the mortgage right it must be stated explicitly and clearly regarding what the object being burdened is in the form of, where it is located, how wide it is, what the boundaries are, the funds on the proof of the owner. There are the publiciteit principle means that the mortgage right granting must be known by public, therefore, the Deed of Granting Mortgage must be registered.

Easy and sure the execution of the execution, means can be execute such as judge decision which a judge's decision that has permanent and definite legal force.

### **Methodology**

This research used normative law method which commonly called as doctrine law or library research. It called the doctrine law research because the research is only referred to the written law so this research is closely related to the library because it will needed the data which in the secondary data in the library. In this research, the normative law that written is studied from various aspect such as theory, philosophy, comparison, structure/composition, consistency, the general explanation and explanation of every article, formality and power to bond a constitutions and language that used is legal language.

The approach method that the author uses is normative juridical. According to Soerjono Soekanto, the normative juridical approach is the legal research which implemented with the how to research library materials or secondary data as the basic law to analyze with how to conduct a search of regulations and literature which related with the analyzes problem (Soekanto and Mamudji, 2001). Researcher discuss and analyzing related the law of Mortgage right registration electronically (HT-el) as the fulfillment the publiciteit principle in law guarantee, based on the regulation of applied law and regulations.

### **Result and Discussion**

#### *The registration of Mortgage Right electronically*

The function of juridical guarantee, that guarantee is something has a value included in the transaction in order to guarantee the debt. Without including guarantee so

it only happens when a contract for debt or receivable and it is an obliged to pay. According to Prof. Dr. R. Subekti, S.H. stated that the ideal credit guarantee is:

1. Which can easily assist in obtaining the credit by the party in needs;
2. Which does not weaken the potential (strength) of the credit seeker to carry out (continue) his business;
3. Which provides certainty to the creditor, in the sense that the collateral is available for execution at any time, i.e. if necessary, it can be easily cashed to pay off the debt of the credit recipient (taker).

Guarantee is the protection facility for the creditor security which is certainty above repayment of debtor's debt or implementation of an achievement by debtor or by guarantor. The existence of a guarantee is a requirement to minimize the risk of banks in lending (Widodo, Pranjoto and Efendi, 2018). However, in guarantee principle is not the main requirement. The Bank prioritizes and the feasibility of the business it finances as the main guarantee for credit repayment according to a mutually agreed schedule. As the anticipation's step to attract in withdrawing funds that have been distributed by creditors to debtors, two factors should be considered, namely:

#### *Secured*

It means credit guarantee can be legally binding in accordance with the regulation of law and regulation. If, in the next day happens wanprestasi from debtor, therefore bank has the juridical power of implementing the executions.

#### *Marketable*

This means if the guarantee is about to be executed, it can be immediately sold or cashed to pay off all debtor's obligations. By considering the two factors above, the guarantee received by the bank can minimize the risk in lending in accordance with the prudential banking principle. Normatively, the meaning of protection for creditors is listed in various statutory provisions. Law Number 4 of 1996 concerning Mortgage on land and objects related to land, or it is known as the Mortgage Law (HT), which regulates guarantees where the objects are in the form of land, buildings, land and buildings. Prior to the enactment of HT (mortgage) Law, and in accordance with the provisions of Article 51 of the Basic Agrarian Law (UUPA) mortgages on land apply, as regulated in the Indonesian Civil Code and Credietverband as regulated in Koninklijk Besluit in Staatsbald. 1908 No. 452 as amended by Staatsbald 1937 No. 190 (Supramono, 2009).

According to the regulation in the Article 51 UUPA known that mortgage object in the form of land is stipulated in the provisions of article 25 (right of ownership), article 33 (right of use), and article 39 (right of building). The three land rights are objects of mortgage rights according to the law because:

- a. The right according to the applicable provisions must be registered in the general register at the land office. This element relates to the preferred position given to creditors holding mortgage rights over other creditors. With registration, the registration of mortgage rights in the land book and certificates of land rights that are encumbered with these rights, other people can find out.
- b. These rights, by their nature, must be transferable so that if necessary, they can be realized immediately to pay off debts whose settlement is guaranteed (Supramono, 2009).

The Provisions regarding electronic HT (Mortgage Right) registration according to the Regulation of Minister of Agrarian Affairs and Spatial Planning of Head of the National Land Agency Number 9 of 2019 concerning Electronically Integrated Mortgage Services regulates, among others, the following:

The definitions of Mortgage up to the Land Office can be seen in the provisions of Article 1 number 1 to number 15. Article 1 number 1, Mortgage on land and objects related to land, hereinafter as referred to Mortgage, is a guarantee right imposed on land rights as referred to in Law Number 5 Year 1960 concerning Basic Regulations on Agrarian Principles, including or not of the other objects which are an integral part of the land, for the settlement of certain debts, which give priority to certain creditors over other creditors. Article 1 point 4, Land Deed Official, hereinafter abbreviated as (Land Deed Officer) PPAT is a public officials who is authorized to make a deed of land rights transfer, deed of encumbrance of land rights, and deed of granting power to impose Mortgage Rights according to the provisions of legislation. Article 1 point 5, Deed of Granting Mortgage, hereinafter abbreviated as APHT, is a deed of PPAT which contains the granting of Mortgage to certain creditors as collateral for guarantee for repayment of debts. Article 1 point 6, Electronically Integrated Mortgage Service, hereinafter referred to as the HT-el System, is a series of mortgage service processes in the context of maintaining land registration data which is carried out through an integrated electronic system. Article 1 number 7, Electronic System is a series of electronic devices and procedures that function to prepare, collect, process, analyze, store, display, announce, transmit, and/or disseminate electronic information. Article 1 point 8, Electronic Document is an electronic information which created, forwarded, sent, received, or stored in analog, digital, electromagnetic, optical, or similar forms, which can be seen, displayed, and/or heard through a Computer or Electronic System. It is including but not limited to writing, sounds, pictures, maps, designs, photographs or the like, letters, signs, numbers, access codes, symbols or perforations that have meaning or can be understood by people who are able to understand them. Article 1 number 9, Electronic Domicile is domicile of the parties in the form of verified electronic mail addresses and/or cellular phone numbers. Article 1 number 10, Registered Users are service users who meet the requirements as users of HT-el System with the rights and obligations regulated by the Ministry. Article 1 number 11, Electronic Signature is a signature consisting of Electronic Information attached, associated or related to other Electronic Information used as verification and authentication as referred to in the Electronic Information and Transaction Law.

In the Article 3 paragraph (1) Mortgage services are carried out in accordance with the provisions of the laws and regulations governing service standards and land regulations within the Ministry. In the article 3 paragraph (2) Mortgage services as referred to in the paragraph (1) can be carried out electronically through the HT-el System. In the Article 4 paragraph (1) HT-el system is administered by the Land Office. In the article 4 paragraph (2) HT-el system as referred to in the paragraph (1) is implemented in stages according to the readiness of supporting data. In the article 4 paragraph (3) Determination of the Land Office that operates HT-el System is carried out by Minister in accordance with the readiness of supporting data as referred to in paragraph (2). In the article 5 paragraph (1) HT-el system is operated reliably and safely and responsible for the operation of the electronic system. In the Article 5 paragraphs (2) HT-el system as referred to in paragraph (1) a certified system from the authorized agency. Regarding the type of service, it is

contained in the provisions of Article 6, Types of Mortgage services can be submitted through HT-el System, includes:

- a. Mortgage Registration;
- b. Transfer of Mortgage Rights;
- c. Change of creditor name; and
- d. Elimination of Mortgage.

Arrangements regarding Service Users can be seen in the provisions of Article 7 paragraph (1) Users of the HT-el System service, including:

- a. Individuals/legal entities as creditors as regulated in the laws and regulations governing Mortgage Rights; and
- b. Ministry of State Civil Apparatus in charge of serving Mortgage Rights.

Paragraph (2) the individual/legal entity as referred to in paragraph (1) point a must be a Registered User on HT-el System.

Paragraph (3) becomes a Registered User as referred to in paragraph (2), an individual/legal entity registers on the HT-el System with the following conditions:

- a. Have an electronic domicile;
- b. Certificate of Registration with the Financial Services Authority;
- c. Statement of fulfillment of the requirements and criteria as well as approval of the provisions as a Registered User; and
- d. Other conditions determined by the Ministry.

Paragraph (4) The Ministry shall verify the registration as referred to in paragraph (3) and has the right to refuse the registration.

Regarding the provisions for registered users, it can be seen in the provisions of Article 9 Paragraph (1) Registered Users apply for Mortgage services electronically through the HT-el System provided by the Ministry. Paragraph (2) the requirements for the application for Mortgage services as referred to in paragraph (1) are in accordance with the provisions of the legislation. The application for Mortgage registration can be seen in the provisions of Article 10 Paragraph (1) In the event that the application for services is in the form of Mortgage registration. The requirements for the application in the form of APHT are submitted by PPAT in the form of Electronic Documents. In the Paragraph (2) APHT submission is done through an electronic system that is integrated with the HT-el System. Paragraph (3) The mechanism for submitting APHT as referred to in paragraph (2) is carried out in accordance with the provisions of legislation.

In the article 11 paragraph (1) the service application which has been accepted by HT-el system gives the proof of application registration which published by system. Paragraph (2) the proof of registration application as it means in the paragraph (1) is containing about:

- a. Application registration file number;
- b. Application registration date;
- c. Applicant's name; and
- d. Service fee payment code

The registration fee for Mortgage is regulated in the provisions of Article 12 Paragraph (1) Mortgage Service which is imposed in accordance with the provisions of the laws and regulations concerning Non-Tax State Revenue at the Ministry. Paragraph (2) After obtaining the proof of registration as referred to in Article 11, the applicant shall make payment through the perception bank no later than 3 (three) days after the date of application registration.

In the Article 13 Paragraph (1) Certificate Mortgage Service by recording Mortgage in the land book and Land Rights or Property Rights of Flat Units. In the paragraph (2) The registration of Mortgage Rights in the relevant land book is carried out by the Head of Land Office. In the paragraph (3) The registration of Mortgage Rights on Land Rights Certificates or Flat Ownership Units can be implemented by Creditors with records issued by the HT-el System. In the paragraph (4) Creditors attached the printed records as referred to in paragraph (3) on the Certificate of Land Rights or Property Rights of the Flat Units. In the paragraph (5) Notes as referred to in paragraph (3) shall become an integral part of the Mortgage Certificate. In the article 14 paragraph (1) The results of Mortgage services through the HT-el System are in the form of:

Certificate of Mortgage Right; and

Mortgage records on the land book and the Certificate of Land Rights or Ownership of Flat Units. In the article 14 paragraph (2) the result of service as it means on the paragraph (1) in the form of Electronic Document which published by HT-el system. Paragraph (3) keeping to maintain the integrity and authenticity of Electronic Documents, Mortgage Certificates which published by HT-el system. Paragraph (4) the electronic signature is implemented in accordance with the provision of legislation. Paragraph (5) the publication of the service result of mortgage right as referred to in paragraph (1) shall be carried out on the 7th (seventh) day after the submission of a confirmed application.

Paragraph (6) the form of the Mortgage Certificate and notes on the Mortgage encumbrance are made in accordance with the format as it contained in Attachment II which is an integral part of this Ministerial Regulation. Article 15 paragraphs (1) before the results of Mortgage Service are issued, the Head of Land Office or appointed official must examine the concept of the HT-el certificate and documents for completeness of the application.

In the article 15 paragraph (2) The Head of Land Office or the appointed official as referred to in paragraph (1) administratively responsible for the results of the Mortgage Service. In the paragraph (3) In the event that the Head of Land Office or appointed Official does not carry out the inspection as referred to in paragraph (1), the Head of Land Office or appointed Official is deemed to have given approval. Article 16 Paragraph (1), the Mortgage Certificate resulting from the transfer of Mortgage Rights, change of creditor name, or partial abolition of Mortgage Rights, is issued with the same number as previous certificate, which contains data on the latest changes. Paragraph (2) the previous certificate as referred to in paragraph (1) is given a special sign that the certificate is not valid (Winarsasi, 2020). The Mortgage Right registration is obliged to implemented by Creditor after fulfill terms and Conditions apply as fulfilling publiciteit principle when before the Mortgage Right registration is implemented individually, now it can be implemented electronically is in accordance with the provisions of the Regulation of Minister of Agrarian Affairs and Spatial Planning of the Head of National Land Agency Number 9 of 2019 concerning Electronic Integrated Mortgage Services.

## **Conclusion**

The credit agreement is the primary agreement which commonly followed with accesoir agreement which is the material guarantee agreement in the form of immovable object such as Land/building is known with Mortgage right (HT) and made in the form of authentic deed by Land Deed Making Officials (PPAT), such as SKMHT and APHT, then

implementing the registration to fulfilling publiciteit principle or publicity, as regulated in the provisions of Law Number 4 of 1996 concerning Mortgage on Land and objects related to Land. With the issuance of Regulation of the Minister of Agrarian and Spatial Planning/Head of the National Defense Agency Number 9 of 2019 concerning Electronically Integrated Mortgage Services, there has been a change in the registration of Mortgage Rights at the Land Office (ATR/BPN), which was originally manually to electronically (online) which is known as the HT-el system, hope that this will make it easier for the public and creditors in registering Mortgage Rights so that they meet the publiciteit principle. The type of Mortgage Right service which can be applied through Ht-el system is containing:

- a. registration of Mortgage Rights;
- b. transfer of Mortgage Rights;
- c. change of creditor name; and
- d. abolition of Mortgage

There are the fees charged in the mortgage registration process electronically (HT-el) arranged in the Provisions Article 12 paragraph (1) Mortgage services are subject to a fee, in accordance with provisions of legislation regarding Non-Tax State Revenue (PNBP) applicable to the Ministry of Agrarian Affairs and Spatial Planning/National Defense Agency.

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